

108TH CONGRESS  
1ST SESSION

# H. R. 180

To reform Federal budget procedures to restrain congressional spending, foster greater oversight of the budget, account for accurate Government agency costs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

Mr. RYAN of Wisconsin (for himself, Mr. BRADY of Texas, Mr. AKIN, Mr. ROYCE, and Mr. SESSIONS) introduced the following bill; which was referred to the Committee on the Budget, for a period ending not later than June 1, 2003, and in addition to the Committees on Rules, Ways and Means, and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reform Federal budget procedures to restrain congressional spending, foster greater oversight of the budget, account for accurate Government agency costs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited at the  
5 “Budget Fraud Elimination Act of 2003”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

## TITLE I—TRUTH IN BUDGETING

### Subtitle A—Limit on the Public Debt

Sec. 101. Findings.  
 Sec. 102. Purpose.  
 Sec. 103. Limit on public debt.

### Subtitle B—Establishment of Biennial Budgeting

Sec. 111. Findings.  
 Sec. 112. Revision of timetable.  
 Sec. 113. Amendments to the Congressional Budget and Impoundment Control Act of 1974.  
 Sec. 114. Amendments to rules of House of Representatives.  
 Sec. 115. Amendments to title 31, United States Code.  
 Sec. 116. Two-year appropriations; title and style of appropriation acts.  
 Sec. 117. Multiyear authorizations.  
 Sec. 118. Government strategic and performance plans on a biennial basis.  
 Sec. 119. Biennial appropriation bills.  
 Sec. 120. Assistance by Federal agencies to standing committees of the Senate and the House of Representatives.  
 Sec. 121. Report on two-year fiscal period.  
 Sec. 122. Special transition period for the 109th Congress.  
 Sec. 123. Effective date.

## TITLE II—TRUTH IN SPENDING

### Subtitle A—Emergency Spending Legislation

Sec. 201. Emergency spending legislation and the baseline.  
 Sec. 202. OMB emergency criteria.  
 Sec. 203. Point of order to enforce definition of emergency.

### Subtitle B—The Byrd Rule

Sec. 211. Limitation on Byrd rule.

### Subtitle C—Spending Accountability Reserve

Sec. 231. Short title.  
 Sec. 232. Spending accountability reserve ledger.  
 Sec. 233. Downward adjustment of section 302(a) allocations and section 302(b) suballocations.  
 Sec. 234. Periodic reporting of ledger statements.  
 Sec. 235. Downward adjustment of discretionary spending limits.  
 Sec. 236. Reduction in revenues.

### Subtitle D—Enhanced Rescissions of Budget Authority Identified by the President as Wasteful Spending

Sec. 251. Short title.  
 Sec. 252. Enhanced consideration of certain proposed rescissions.

### Subtitle E—Extension of Discretionary Spending Limits and Paygo

Sec. 261. Amendments to sections 251, 252, and 275 of the Balanced Budget and Emergency Deficit Control Act of 1985.

Subtitle F—Paygo Requirements and the On-Budget Surplus

Sec. 271. Paygo requirements and the on-budget surplus.

Subtitle G—Treatment of Extraneous Appropriations in Omnibus Appropriation Measures

Sec. 281. Treatment of extraneous appropriations.

**TITLE III—BUDGETING AND MANAGING FOR RESULTS: FULL FUNDING FOR FEDERAL RETIREE COSTS**

Subtitle A—Accrual Funding of Pensions and Retirement Pay for federal Employees and Uniformed Services Personnel

Sec. 301. Civil Service Retirement System.

Sec. 302. Central Intelligence Agency Retirement and Disability System.

Sec. 303. Foreign Service Retirement and Disability System.

Sec. 304. Public Health Service Commissioned Corps Retirement System.

Sec. 305. National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement System.

Sec. 306. Coast Guard Military Retirement System.

Subtitle B—Accrual Funding of Post-Retirement Health Benefits Costs for Federal Employees

Sec. 311. Federal employees health benefits fund.

Sec. 312. Funding uniformed services health benefits for all retirees.

Sec. 313. Effective date.

**1 TITLE I—TRUTH IN BUDGETING**

**2 Subtitle A—Limit on the Public**

**3 Debt**

**4 SEC. 101. FINDINGS.**

**5** The Congress finds the following:

**6** (1) Since 1997, Congress has paid down and  
**7** retired approximately \$450,000,000,000 of the Gov-  
**8** ernment's debt which was previously held by the  
**9** public.

**10** (2) This reduction in the Government's debt to  
**11** the public should permit a lowering of the statutory

1 debt ceiling. However, the statutory definition min-  
2 gles both the public debt and intragovernment liabil-  
3 ities, the latter of which do not represent resource  
4 withdrawals for the economy.

5 (3) Intragovernment accounts such as the social  
6 security trust funds, the Civil Service Retirement  
7 and Disability Fund, the Department of Defense  
8 Military Retirement Fund, and the Unemployment  
9 Trust Fund constitute accrued liabilities of the Gov-  
10 ernment which will be paid from future receipts,  
11 taxes, or borrowing. If the Government issues debt  
12 to the public to fund such liabilities in the future,  
13 that debt will properly be subject to the debt ceiling.

14 (4) Properly defining the debt of the Govern-  
15 ment would permit lowering the debt ceiling to take  
16 account of, and lock in, the fiscal progress that has  
17 been made.

18 **SEC. 102. PURPOSE.**

19 It is the purpose of this subtitle to—

20 (1) properly define the public debt to exclude  
21 intragovernment obligations; and

22 (2) reduce the public debt ceiling in recognition  
23 of the reduction in outstanding public debt in recent  
24 years, and to encourage further fiscal responsibility

1 and progress toward eliminating the remaining out-  
2 standing debt.

3 **SEC. 103. LIMIT ON PUBLIC DEBT.**

4 Section 3101 of title 31, United States Code, is  
5 amended to read as follows:

6 **“§ 3101. Public debt limit**

7 “(a) In this section, the current redemption value of  
8 an obligation issued on a discount basis and redeemable  
9 before maturity at the option of its holder is deemed to  
10 be the face amount of the obligation.

11 “(b) The face amount of obligations issued under this  
12 chapter and the face amount of obligations whose prin-  
13 cipal and interest are guaranteed by the United States  
14 Government (except guaranteed obligations held by the  
15 Secretary of the Treasury and intragovernmental hold-  
16 ings) may not be more than \$3,870,000,000,000 out-  
17 standing at one time, subject to changes periodically made  
18 in that amount as provided by law.

19 “(c) For purposes of this section, the face amount,  
20 for any month, of any obligation issued on a discount basis  
21 that is not redeemable before maturity at the option of  
22 the holder of the obligation is an amount equal to the sum  
23 of—

24 “(1) the original issue price of the obligation,  
25 plus

1           “(2) the portion of the discount on the obliga-  
2           tion attributable to periods before the beginning of  
3           such month (as determined under the principles of  
4           section 1272(a) of the Internal Revenue Code of  
5           1986 without regard to any exceptions contained in  
6           paragraph (2) of such section).

7           “(d) For purposes of this section, the term  
8           ‘intragovernment holding’ is any obligation issued by the  
9           Secretary of the Treasury to any Federal trust fund or  
10          Government account, whether in respect of public money,  
11          money otherwise required to be deposited in the Treasury,  
12          or amounts appropriated.”.

## 13           **Subtitle B—Establishment of** 14           **Biennial Budgeting**

### 15          **SECTION 111. FINDINGS.**

16          The Congress finds that—

17               (1) the annual appropriations and budget proc-  
18               ess increasingly dominates the congressional agenda  
19               and Congress regularly fails to meet the deadlines of  
20               the Congressional Budget Act of 1974;

21               (2) the design of the budget process has led to  
22               repetitive and time-consuming budget votes, decreas-  
23               ing the time available for the systematic and pro-  
24               grammatic oversight of Federal programs and delay-

1       ing the enactment of legislation necessary to fund  
2       the Government;

3           (3) Congress' responsibility to improve the effi-  
4       ciency, economy, and effectiveness of governmental  
5       operations, evaluate programs and performance, de-  
6       tect and prevent poor administration, waste, or  
7       abuse in Government programs, ensure that execu-  
8       tive policies reflect the public interest, ensure admin-  
9       istrative compliance with legislative intent, and pre-  
10      vent executive encroachment on legislative authority  
11      and prerogatives is undermined by the current time-  
12      consuming and repetitive budget process;

13           (4) an annual budget process encourages ineffi-  
14      ciency in the management, stability, and predict-  
15      ability of Federal funding, particularly for States  
16      and localities;

17           (5) a biennial budget process will reduce the  
18      number of budget-related votes during each Con-  
19      gress, enhance congressional oversight of Govern-  
20      ment operations, encourage longer time horizons in  
21      policy planning and greater stability in fiscal policy;

22           (6) a biennial budget process was a principal  
23      recommendation of the 1993 Joint Committee on  
24      the Organization of Congress and the Vice Presi-  
25      dent's National Performance Review;

1           (7) since the enactment of the Congressional  
2 Budget Act of 1974, more than 50 bills addressing  
3 a two-year budget cycle have been introduced, 10 bi-  
4 ennial budget related provisions were reported by  
5 congressional committees, 7 passed either chamber  
6 and 4 were enacted; more than 40 congressional or  
7 special committee hearings addressed the issue of bi-  
8 ennial budgeting; and the Congressional Budget Of-  
9 fice, the Office of Management and Budget, and 5  
10 different special task forces or joint committees of  
11 Congress have either recommended biennial budg-  
12 eting or further studies of it;

13           (8) the adoption of a biennial budget process  
14 was recommended by President Reagan in the fiscal  
15 year 1989 budget submission, by President Bush in  
16 the fiscal year 1990 and 1991 budget submissions,  
17 by President Clinton in the fiscal year 1995, 2000,  
18 and 2001 budget submissions, and by President  
19 Bush in the fiscal year 2002 budget submission; and

20           (9) a bipartisan majority of Members of the  
21 House of Representatives support a biennial budget  
22 process.

23 **SEC. 112. REVISION OF TIMETABLE.**

24           Section 300 of the Congressional Budget Act of 1974  
25 (2 U.S.C. 631) is amended to read as follows:



## 1 “TIMETABLE

2 “SEC. 300. (a) IN GENERAL.—Except as provided by  
 3 subsection (b), the timetable with respect to the congres-  
 4 sional budget process for any Congress (beginning with  
 5 the One Hundred Tenth Congress) is as follows:

	“First Session
“On or before:	Action to be completed:
First Monday in February .....	President submits budget recommendations.
February 15 .....	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after budget submission.	Committees submit views and estimates to Budget Committees.
April 1 .....	Budget Committees report concurrent resolution on the biennial budget.
May 15 .....	Congress completes action on concurrent resolution on the biennial budget.
May 15 .....	Biennial appropriation bills may be considered in the House.
June 10 .....	House Appropriations Committee reports last biennial appropriation bill.
June 30 .....	House completes action on biennial appropriation bills.
October 1 .....	Biennium begins.
	“Second Session
“On or before:	Action to be completed:
February 15 .....	President submits budget review.
Not later than 6 weeks after President submits budget review.	Congressional Budget Office submits report to Budget Committees.
The last day of the session .....	Congress completes action on bills and resolutions authorizing new budget authority for the succeeding biennium.

6 “(b) SPECIAL RULE.—In the case of any first session  
 7 of Congress that begins in any year during which the term  
 8 of a President (except a President who succeeds himself)  
 9 begins, the following dates shall supersede those set forth  
 10 in subsection (a):

	“First Session
“On or before:	Action to be completed:
First Monday in April .....	President submits budget recommendations.
April 20 .....	Committees submit views and estimates to Budget Committees.
May 15 .....	Budget Committees report concurrent resolution on the biennial budget.
June 1 .....	Congress completes action on concurrent resolution on the biennial budget.
June 1 .....	Biennial appropriation bills may be considered in the House.
July 1 .....	House Appropriations Committee reports last biennial appropriation bill.
July 20 .....	House completes action on biennial appropriation bills.
October 1 .....	Biennium begins.”.

1 **SEC. 113. AMENDMENTS TO THE CONGRESSIONAL BUDGET**  
2 **AND IMPOUNDMENT CONTROL ACT OF 1974.**

3 (a) **DECLARATION OF PURPOSE.**—Section 2(2) of the  
4 Congressional Budget and Impoundment Control Act of  
5 1974 (2 U.S.C. 621(2)) is amended by striking “each  
6 year” and inserting “biennially”.

7 (b) **DEFINITIONS.**—

8 (1) **BUDGET RESOLUTION.**—Section 3(4) of  
9 such Act (2 U.S.C. 622(4)) is amended by striking  
10 “fiscal year” each place it appears and inserting “bi-  
11 ennium”.

12 (2) **BIENNIUM.**—Section 3 of such Act (2  
13 U.S.C. 622) is amended by adding at the end the  
14 following new paragraph:

15 “(11) The term ‘biennium’ means the period of  
16 2 consecutive fiscal years beginning on October 1 of  
17 any odd-numbered year.”.

1 (c) BIENNIAL CONCURRENT RESOLUTION ON THE  
2 BUDGET.—

3 (1) CONTENTS OF RESOLUTION.—Section  
4 301(a) of such Act (2 U.S.C. 632(a)) is amended—

5 (A) in the matter preceding paragraph (1)  
6 by—

7 (i) striking “April 15 of each year”  
8 and inserting “May 15 of each odd-num-  
9 bered year”;

10 (ii) striking “the fiscal year beginning  
11 on October 1 of such year” the first place  
12 it appears and inserting “the biennium be-  
13 ginning on October 1 of such year”; and

14 (iii) striking “the fiscal year beginning  
15 on October 1 of such year” the second  
16 place it appears and inserting “each fiscal  
17 year in such period”;

18 (B) in paragraph (6), by striking “for the  
19 fiscal year” and inserting “for each fiscal year  
20 in the biennium”; and

21 (C) in paragraph (7), by striking “for the  
22 fiscal year” and inserting “for each fiscal year  
23 in the biennium”.

24 (2) ADDITIONAL MATTERS.—Section 301(b) of  
25 such Act (2 U.S.C. 632(b)) is amended—

1 (A) in paragraph (3), by striking “for such  
2 fiscal year” and inserting “for either fiscal year  
3 in such biennium”; and

4 (B) in paragraph (7), by striking “for the  
5 first fiscal year” and inserting “for each fiscal  
6 year in the biennium”.

7 (3) VIEWS OF OTHER COMMITTEES.—Section  
8 301(d) of such Act (2 U.S.C. 632(d)) is amended by  
9 inserting “(or, if applicable, as provided by section  
10 300(b))” after “United States Code”.

11 (4) HEARINGS.—Section 301(e)(1) of such Act  
12 (2 U.S.C. 632(e)) is amended by—

13 (A) striking “fiscal year” and inserting  
14 “biennium”; and

15 (B) inserting after the second sentence the  
16 following: “On or before April 1 of each odd-  
17 numbered year (or, if applicable, as provided by  
18 section 300(b)), the Committee on the Budget  
19 of each House shall report to its House the con-  
20 current resolution on the budget referred to in  
21 subsection (a) for the biennium beginning on  
22 October 1 of that year.”.

23 (5) GOALS FOR REDUCING UNEMPLOYMENT.—  
24 Section 301(f) of such Act (2 U.S.C. 632(f)) is

1 amended by striking “fiscal year” each place it ap-  
2 pears and inserting “biennium”.

3 (6) ECONOMIC ASSUMPTIONS.—Section  
4 301(g)(1) of such Act (2 U.S.C. 632(g)(1)) is  
5 amended by striking “for a fiscal year” and insert-  
6 ing “for a biennium”.

7 (7) SECTION HEADING.—The section heading of  
8 section 301 of such Act is amended by striking “**AN-**  
9 **NUAL**” and inserting “**BIENNIAL**”.

10 (8) TABLE OF CONTENTS.—The item relating  
11 to section 301 in the table of contents set forth in  
12 section 1(b) of such Act is amended by striking “An-  
13 nual” and inserting “Biennial”.

14 (d) COMMITTEE ALLOCATIONS.—Section 302 of such  
15 Act (2 U.S.C. 633) is amended—

16 (1) in subsection (a)(1) by—

17 (A) striking “for the first fiscal year of the  
18 resolution,” and inserting “for each fiscal year  
19 in the biennium,”;

20 (B) striking “for that period of fiscal  
21 years” and inserting “for all fiscal years cov-  
22 ered by the resolution”; and

23 (C) striking “for the fiscal year of that  
24 resolution” and inserting “for each fiscal year  
25 in the biennium”;

1 (2) in subsection (f)(1), by striking “for a fiscal  
2 year” and inserting “for a biennium”;

3 (3) in subsection (f)(1), by striking “first fiscal  
4 year” and inserting “either fiscal year of the bien-  
5 nium”;

6 (4) in subsection (f)(2)(A), by—

7 (A) striking “first fiscal year” and insert-  
8 ing “each fiscal year of the biennium”; and

9 (B) striking “the total of fiscal years” and  
10 inserting “the total of all fiscal years covered by  
11 the resolution”; and

12 (5) in subsection (g)(1)(A), by striking “April”  
13 and inserting “May”.

14 (e) SECTION 303 POINT OF ORDER.—

15 (1) IN GENERAL.—Section 303(a) of such Act  
16 (2 U.S.C. 634(a)) is amended by striking “for a fis-  
17 cal year” and inserting “for a biennium” and by  
18 striking “the first fiscal year” and inserting “each  
19 fiscal year of the biennium”.

20 (2) EXCEPTIONS IN THE HOUSE.—Section  
21 303(b) of such Act (2 U.S.C. 634(b)) is amended—

22 (A) in paragraph (1)(A), by striking “the  
23 budget year” and inserting “the biennium”;

24 (B) in paragraph (1)(B), by striking “the  
25 fiscal year” and inserting “the biennium”; and

1 (C) in paragraph (2), by inserting “(or  
2 June 1 whenever section 300(b) is applicable)”  
3 after “May 15”.

4 (3) APPLICATION TO THE SENATE.—Section  
5 303(c)(1) of such Act (2 U.S.C. 634(c)) is amended  
6 by—

7 (A) striking “fiscal year” and inserting  
8 “biennium”; and

9 (B) striking “that year” and inserting  
10 “each fiscal year of that biennium”.

11 (f) PERMISSIBLE REVISIONS OF CONCURRENT RESO-  
12 LUTIONS ON THE BUDGET.—Section 304 of such Act (2  
13 U.S.C. 635) is amended—

14 (1) by striking “fiscal year” the first two places  
15 it appears and inserting “biennium”;

16 (2) by striking “for such fiscal year”; and

17 (3) by inserting before the period “for such bi-  
18 ennium”.

19 (g) PROCEDURES FOR CONSIDERATION OF BUDGET  
20 RESOLUTIONS.—Section 305(a)(3) of such Act (2 U.S.C.  
21 636(b)(3)) is amended by striking “fiscal year” and in-  
22 serting “biennium”.

23 (h) COMPLETION OF HOUSE COMMITTEE ACTION ON  
24 APPROPRIATION BILLS.—Section 307 of such Act (2  
25 U.S.C. 638) is amended—

1           (1) by striking “each year” and inserting “each  
2           odd-numbered year (or, if applicable, as provided by  
3           section 300(b), July 1)”;

4           (2) by striking “annual” and inserting “bien-  
5           nial”;

6           (3) by striking “fiscal year” and inserting “bi-  
7           ennium”; and

8           (4) by striking “that year” and inserting “each  
9           odd-numbered year”.

10          (i) QUARTERLY BUDGET REPORTS.—Section 308 of  
11 such Act (2 U.S.C. 639) is amended by adding at the end  
12 the following new subsection:

13          “(d) QUARTERLY BUDGET REPORTS.—The Director  
14 of the Congressional Budget Office shall, as soon as prac-  
15 ticable after the completion of each quarter of the fiscal  
16 year, prepare an analysis comparing revenues, spending,  
17 and the deficit or surplus for the current fiscal year to  
18 assumptions included in the congressional budget resolu-  
19 tion. In preparing this report, the Director of the Congres-  
20 sional Budget Office shall combine actual budget figures  
21 to date with projected revenue and spending for the bal-  
22 ance of the fiscal year. The Director of the Congressional  
23 Budget Office shall include any other information in this  
24 report that it deems useful for a full understanding of the  
25 current fiscal position of the Federal Government. The re-



1 ports mandated by this subsection shall be transmitted by  
2 the Director to the Senate and House Committees on the  
3 Budget, and the Congressional Budget Office shall make  
4 such reports available to any interested party upon re-  
5 quest.”.

6 (j) COMPLETION OF HOUSE ACTION ON REGULAR  
7 APPROPRIATION BILLS.—Section 309 of such Act (2  
8 U.S.C. 640) is amended—

9 (1) by striking “It” and inserting “Except  
10 whenever section 300(b) is applicable, it”;

11 (2) by inserting “of any odd-numbered calendar  
12 year” after “July”;

13 (3) by striking “annual” and inserting “bien-  
14 nial”; and

15 (4) by striking “fiscal year” and inserting “bi-  
16 ennium”.

17 (k) RECONCILIATION PROCESS.—Section 310 of such  
18 Act (2 U.S.C. 641) is amended—

19 (1) in subsection (a), in the matter preceding  
20 paragraph (1), by striking “any fiscal year” and in-  
21 serting “any biennium”;

22 (2) in subsection (a)(1), by striking “such fiscal  
23 year” each place it appears and inserting “any fiscal  
24 year covered by such resolution”; and

1           (3) by striking subsection (f) and redesignating  
2 subsection (g) as subsection (f).

3           (l) SECTION 311 POINT OF ORDER.—

4           (1) IN THE HOUSE.—Section 311(a)(1) of such  
5 Act (2 U.S.C. 642(a)) is amended—

6           (A) by striking “for a fiscal year” and in-  
7 serting “for a biennium”;

8           (B) by striking “the first fiscal year” each  
9 place it appears and inserting “either fiscal  
10 year of the biennium”; and

11           (C) by striking “that first fiscal year” and  
12 inserting “each fiscal year in the biennium”.

13           (2) IN THE SENATE.—Section 311(a)(2) of  
14 such Act is amended—

15           (A) in subparagraph (A), by striking “for  
16 the first fiscal year” and inserting “for either  
17 fiscal year of the biennium”; and

18           (B) in subparagraph (B)—

19           (i) by striking “that first fiscal year”  
20 the first place it appears and inserting  
21 “each fiscal year in the biennium”; and

22           (ii) by striking “that first fiscal year  
23 and the ensuing fiscal years” and inserting  
24 “all fiscal years”.

1           (3) SOCIAL SECURITY LEVELS.—Section  
2 311(a)(3) of such Act is amended by—

3           (A) striking “for the first fiscal year” and  
4 inserting “each fiscal year in the biennium”;  
5 and

6           (B) striking “that fiscal year and the ensu-  
7 ing fiscal years” and inserting “all fiscal  
8 years”.

9           (m) MAXIMUM DEFICIT AMOUNT POINT OF  
10 ORDER.—Section 312(c) of the Congressional Budget Act  
11 of 1974 (2 U.S.C. 643) is amended—

12           (1) by striking “for a fiscal year” and inserting  
13 “for a biennium”;

14           (2) in paragraph (1), by striking “first fiscal  
15 year” and inserting “either fiscal year in the bien-  
16 nium”;

17           (3) in paragraph (2), by striking “that fiscal  
18 year” and inserting “either fiscal year in the bien-  
19 nium”; and

20           (4) in the matter following paragraph (2), by  
21 striking “that fiscal year” and inserting “the appli-  
22 cable fiscal year”.

1 **SEC. 114. AMENDMENTS TO RULES OF HOUSE OF REP-**  
2 **RESENTATIVES.**

3 (a) Clause 4(a)(1)(A) of rule X of the Rules of the  
4 House of Representatives is amended by inserting “odd-  
5 numbered” after “each”.

6 (b) Clause 4(a)(4) of rule X of the Rules of the House  
7 of Representatives is amended by striking “fiscal year”  
8 and inserting “biennium”.

9 (c) Clause 4(b)(2) of rule X of the Rules of the House  
10 of Representatives is amended by striking “each fiscal  
11 year” and inserting “the biennium”.

12 (d) Clause 4(b) of rule X of the Rules of the House  
13 of Representatives is amended by striking “and” at the  
14 end of subparagraph (5), by striking the period and insert-  
15 ing “; and” at the end of subparagraph (6), and by adding  
16 at the end the following new subparagraph:

17 “(7) use the second session of each Congress to  
18 study issues with long-term budgetary and economic  
19 implications, which would include—

20 “(A) hold hearings to receive testimony  
21 from committees of jurisdiction to identify prob-  
22 lem areas and to report on the results of over-  
23 sight; and

24 “(B) by January 1 of each odd-number  
25 year, issuing a report to the Speaker which

1 identifies the key issues facing the Congress in  
2 the next biennium.”.

3 (e) Clause 11(i) of rule X of the Rules of the House  
4 of Representatives is amended by striking “the same or  
5 preceding fiscal year”.

6 (f) Clause 4(e) of rule X of the Rules of the House  
7 of Representatives is amended by striking “annually” each  
8 place it appears and inserting “biennially” and by striking  
9 “annual” and inserting “biennial”.

10 (g) Clause 4(f) of rule X of the Rules of the House  
11 of Representatives is amended—

12 (1) by inserting “during each odd-numbered  
13 year” after “submits his budget”;

14 (2) by striking “fiscal year” the first place it  
15 appears and inserting “biennium”; and

16 (3) by striking “that fiscal year” and inserting  
17 “each fiscal year in such ensuing biennium”.

18 (h) Clause 3(d)(2)(A) of rule XIII of the Rules of  
19 the House of Representatives is amended by striking  
20 “five” both places it appears and inserting “six”.

21 (i) Clause 5(a)(1) of rule XIII of the Rules of the  
22 House of Representatives is amended by striking “fiscal  
23 year after September 15 in the preceding fiscal year” and  
24 inserting “biennium after September 15 of the year in  
25 which such biennium begins”.

1 **SEC. 115. AMENDMENTS TO TITLE 31, UNITED STATES**  
2 **CODE.**

3 (a) DEFINITION.—Section 1101 of title 31, United  
4 States Code, is amended by adding at the end the fol-  
5 lowing new paragraph:

6 “(3) ‘biennium’ has the meaning given to such  
7 term in paragraph (11) of section 3 of the Congres-  
8 sional Budget and Impoundment Control Act of  
9 1974 (2 U.S.C. 622(11)).”.

10 (b) BUDGET CONTENTS AND SUBMISSION TO THE  
11 CONGRESS.—

12 (1) SCHEDULE.—The matter preceding para-  
13 graph (1) in section 1105(a) of title 31, United  
14 States Code, is amended to read as follows:

15 “(a) On or before the first Monday in February of  
16 each odd-numbered year (or, if applicable, as provided by  
17 section 300(b) of the Congressional Budget Act of 1974),  
18 beginning with the One Hundred Ninth Congress, the  
19 President shall transmit to the Congress, the budget for  
20 the biennium beginning on October 1 of such calendar  
21 year. The budget transmitted under this subsection shall  
22 include a budget message and summary and supporting  
23 information. The President shall include in each budget  
24 the following:”.

25 (2) EXPENDITURES.—Section 1105(a)(5) of  
26 title 31, United States Code, is amended by striking

1 “the fiscal year for which the budget is submitted  
2 and the 4 fiscal years after that year” and inserting  
3 “each fiscal year in the biennium for which the  
4 budget is submitted and in the succeeding 4 years”.

5 (3) RECEIPTS.—Section 1105(a)(6) of title 31,  
6 United States Code, is amended by striking “the fis-  
7 cal year for which the budget is submitted and the  
8 4 fiscal years after that year” and inserting “each  
9 fiscal year in the biennium for which the budget is  
10 submitted and in the succeeding 4 years”.

11 (4) BALANCE STATEMENTS.—Section  
12 1105(a)(9)(C) of title 31, United States Code, is  
13 amended by striking “the fiscal year” and inserting  
14 “each fiscal year in the biennium”.

15 (5) GOVERNMENT FUNCTIONS AND ACTIVI-  
16 TIES.—Section 1105(a)(12) of title 31, United  
17 States Code, is amended in subparagraph (A), by  
18 striking “the fiscal year” and inserting “each fiscal  
19 year in the biennium”.

20 (6) ALLOWANCES.—Section 1105(a)(13) of title  
21 31, United States Code, is amended by striking “the  
22 fiscal year” and inserting “each fiscal year in the bi-  
23 ennium”.

24 (7) ALLOWANCES FOR UNANTICIPATED AND  
25 UNCONTROLLABLE EXPENDITURES.—Section

1 1105(a)(14) of title 31, United States Code, is  
2 amended by striking “that year” and inserting “each  
3 fiscal year in the biennium for which the budget is  
4 submitted”.

5 (8) TAX EXPENDITURES.—Section 1105(a)(16)  
6 of title 31, United States Code, is amended by strik-  
7 ing “the fiscal year” and inserting “each fiscal year  
8 in the biennium”.

9 (9) ESTIMATES FOR FUTURE YEARS.—Section  
10 1105(a)(17) of title 31, United States Code, is  
11 amended—

12 (A) by striking “the fiscal year following  
13 the fiscal year” and inserting “each fiscal year  
14 in the biennium following the biennium”;

15 (B) by striking “that following fiscal year”  
16 and inserting “each such fiscal year”; and

17 (C) by striking “fiscal year before the fis-  
18 cal year” and inserting “biennium before the bi-  
19 ennium”.

20 (10) PRIOR YEAR OUTLAYS.—Section  
21 1105(a)(18) of title 31, United States Code, is  
22 amended—

23 (A) by striking “the prior fiscal year,” and  
24 inserting “each of the 2 most recently com-  
25 pleted fiscal years,”;



1 (B) by striking “for that year” and insert-  
2 ing “with respect to those fiscal years”; and

3 (C) by striking “in that year” and insert-  
4 ing “in those fiscal years”.

5 (11) PRIOR YEAR RECEIPTS.—Section  
6 1105(a)(19) of title 31, United States Code, is  
7 amended—

8 (A) by striking “the prior fiscal year” and  
9 inserting “each of the 2 most recently com-  
10 pleted fiscal years”;

11 (B) by striking “for that year” and insert-  
12 ing “with respect to those fiscal years”; and

13 (C) by striking “in that year” each place  
14 it appears and inserting “in those fiscal years”.

15 (c) ESTIMATED EXPENDITURES OF LEGISLATIVE  
16 AND JUDICIAL BRANCHES.—Section 1105(b) of title 31,  
17 United States Code, is amended by striking “each year”  
18 and inserting “each even-numbered year”.

19 (d) RECOMMENDATIONS TO MEET ESTIMATED DE-  
20 FICIENCIES.—Section 1105(c) of title 31, United States  
21 Code, is amended—

22 (1) by striking “the fiscal year for” the first  
23 place it appears and inserting “each fiscal year in  
24 the biennium for”;

1           (2) by striking “the fiscal year for” the second  
2           place it appears and inserting “each fiscal year of  
3           the biennium, as the case may be,”; and

4           (3) by striking “that year” and inserting “for  
5           each year of the biennium”.

6           (e) CAPITAL INVESTMENT ANALYSIS.—Section  
7           1105(e)(1) of title 31, United States Code, is amended  
8           by striking “ensuing fiscal year” and inserting “biennium  
9           to which such budget relates”.

10          (f) SUPPLEMENTAL BUDGET ESTIMATES AND  
11          CHANGES.—

12           (1) IN GENERAL.—Section 1106(a) of title 31,  
13          United States Code, is amended—

14           (A) in the matter preceding paragraph (1),  
15          by—

16           (i) inserting “and before February 15  
17           of each even-numbered year” after “Before  
18           July 16 of each year”; and

19           (ii) striking “fiscal year” and insert-  
20          ing “biennium”;

21           (B) in paragraph (1), by striking “that fis-  
22          cal year” and inserting “each fiscal year in  
23          such biennium”;

1 (C) in paragraph (2), by striking “4 fiscal  
2 years following the fiscal year” and inserting “4  
3 fiscal years following the biennium”; and

4 (D) in paragraph (3), by striking “fiscal  
5 year” and inserting “biennium”.

6 (2) CHANGES.—Section 1106(b) of title 31,  
7 United States Code, is amended by—

8 (A) striking “the fiscal year” and inserting  
9 “each fiscal year in the biennium”; and

10 (B) inserting “and before February 15 of  
11 each even-numbered year” after “Before July  
12 16 of each year”.

13 (g) CURRENT PROGRAMS AND ACTIVITIES ESTI-  
14 MATES.—

15 (1) THE PRESIDENT.—Section 1109(a) of title  
16 31, United States Code, is amended—

17 (A) by striking “On or before the first  
18 Monday after January 3 of each year (on or be-  
19 fore February 5 in 1986)” and inserting “At  
20 the same time the budget required by section  
21 1105 is submitted for a biennium”; and

22 (B) by striking “the following fiscal year”  
23 and inserting “each fiscal year of such period”.

24 (2) JOINT ECONOMIC COMMITTEE.—Section  
25 1109(b) of title 31, United States Code, is amended

1 by striking “March 1 of each year” and inserting  
 2 “within 6 weeks of the President’s budget submis-  
 3 sion for each odd-numbered year (or, if applicable,  
 4 as provided by section 300(b) of the Congressional  
 5 Budget Act of 1974)”.

6 (h) YEAR-AHEAD REQUESTS FOR AUTHORIZING  
 7 LEGISLATION.—Section 1110 of title 31, United States  
 8 Code, is amended by—

9 (1) striking “May 16” and inserting “March  
 10 31”; and

11 (2) striking “year before the year in which the  
 12 fiscal year begins” and inserting “calendar year pre-  
 13 ceding the calendar year in which the biennium be-  
 14 gins”.

15 **SEC. 116. TWO-YEAR APPROPRIATIONS; TITLE AND STYLE**  
 16 **OF APPROPRIATION ACTS.**

17 Section 105 of title 1, United States Code, is amend-  
 18 ed to read as follows:

19 **“§ 105. Title and style of appropriations Acts**

20 “(a) The style and title of all Acts making appropria-  
 21 tions for the support of the Government shall be as fol-  
 22 lows: ‘An Act making appropriations (here insert the ob-  
 23 ject) for each fiscal year in the biennium of fiscal years  
 24 (here insert the fiscal years of the biennium).’.

1       “(b) All Acts making regular appropriations for the  
2 support of the Government shall be enacted for a biennium  
3 and shall specify the amount of appropriations provided  
4 for each fiscal year in such period.

5       “(c) For purposes of this section, the term ‘biennium’  
6 has the same meaning as in section 3(11) of the Congres-  
7 sional Budget and Impoundment Control Act of 1974 (2  
8 U.S.C. 622(11)).”.

9       **SEC. 117. MULTIYEAR AUTHORIZATIONS.**

10       (a) IN GENERAL.—Title III of the Congressional  
11 Budget Act of 1974 is amended by adding at the end the  
12 following new section:

13       “MULTIYEAR AUTHORIZATIONS OF APPROPRIATIONS

14       “SEC. 316. (a) POINT OF ORDER.—(1)(A) It shall  
15 not be in order in the House of Representatives or the  
16 Senate to consider any measure that contains a specific  
17 authorization of appropriations for any purpose unless the  
18 measure includes such a specific authorization of appro-  
19 priations for that purpose for not less than each fiscal year  
20 in one or more bienniums.

21       “(B) For purposes of this paragraph, a specific au-  
22 thorization of appropriations is an authorization for the  
23 enactment of an amount of appropriations or amounts not  
24 to exceed an amount of appropriations (whether stated as  
25 a sum certain, as a limit, or as such sums as may be nec-  
26 essary) for any purpose for a fiscal year.

1       “(2) Paragraph (1) does not apply with respect to  
 2 an authorization of appropriations for a single fiscal year  
 3 for any program, project, or activity if the measure con-  
 4 taining that authorization includes a provision expressly  
 5 stating the following: ‘Congress finds that no authoriza-  
 6 tion of appropriation will be required for [Insert name of  
 7 applicable program, project, or activity] for any subse-  
 8 quent fiscal year.’.

9       “(3) For purposes of this section, the term ‘measure’  
 10 means a bill, joint resolution, amendment, motion, or con-  
 11 ference report”.

12       (b) AMENDMENT TO TABLE OF CONTENTS.—The  
 13 table of contents set forth in section 1(b) of the Congres-  
 14 sional Budget and Impoundment Control Act of 1974 is  
 15 amended by adding after the item relating to section 315  
 16 the following new item:

“Sec. 316. Multiyear authorizations of appropriations.”.

17 **SEC. 118. GOVERNMENT STRATEGIC AND PERFORMANCE**  
 18 **PLANS ON A BIENNIAL BASIS.**

19       (a) STRATEGIC PLANS.—Section 306 of title 5,  
 20 United States Code, is amended—

21           (1) in subsection (a), by striking “September  
 22 30, 1997” and inserting “September 30, 2005”;

23           (2) in subsection (b)—

24                   (A) by striking “at least every three years”  
 25 and all that follows thereafter and inserting “at

1 least every 4 years, except that strategic plans  
2 submitted by September 30, 2005, shall be up-  
3 dated and revised by September 30, 2008”; and

4 (B) by striking “five years forward” and  
5 inserting “six years forward”; and

6 (3) in subsection (c), by inserting a comma  
7 after “section” the second place it appears and add-  
8 ing “including a strategic plan submitted by Sep-  
9 tember 30, 2005, meeting the requirements of sub-  
10 section (a)”.

11 (b) BUDGET CONTENTS AND SUBMISSION TO CON-  
12 GRESS.—Paragraph (28) of section 1105(a) of title 31,  
13 United States Code, is amended by striking “beginning  
14 with fiscal year 1999, a” and inserting “beginning with  
15 fiscal year 2008, a biennial”.

16 (c) PERFORMANCE PLANS.—Section 1115 of title 31,  
17 United States Code, is amended—

18 (1) in subsection (a)—

19 (A) in the matter before paragraph (1)—

20 (i) by striking “section 1105(a)(29)”  
21 and inserting “section 1105(a)(28)”; and

22 (ii) by striking “an annual” and in-  
23 serting “a biennial”;

1 (B) in paragraph (1) by inserting after  
2 “program activity” the following: “for both  
3 years 1 and 2 of the biennial plan”;

4 (C) in paragraph (5) by striking “and”  
5 after the semicolon,

6 (D) in paragraph (6) by striking the period  
7 and inserting a semicolon; and inserting “and”  
8 after the inserted semicolon; and

9 (E) by adding after paragraph (6) the fol-  
10 lowing:

11 “(7) cover each fiscal year of the biennium be-  
12 ginning with the first fiscal year of the next biennial  
13 budget cycle.”;

14 (2) in subsection (d) by striking “annual” and  
15 inserting “biennial”; and

16 (3) in paragraph (6) of subsection (f) by strik-  
17 ing “annual” and inserting “biennial”.

18 (d) MANAGERIAL ACCOUNTABILITY AND FLEXI-  
19 BILITY.—Section 9703 of title 31, United States Code, re-  
20 lating to managerial accountability, is amended—

21 (1) in subsection (a)—

22 (A) in the first sentence by striking “an-  
23 nual”; and

24 (B) by striking “section 1105(a)(29)” and  
25 inserting “section 1105(a)(28)”;



1 (2) in subsection (e)—

2 (A) in the first sentence by striking “one  
3 or” before “two years”;

4 (B) in the second sentence by striking “a  
5 subsequent year” and inserting “for a subse-  
6 quent 2-year period”; and

7 (C) in the third sentence by striking  
8 “three” and inserting “four”.

9 (e) STRATEGIC PLANS.—Section 2802 of title 39,  
10 United States Code, is amended—

11 (1) in subsection (a), by striking “September  
12 30, 1997” and inserting “September 30, 2005”;

13 (2) in subsection (b), by striking “at least every  
14 three years” and inserting “at least every 4 years  
15 except that strategic plans submitted by September  
16 30, 2005, shall be updated and revised by September  
17 30, 2008”;

18 (3) in subsection (b), by striking “five years  
19 forward” and inserting “six years forward”; and

20 (4) in subsection (c), by inserting a comma  
21 after “section” the second place it appears and in-  
22 serting “including a strategic plan submitted by  
23 September 30, 2005, meeting the requirements of  
24 subsection (a)”.

1 (f) PERFORMANCE PLANS.—Section 2803(a) of title  
2 39, United States Code, is amended—

3 (1) in the matter before paragraph (1), by  
4 striking “an annual” and inserting “a biennial”;

5 (2) in paragraph (1), by inserting after “pro-  
6 gram activity” the following: “for both years 1 and  
7 2 of the biennial plan”;

8 (3) in paragraph (5), by striking “and” after  
9 the semicolon;

10 (4) in paragraph (6), by striking the period and  
11 inserting “; and”; and

12 (5) by adding after paragraph (6) the following:

13 “(7) cover each fiscal year of the biennium be-  
14 ginning with the first fiscal year of the next biennial  
15 budget cycle.”.

16 (g) COMMITTEE VIEWS OF PLANS AND REPORTS.—  
17 Section 301(d) of the Congressional Budget Act (2 U.S.C.  
18 632(d)) is amended by adding at the end “Each committee  
19 of the Senate or the House of Representatives shall review  
20 the strategic plans, performance plans, and performance  
21 reports, required under section 306 of title 5, United  
22 States Code, and sections 1115 and 1116 of title 31,  
23 United States Code, of all agencies under the jurisdiction  
24 of the committee. Each committee may provide its views

1 on such plans or reports to the Committee on the Budget  
2 of the applicable House.”.

3 (h) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by  
5 this section shall take effect on March 1, 2007.

6 (2) AGENCY ACTIONS.—Effective on and after  
7 the date of enactment of this Act, each agency shall  
8 take such actions as necessary to prepare and sub-  
9 mit any plan or report in accordance with the  
10 amendments made by it.

11 **SEC. 119. BIENNIAL APPROPRIATION BILLS.**

12 (a) IN THE HOUSE OF REPRESENTATIVES.—(1)  
13 Clause 2(a) of rule XXI of the Rules of the House of Rep-  
14 resentatives is amended by adding at the end the following  
15 new subparagraph:

16 “(3)(A) Except as provided by subdivision (B), an ap-  
17 propriation may not be reported in a general appropriation  
18 bill (other than a supplemental appropriation bill), and  
19 may not be in order as an amendment thereto, unless it  
20 provides new budget authority or establishes a level of ob-  
21 ligations under contract authority for each fiscal year of  
22 a biennium.

23 “(B) Subdivision (A) does not apply with respect to  
24 an appropriation for a single fiscal year for any program,  
25 project, or activity if the bill or amendment thereto con-

1 taining that appropriation includes a provision expressly  
2 stating the following: ‘Congress finds that no additional  
3 funding beyond one fiscal year will be required and the  
4 [Insert name of applicable program, project, or activity]  
5 will be completed or terminated after the amount provided  
6 has been expended.’.

7 “(C) For purposes of paragraph (b), the statement  
8 set forth in subdivision (B) with respect to an appropria-  
9 tion for a single fiscal year for any program, project, or  
10 activity may be included in a general appropriation bill  
11 or amendment thereto.”.

12 (2) Clause 5(b)(1) of rule XXII of the House of Rep-  
13 resentatives is amended by striking “or (c)” and inserting  
14 “or (3) or 2(c)”.

15 (b) IN THE SENATE.—(1) Title III of the Congres-  
16 sional Budget Act of 1974 (2 U.S.C. 631 et seq.) (as  
17 amended by section 117) is further amended by adding  
18 at the end the following:

19 “CONSIDERATION OF BIENNIAL APPROPRIATION BILLS  
20 “SEC. 317. It shall not be in order in the Senate in  
21 any odd-numbered year to consider any regular appropria-  
22 tion bill providing new budget authority or a limitation  
23 on obligations under the jurisdiction of the Committee on  
24 Appropriations for only the first fiscal year of a biennium,  
25 unless the program, project, or activity for which the new  
26 budget authority or obligation limitation is provided will

1 require no additional authority beyond one year and will  
2 be completed or terminated after the amount provided has  
3 been expended.”.

4 (2) The table of contents set forth in section 1(b) of  
5 the Congressional Budget and Impoundment Control Act  
6 of 1974 is amended by adding after the item relating to  
7 section 316 the following new item:

“Sec. 317. Consideration of biennial appropriation bills.”.

8 **SEC. 120. ASSISTANCE BY FEDERAL AGENCIES TO STAND-**  
9 **ING COMMITTEES OF THE SENATE AND THE**  
10 **HOUSE OF REPRESENTATIVES.**

11 (a) INFORMATION REGARDING AGENCY APPROPRIA-  
12 TIONS REQUESTS.—To assist each standing committee of  
13 the House of Representatives and the Senate in carrying  
14 out its responsibilities, the head of each Federal agency  
15 which administers the laws or parts of laws under the ju-  
16 risdiction of such committee shall provide to such com-  
17 mittee such studies, information, analyses, reports, and  
18 assistance as may be requested by the chairman and rank-  
19 ing minority member of the committee.

20 (b) INFORMATION REGARDING AGENCY PROGRAM  
21 ADMINISTRATION.—To assist each standing committee of  
22 the House of Representatives and the Senate in carrying  
23 out its responsibilities, the head of any agency shall fur-  
24 nish to such committee documentation, containing infor-  
25 mation received, compiled, or maintained by the agency

1 as part of the operation or administration of a program,  
2 or specifically compiled pursuant to a request in support  
3 of a review of a program, as may be requested by the  
4 chairman and ranking minority member of such com-  
5 mittee.

6 (c) SUMMARIES BY COMPTROLLER GENERAL.—With-  
7 in thirty days after the receipt of a request from a chair-  
8 man and ranking minority member of a standing com-  
9 mittee having jurisdiction over a program being reviewed  
10 and studied by such committee under this section, the  
11 Comptroller General of the United States shall furnish to  
12 such committee summaries of any audits or reviews of  
13 such program which the Comptroller General has com-  
14 pleted during the preceding six years.

15 (d) CONGRESSIONAL ASSISTANCE.—Consistent with  
16 their duties and functions under law, the Comptroller Gen-  
17 eral of the United States, the Director of the Congres-  
18 sional Budget Office, and the Director of the Congres-  
19 sional Research Service shall continue to furnish (con-  
20 sistent with established protocols) to each standing com-  
21 mittee of the House of Representatives or the Senate such  
22 information, studies, analyses, and reports as the chair-  
23 man and ranking minority member may request to assist  
24 the committee in conducting reviews and studies of pro-  
25 grams under this section.

1 **SEC. 121. REPORT ON TWO-YEAR FISCAL PERIOD.**

2 Not later than 180 days after the date of enactment  
3 of this Act, the Director of the Office of Management and  
4 Budget shall—

5 (1) determine the impact and feasibility of  
6 changing the definition of a fiscal year and the  
7 budget process based on that definition to a 2-year  
8 fiscal period with a biennial budget process based on  
9 the 2-year period; and

10 (2) report the findings of the study to the Com-  
11 mittees on the Budget of the House of Representa-  
12 tives and the Senate and the Committee on Rules of  
13 the House of Representatives.

14 **SEC. 122. SPECIAL TRANSITION PERIOD FOR THE 109TH**  
15 **CONGRESS.**

16 (a) **PRESIDENT'S BUDGET SUBMISSION FOR FISCAL**  
17 **YEAR 2006.**—The budget submission of the President  
18 pursuant to section 1105(a) of title 31, United States  
19 Code, for fiscal year 2006 shall include the following:

20 (1) An identification of the budget accounts for  
21 which an appropriation should be made for each fis-  
22 cal year of the fiscal year 2006–2007 biennium.

23 (2) Budget authority that should be provided  
24 for each such fiscal year for the budget accounts  
25 identified under paragraph (1).

1           (b) REVIEW AND RECOMMENDATIONS OF THE COM-  
2 MITTEES ON APPROPRIATIONS.—The Committee on Ap-  
3 propriations of the House of Representatives and the Sen-  
4 ate shall review the items included pursuant to subsection  
5 (a) in the budget submission of the President for fiscal  
6 year 2006 and include its recommendations thereon in its  
7 views and estimates made under section 301(d) of the  
8 Congressional Budget Act of 1974 within 6 weeks of that  
9 budget submission.

10           (c) ACTIONS BY THE COMMITTEES ON THE BUDG-  
11 ET.—(1) The Committee on the Budget of the House of  
12 Representatives and the Senate shall review the items in-  
13 cluded pursuant to subsection (a) in the budget submis-  
14 sion of the President for fiscal year 2006 and the rec-  
15 ommendations submitted by the Committee on Appropria-  
16 tions of its House pursuant to subsection (b) included in  
17 its views and estimates made under section 301(d) of the  
18 Congressional Budget Act of 1974.

19           (2) The report of the Committee on the Budget of  
20 each House accompanying the concurrent resolution on  
21 the budget for fiscal year 2006 and the joint explanatory  
22 statement of managers accompanying such resolution shall  
23 also include allocations to the Committee on Appropria-  
24 tions of its House of total new budget authority and total  
25 outlays (which shall be deemed to be made pursuant to



1 section 302(a) of the Congressional Budget Act of 1974  
2 for purposes of budget enforcement under section 302(f))  
3 for fiscal year 2005 from which the Committee on Appro-  
4 priations may report regular appropriation bills for fiscal  
5 year 2006 that include funding for certain accounts for  
6 each of fiscal years 2006 and 2007.

7 (3) The report of the Committee on the Budget of  
8 each House accompanying the concurrent resolution on  
9 the budget for fiscal year 2006 and the joint explanatory  
10 statement of managers accompanying such resolution shall  
11 also include the assumptions upon which such allocations  
12 referred to in paragraph (2) are based.

13 (d) GAO PROGRAMMATIC OVERSIGHT ASSIST-  
14 ANCE.—(1) During the first session of the 109th Congress  
15 the committees of the House of Representatives and the  
16 Senate are directed to work with the Comptroller General  
17 of the United States to develop plans to transition pro-  
18 gram authorizations to a multi-year schedule.

19 (2) During the 109th Congress, the Comptroller Gen-  
20 eral of the United States will continue to provide assist-  
21 ance to the Congress with respect to programmatic over-  
22 sight and in particular will assist the committees of Con-  
23 gress in designing and conforming programmatic oversight  
24 procedures for the fiscal year 2007–2008 biennium.

1           (e) CBO AUTHORIZATION REPORT.—On or before  
2 January 15, 2006, the Director of the Congressional  
3 Budget Office, after consultation with the appropriate  
4 committees of the House of Representatives and Senate,  
5 shall submit to the Congress a report listing (A) all pro-  
6 grams and activities funded during fiscal year 2006 for  
7 which authorizations for appropriations have not been en-  
8 acted for that fiscal year and (B) all programs and activi-  
9 ties funded during fiscal year 2006 for which authoriza-  
10 tions for appropriations will expire during that fiscal year,  
11 fiscal year 2007, or fiscal year 2008.

12           (f) PRESIDENT’S BUDGET SUBMISSION FOR FISCAL  
13 YEAR 2007.—The budget submission of the President  
14 pursuant to section 1105(a) of title 31, United States  
15 Code, for fiscal year 2007 shall include an evaluation of,  
16 and recommendations regarding, the transitional biennial  
17 budget process for the fiscal year 2006-2007 biennium  
18 that was carried out pursuant to this section.

19           (g) CBO TRANSITIONAL REPORT.—On or before  
20 March 31, 2006, the Director of the Congressional Budget  
21 Office shall submit to Congress an evaluation of, and rec-  
22 ommendations regarding, the transitional biennial budget  
23 process for the fiscal year 2006-2008 biennium that was  
24 carried out pursuant to this section.

1 **SEC. 123. EFFECTIVE DATE.**

2 Except as provided by sections 121 and 122, this title  
3 and the amendments made by it shall take effect on Janu-  
4 ary 1, 2007, and shall apply to budget resolutions and  
5 appropriations for the biennium beginning with fiscal year  
6 2008.

7 **TITLE II—TRUTH IN SPENDING**  
8 **Subtitle A—Emergency Spending**  
9 **Legislation**

10 **SEC. 201. EMERGENCY SPENDING LEGISLATION AND THE**  
11 **BASELINE.**

12 (a) IN GENERAL.—Section 257(a) of the Balanced  
13 Budget and Emergency Deficit Control Act of 1985 is  
14 amended by inserting “, except for emergency appropria-  
15 tions covered by section 251(b)(2)(A) and emergency leg-  
16 islation covered by section 252(e)” before the period.

17 (b) DIRECT SPENDING AND RECEIPTS.—Section  
18 257(b)(2) of the Balanced Budget and Emergency Deficit  
19 Control Act of 1985 is amended by adding at the end the  
20 following new subparagraph:

21 “(E) Emergency legislation covered by section  
22 252(e) shall not be extended in the baseline.”.

23 (c) DISCRETIONARY APPROPRIATIONS.—Section  
24 257(c) of the Balanced Budget and Emergency Deficit  
25 Control Act of 1985 is amended by adding at the end the  
26 following new paragraph:

1           “(7) Emergency appropriations covered by sec-  
2           tion 251(b)(2)(A) shall not be extended in the base-  
3           line.”.

4 **SEC. 202. OMB EMERGENCY CRITERIA.**

5           (a) DEFINITION OF EMERGENCY.—Section 3 of the  
6 Congressional Budget and Impoundment Control Act of  
7 1974 (as amended by section 113(b)) is further amended  
8 by adding at the end the following new paragraph:

9           “(12)(A) The term ‘emergency’ means a situa-  
10          tion that—

11                   “(i) requires new budget authority and  
12                   outlays (or new budget authority and the out-  
13                   lays flowing therefrom) for the prevention or  
14                   mitigation of, or response to, loss of life or  
15                   property, or a threat to national security; and

16                   “(ii) is unanticipated.

17           “(B) As used in subparagraph (A), the term  
18          ‘unanticipated’ means that the underlying situation  
19          is—

20                   “(i) sudden, which means quickly coming  
21                   into being or not building up over time;

22                   “(ii) urgent, which means a pressing and  
23                   compelling need requiring immediate action;

24                   “(iii) unforeseen, which means not pre-  
25                   dicted or anticipated as an emerging need; and

1                   “(iv) temporary, which means not of a per-  
2                   manent duration.”.

3           (b) CONFORMING AMENDMENT.—Section 250(c) of  
4 the Balanced Budget and Emergency Deficit Control Act  
5 of 1985 is amended by adding at the end the following  
6 new paragraph:

7                   “(20) The term ‘emergency’ has the meaning  
8                   given to such term in section 3 of the Congressional  
9                   Budget and Impoundment Control Act of 1974.”.

10 **SEC. 203. POINT OF ORDER TO ENFORCE DEFINITION OF**  
11 **EMERGENCY.**

12           (a) IN GENERAL.—Section 312 of the Congressional  
13 Budget Act of 1974 is amended by adding at the end the  
14 following new subsection:

15                   “(g) It shall not be in order in the House of Rep-  
16 resentatives or in the Senate to consider any bill or joint  
17 resolution, or an amendment thereto or a conference re-  
18 port thereon, which carries an emergency designation pur-  
19 suant to section 251(b)(2)(A) or section 252(e) of the Bal-  
20 anced Budget and Emergency Deficit Control Act of  
21 1985.”.

22           (b) WAIVERS AND APPEALS IN THE SENATE.—Sec-  
23 tions 904(c)(2) and 904(d)(3) are amended by striking “,  
24 and 312(c)” and by inserting “312(c), and 312(g)”.

## 1           **Subtitle B—The Byrd Rule**

### 2   **SEC. 211. LIMITATION ON BYRD RULE.**

3           (a) PROTECTION OF CONFERENCE REPORTS.—Sec-  
4 tion 313 of the Congressional Budget Act of 1974 is  
5 amended—

6           (1) in subsection (b)(1), by striking subpara-  
7 graph (E) through the semicolon at the end thereof  
8 and by redesignating subparagraph (F) as subpara-  
9 graph (E);

10          (2) in subsection (c), by striking “and again  
11 upon the submission of a conference report on such  
12 a reconciliation bill or resolution,”;

13          (3) by striking subsection (d);

14          (4) by redesignating subsection (e) as sub-  
15 section (d); and

16          (5) in subsection (e), as redesignated—

17           (A) by striking “, motion, or conference re-  
18 port” the first place it appears and inserting “,  
19 or motion”; and

20           (B) by striking “, motion, or conference re-  
21 port” the second and third places it appears  
22 and inserting “or motion”.

23          (b) CONFORMING AMENDMENT.—The first sentence  
24 of section 312(e) of the Congressional Budget Act of 1974

1 is amended by inserting “, except for section 313,” after  
2 “Act”.

## 3                                   **Subtitle C—Spending** 4                                   **Accountability Reserve**

### 5 **SEC. 231. SHORT TITLE.**

6           This subtitle may be cited as the “Spending Account-  
7 ability Reserve Act of 2003”.

### 8 **SEC. 232. SPENDING ACCOUNTABILITY RESERVE LEDGER.**

9           (a) ESTABLISHMENT OF LEDGER.—Title III of the  
10 Congressional Budget Act of 1974 (as amended by section  
11 119(a)) is further amended by adding at the end the fol-  
12 lowing new section:

13           “SPENDING ACCOUNTABILITY RESERVE LEDGER  
14           “SEC. 318. (a) ESTABLISHMENT OF LEDGER.—The  
15 chairman of the Committee on the Budget of the House  
16 of Representatives and the chairman of the Committee on  
17 the Budget of the Senate shall each maintain a ledger to  
18 be known as the ‘Spending Accountability Reserve Ledg-  
19 er’. The Ledger shall be divided into entries corresponding  
20 to the subcommittees of the Committees on Appropria-  
21 tions. Each entry shall consist of three components: the  
22 ‘House Reserve Balance’; the ‘Senate Reserve Balance’;  
23 and the ‘Joint House-Senate Reserve Balance’.

24           “(b) COMPONENTS OF LEDGER.—Each component in  
25 an entry shall consist only of amounts credited to it under

1 subsection (c). No entry of a negative amount shall be  
2 made.

3 “(c) CREDIT OF AMOUNTS TO LEDGER.—(1) In the  
4 House of Representatives or the Senate, whenever a Mem-  
5 ber offers an amendment to an appropriation bill to reduce  
6 new budget authority in any account, that Member may  
7 state the portion of such reduction that shall be—

8 “(A) credited to the House or Senate Reserve  
9 Balance, as applicable; or

10 “(B) allowed to remain within the applicable  
11 section 302(b) suballocation.

12 If no such statement is made, the amount of reduction  
13 in new budget authority resulting from the amendment  
14 shall be credited to the House or Senate Reserve Balance,  
15 as applicable, if the amendment is agreed to.

16 “(2)(A) Except as provided by subparagraph (B), the  
17 chairmen of the Committees on the Budget shall, upon  
18 the engrossment of any appropriation bill by the House  
19 of Representatives and upon the engrossment of that bill  
20 by the Senate, credit to the applicable entry balance of  
21 that House amounts of new budget authority and outlays  
22 equal to the net amounts of reductions in new budget au-  
23 thority and in outlays resulting from amendments agreed  
24 to by that House to that bill.



1       “(B) When computing the net amounts of reductions  
2 in new budget authority and in outlays resulting from  
3 amendments agreed to by the House of Representatives  
4 or the Senate to an appropriation bill, the chairmen of  
5 the Committees on the Budget shall only count those por-  
6 tions of such amendments agreed to that were so des-  
7 ignated by the Members offering such amendments as  
8 amounts to be credited to the House or Senate Reserve  
9 Balance, as applicable, or that fall within the last sentence  
10 of paragraph (1).

11       “(3) The chairmen of the Committees on the Budget  
12 shall, upon the engrossment of Senate amendments to any  
13 appropriation bill, credit to the applicable Joint House-  
14 Senate Reserve Balance the amounts of new budget au-  
15 thority and outlays equal to—

16               “(A) an amount equal to one-half of the sum of  
17       (i) the amount of new budget authority in the House  
18       Reserve Balance plus (ii) the amount of new budget  
19       authority in the Senate Reserve Balance for that  
20       bill; and

21               “(B) an amount equal to one-half of the sum  
22       of (i) the amount of outlays in the House Reserve  
23       Balance plus (ii) the amount of outlays in the Sen-  
24       ate Reserve Balance for that bill.

1           “(4) CALCULATION OF RESERVE SAVINGS IN SEN-  
2 ATE.—For purposes of calculating under this section the  
3 net amounts of reductions in new budget authority and  
4 in outlays resulting from amendments agreed to by the  
5 Senate on an appropriation bill, the amendments reported  
6 to the Senate by its Committee on Appropriations shall  
7 be considered to be part of the original text of the bill.

8           “(d) DEFINITION.—As used in this section, the term  
9 ‘appropriation bill’ means any general or special appro-  
10 priation bill, and any bill or joint resolution making sup-  
11 plemental, deficiency, or continuing appropriations  
12 through the end of a fiscal year.

13           “(e) TALLY DURING HOUSE CONSIDERATION.—The  
14 chairman of the Committee on the Budget of the House  
15 of Representatives shall maintain a running tally of the  
16 amendments adopted reflecting increases and decreases in  
17 budget authority in the bill as reported. This tally shall  
18 be available to Members in the House of Representatives  
19 during consideration of any appropriations bill by the  
20 House.”.

21           (b) CONFORMING AMENDMENT.—The table of con-  
22 tents set forth in section 1(b) of the Congressional Budget  
23 and Impoundment Control Act of 1974 is amended by in-  
24 serting after the item relating to section 317 the following  
25 new item:

“Sec. 318. Spending accountability reserve ledger.”.

1 **SEC. 233. DOWNWARD ADJUSTMENT OF SECTION 302(a) AL-**  
2 **LOCATIONS AND SECTION 302(b) SUBALLOCA-**  
3 **TIONS.**

4 (a) **ALLOCATIONS.**—Section 302(a) of the Congres-  
5 sional Budget Act of 1974 is amended by adding at the  
6 end the following new paragraph:

7 “(6) **ADJUSTMENT OF ALLOCATIONS.**—Upon  
8 the engrossment of Senate amendments to any ap-  
9 propriation bill (as defined in section 318(d)) for a  
10 fiscal year, the amounts allocated under paragraph  
11 (1) or (2) to the Committee on Appropriations of  
12 each House upon the adoption of the most recent  
13 joint resolution on the budget for that fiscal year  
14 shall be adjusted downward by the amounts credited  
15 to the applicable Joint House-Senate Reserve Bal-  
16 ance under section 318(c)(2). The revised levels of  
17 new budget authority and outlays shall be submitted  
18 to each House by the chairman of the Committee on  
19 the Budget of that House and shall be printed in the  
20 Congressional Record.”.

21 (b) **SUBALLOCATIONS.**—Section 302(b) of the Con-  
22 gressional Budget Act of 1974 is amended by adding at  
23 the end the following new sentence: “Whenever an adjust-  
24 ment is made under subsection (a)(6) to an allocation  
25 under that subsection, the Committee on Appropriations  
26 of each House shall make downward adjustments in the

1 most recent suballocations of new budget authority and  
2 outlays under this subparagraph to the appropriate sub-  
3 committees of that committee in the total amounts of  
4 those adjustments under section 318(c)(2). The revised  
5 suballocations shall be submitted to each House by the  
6 chairman of the Committee on Appropriations of that  
7 House and shall be printed in the Congressional Record.”.

8 **SEC. 234. PERIODIC REPORTING OF LEDGER STATEMENTS.**

9 Section 308(b)(1) of the Congressional Budget Act  
10 of 1974 is amended by adding at the end the following  
11 new sentence: “Such reports shall also include an up-to-  
12 date tabulation of the amounts contained in the ledger and  
13 each entry established by section 318(a).”.

14 **SEC. 235. DOWNWARD ADJUSTMENT OF DISCRETIONARY**  
15 **SPENDING LIMITS.**

16 The discretionary spending limits for new budget au-  
17 thority and outlays for any fiscal year set forth in section  
18 251(e) of the Balanced Budget and Emergency Deficit  
19 Control Act of 1985, shall be reduced by the amounts set  
20 forth in the final regular appropriation bill for that fiscal  
21 year or joint resolution making continuing appropriations  
22 through the end of that fiscal year. Those amounts shall  
23 be the sums of the Joint House-Senate Reserve Balances  
24 for that fiscal year, as calculated under section 302(a)(6)  
25 of the Congressional Budget Act of 1974. That bill or joint

1 resolution shall contain the following statement of law:  
2 “As required by section 302(a)(6) of the Congressional  
3 Budget Act of 1974, for fiscal year [insert appropriate fis-  
4 cal year] and each outyear, the adjusted discretionary  
5 spending limit for new budget authority shall be reduced  
6 by \$ [insert appropriate amount of reduction] and the ad-  
7 justed discretionary limit for outlays shall be reduced by  
8 \$ [insert appropriate amount of reduction] for the fiscal  
9 year and each outyear.”. Notwithstanding section 904(c)  
10 of the Congressional Budget Act of 1974, section 306 as  
11 it applies to this statement shall not apply. This adjust-  
12 ment shall be reflected in reports under sections 254(e)  
13 and 254(f) of the Balanced Budget and Emergency Deficit  
14 Control Act of 1985.

15 **SEC. 236. REDUCTION IN REVENUES.**

16       The level of total revenues set forth in the concurrent  
17 resolution on the budget shall be reduced by the amounts  
18 set forth in the final regular appropriation bill for that  
19 fiscal year or joint resolution making continuing appro-  
20 priations through the end of that fiscal year shall be re-  
21 duced by the amount by which the discretionary spending  
22 limit for outlays is reduced for that fiscal year pursuant  
23 to section 235. At the same time, such amount shall be  
24 credited to the pay-as-you-go scorecard pursuant to sec-  
25 tion 252(d) of the Balanced Budget and Emergency Def-

1 icit Control Act of 1985 for purposes of receipts legislation  
2 only. This adjustment shall be reflected in reports under  
3 sections 254(e) and 254(f) of such Act. To the extent that  
4 the amount so credited is not used for purposes of receipts  
5 legislation enacted during such fiscal year, it shall be re-  
6 moved from such scorecard.

7 **Subtitle D—Enhanced Rescissions**  
8 **of Budget Authority Identified**  
9 **by the President as Wasteful**  
10 **Spending**

11 **SEC. 251. SHORT TITLE.**

12 This title may be cited as the “Enhanced Rescissions  
13 Act of 2003”.

14 **SEC. 252. ENHANCED CONSIDERATION OF CERTAIN PRO-**  
15 **POSED RESCISSIONS.**

16 (a) IN GENERAL.—Part B of title X of the Congres-  
17 sional Budget and Impoundment Control Act of 1974 (2  
18 U.S.C. 681 et seq.) is amended by redesignating sections  
19 1013 through 1017 as sections 1014 through 1018, re-  
20 spectively, and by inserting after section 1012 the fol-  
21 lowing new section:

22 “ENHANCED CONSIDERATION OF CERTAIN PROPOSED  
23 RESCISSIONS

24 “SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET  
25 AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The  
26 President may propose, at the time and in the manner

1 provided in subsection (b), the rescission of any budget  
2 authority provided in an appropriation Act that he identi-  
3 fies as wasteful spending. If the President proposes a re-  
4 scission of budget authority, he may also propose to reduce  
5 the appropriate discretionary spending limits for new  
6 budget authority and outlays flowing therefrom set forth  
7 in section 251(c) of the Balanced Budget and Emergency  
8 Deficit Control Act of 1985 by an amount that does not  
9 exceed the amount of the proposed rescission. Funds made  
10 available for obligation under this procedure may not be  
11 proposed for rescission again under this section.

12 “(b) TRANSMITTAL OF SPECIAL MESSAGE.—

13 “(1) The President may transmit to Congress a  
14 special message proposing to rescind amounts of  
15 budget authority and include with that special mes-  
16 sage a draft bill that, if enacted, would only rescind  
17 that budget authority unless the President also pro-  
18 poses a reduction in the appropriate discretionary  
19 spending limits set forth in section 251(c) of the  
20 Balanced Budget and Emergency Deficit Control  
21 Act of 1985. That bill shall clearly identify the  
22 amount of budget authority that is proposed to be  
23 rescinded for each program, project, or activity to  
24 which that budget authority relates.

1           “(2) In the case of an appropriation Act that  
2 includes accounts within the jurisdiction of more  
3 than one subcommittee of the Committee on Approp-  
4 riations, the President in proposing to rescind  
5 budget authority under this section shall send a sep-  
6 arate special message and accompanying draft bill  
7 for accounts within the jurisdiction of each sub-  
8 committee.

9           “(3) Each special message shall specify, with  
10 respect to the budget authority proposed to be re-  
11 scinded, the following:

12                   “(A) The amount of budget authority  
13 which he proposes to be rescinded.

14                   “(B) Any account, department, or estab-  
15 lishment of the Government to which such  
16 budget authority is available for obligation, and  
17 the specific project or governmental functions  
18 involved.

19                   “(C) The reasons why the budget authority  
20 should be rescinded, including why he considers  
21 it to be wasteful spending.

22                   “(D) To the maximum extent practicable,  
23 the estimated fiscal, economic, and budgetary  
24 effect (including the effect on outlays and re-



1 receipts in each fiscal year) of the proposed re-  
2 scission.

3 “(E) All facts, circumstances, and consid-  
4 erations relating to or bearing upon the pro-  
5 posed rescission and the decision to effect the  
6 proposed rescission, and to the maximum extent  
7 practicable, the estimated effect of the proposed  
8 rescission upon the objects, purposes, and pro-  
9 grams for which the budget authority is pro-  
10 vided.

11 “(F) A reduction in the appropriate discre-  
12 tionary spending limits set forth in section  
13 251(c) of the Balanced Budget and Emergency  
14 Deficit Control Act of 1985, if proposed by the  
15 President.

16 “(c) PROCEDURES FOR EXPEDITED CONSIDER-  
17 ATION.—

18 “(1)(A) Before the close of the second legisla-  
19 tive day of the House of Representatives after the  
20 date of receipt of a special message transmitted to  
21 Congress under subsection (b), the majority leader  
22 or minority leader of the House of Representatives  
23 shall introduce (by request) the draft bill accom-  
24 panying that special message. If the bill is not intro-  
25 duced as provided in the preceding sentence, then,

1 on the third legislative day of the House of Rep-  
2 resentatives after the date of receipt of that special  
3 message, any Member of that House may introduce  
4 the bill.

5 “(B) The bill shall be referred to the Com-  
6 mittee on Appropriations. The committee shall re-  
7 port the bill without substantive revision and with or  
8 without recommendation. The bill shall be reported  
9 not later than the seventh legislative day of that  
10 House after the date of receipt of that special mes-  
11 sage. If that committee fails to report the bill within  
12 that period, that committee shall be automatically  
13 discharged from consideration of the bill, and the  
14 bill shall be placed on the appropriate calendar.

15 “(C) A vote on final passage of the bill shall be  
16 taken in the House of Representatives on or before  
17 the close of the 10th legislative day of that House  
18 after the date of the introduction of the bill in that  
19 House. If the bill is passed, the Clerk of the House  
20 of Representatives shall cause the bill to be en-  
21 grossed, certified, and transmitted to the Senate  
22 within one calendar day of the day on which the bill  
23 is passed.

24 “(2)(A) A motion in the House of Representa-  
25 tives to proceed to the consideration of a bill under

1 this section shall be highly privileged and not debat-  
2 able. An amendment to the motion shall not be in  
3 order, nor shall it be in order to move to reconsider  
4 the vote by which the motion is agreed to or dis-  
5 agreed to.

6 “(B) Debate in the House of Representatives  
7 on a bill under this section shall not exceed 4 hours,  
8 which shall be divided equally between those favoring  
9 and those opposing the bill. A motion further to  
10 limit debate shall not be debatable. It shall not be  
11 in order to move to recommit a bill under this sec-  
12 tion or to move to reconsider the vote by which the  
13 bill is agreed to or disagreed to.

14 “(C) Appeals from decisions of the Chair relat-  
15 ing to the application of the Rules of the House of  
16 Representatives to the procedure relating to a bill  
17 under this section shall be decided without debate.

18 “(D) Except to the extent specifically provided  
19 in the preceding provisions of this subsection, con-  
20 sideration of a bill under this section shall be gov-  
21 erned by the Rules of the House of Representatives.  
22 It shall not be in order in the House of Representa-  
23 tives to consider any rescission bill introduced pursu-  
24 ant to the provisions of this section under a suspen-  
25 sion of the rules or under a special rule.

1           “(3) A bill transmitted to the Senate pursuant  
2 to paragraph (1)(D) shall be referred to its Com-  
3 mittee on Appropriations. That committee shall re-  
4 port the bill without substantive revision and with or  
5 without recommendation. The bill shall be reported  
6 not later than the seventh legislative day of the Sen-  
7 ate after it receives the bill. A committee failing to  
8 report the bill within such period shall be automati-  
9 cally discharged from consideration of the bill, and  
10 the bill shall be placed upon the appropriate cal-  
11 endar.

12           “(4)(A) A motion in the Senate to proceed to  
13 the consideration of a bill under this section shall be  
14 privileged and not debatable. An amendment to the  
15 motion shall not be in order, nor shall it be in order  
16 to move to reconsider the vote by which the motion  
17 is agreed to or disagreed to.

18           “(B) Debate in the Senate on a bill under this  
19 section, and all debatable motions and appeals in  
20 connection therewith (including debate pursuant to  
21 subparagraph (C)), shall not exceed 10 hours. The  
22 time shall be equally divided between, and controlled  
23 by, the majority leader and the minority leader or  
24 their designees.

1           “(C) Debate in the Senate or any debatable mo-  
2           tion or appeal in connection with a bill under this  
3           section shall be limited to not more than 1 hour, to  
4           be equally divided between, and controlled by, the  
5           mover and the manager of the bill, except that in  
6           the event the manager of the bill is in favor of any  
7           such motion or appeal, the time in opposition there-  
8           to, shall be controlled by the minority leader or his  
9           designee. Such leaders, or either of them, may, from  
10          time under their control of the passage of a bill,  
11          allot additional time to any Senator during the con-  
12          sideration of any debatable motion or appeal.

13           “(D) A motion in the Senate to further limit  
14          debate on a bill under this section is not debatable.  
15          A motion to recommit a bill under this section is not  
16          in order.

17          “(d) AMENDMENT AND DIVISIONS PROHIBITED.—No  
18          amendment to a bill considered under this section shall  
19          be in order in either the House of Representatives or the  
20          Senate. It shall not be in order to demand a division of  
21          the question in the House of Representatives (or in a Com-  
22          mittee of the Whole) or in the Senate. No motion to sus-  
23          pend the application of this subsection shall be in order  
24          in either House, nor shall it be in order in either House

1 to suspend the application of this subsection by unanimous  
2 consent.

3 “(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLI-  
4 GATION.—Any amount of budget authority proposed to be  
5 rescinded in a special message transmitted to Congress  
6 under subsection (b) shall be made available for obligation  
7 on the day after the date on which either House rejects  
8 the bill transmitted with that special message.

9 “(f) DEFINITIONS.—For purposes of this section:

10 “(1) The term ‘appropriation Act’ means any  
11 general or special appropriation Act, and any Act or  
12 joint resolution making supplemental, deficiency, or  
13 continuing appropriations.

14 “(2) The term ‘legislative day’ means, with re-  
15 spect to either House of Congress, any day of ses-  
16 sion.

17 “(3) The term ‘rescind’ means, with respect to  
18 an appropriation Act, to reduce the amount of budg-  
19 et authority appropriated in that Act, and reducing  
20 budget authority shall include reducing obligation  
21 limitations set forth in that Act.”.

22 (b) EXERCISE OF RULEMAKING POWERS.—Section  
23 904 of the Congressional Budget Act of 1974 (2 U.S.C.  
24 621 note) is amended—

1           (1) in subsection (a), by striking “and 1017”  
2           and inserting “1012, and 1017”; and

3           (2) in subsection (d), by striking “section  
4           1017” and inserting “sections 1012 and 1017”.

5           (c) CONFORMING AMENDMENTS.—

6           (1) Section 1011 of the Congressional Budget  
7           Act of 1974 (2 U.S.C. 682(5)) is amended by re-  
8           pealing paragraphs (3) and (5) and by redesignating  
9           paragraph (4) as paragraph (3).

10          (2) Section 1014 of such Act (2 U.S.C. 685) is  
11          amended—

12                 (A) in subsection (b)(1), by striking “or  
13                 the reservation”; and

14                 (B) in subsection (e)(1), by striking “or a  
15                 reservation” and by striking “or each such res-  
16                 ervation”.

17          (3) Section 1015(a) of such Act (2 U.S.C. 686)  
18          is amended by striking “is to establish a reserve or”,  
19          by striking “the establishment of such a reserve or”,  
20          and by striking “reserve or” each other place it ap-  
21          pears.

22          (4) Section 1017 of such Act (2 U.S.C. 687) is  
23          amended—

1 (A) in subsection (a), by striking “rescis-  
2 sion bill introduced with respect to a special  
3 message or”;

4 (B) in subsection (b)(1), by striking “re-  
5 scission bill or”, by striking “bill or” the second  
6 place it appears, by striking “rescission bill with  
7 respect to the same special message or”, and by  
8 striking “, and the case may be,”;

9 (C) in subsection (b)(2), by striking “bill  
10 or” each place it appears;

11 (D) in subsection (c), by striking “rescis-  
12 sion” each place it appears and by striking “bill  
13 or” each place it appears;

14 (E) in subsection (d)(1), by striking “re-  
15 scission bill or” and by striking “, and all  
16 amendments thereto (in the case of a rescission  
17 bill)”;

18 (F) in subsection (d)(2)—

19 (i) by striking the first sentence;

20 (ii) by amending the second sentence  
21 to read as follows: “Debate on any debat-  
22 able motion or appeal in connection with  
23 an impoundment resolution shall be limited  
24 to 1 hour, to be equally divided between,  
25 and controlled by, the mover and the man-



1           ager of the resolution, except that in the  
2           event that the manager of the resolution is  
3           in favor of any such motion or appeal, the  
4           time in opposition thereto shall be con-  
5           trolled by the minority leader or his des-  
6           ignee.”;

7           (iii) by striking the third sentence;  
8           and

9           (iv) in the fourth sentence, by striking  
10          “rescission bill or” and by striking  
11          “amendment, debatable motion,” and by  
12          inserting ‘debatable motion’;

13          (G) in paragraph (d)(3), by striking the  
14          second and third sentences; and

15          (H) by striking paragraphs (4), (5), (6),  
16          and (7) of paragraph (d).

17          (d) CLERICAL AMENDMENTS.—The table of sections  
18          for subpart B of title X of the Congressional Budget and  
19          Impoundment Control Act of 1974 is amended by redesign-  
20          ating the item relating to sections 1014 through 1018  
21          as items 1015 through 1019, respectively, and by inserting  
22          after the item relating to section 1012 the following new  
23          item:

“Sec. 1013. Enhanced consideration of certain proposed rescissions.”.

1 **Subtitle E—Extension of Discre-**  
 2 **tionary Spending Limits and**  
 3 **Paygo**

4 **SEC. 261. AMENDMENTS TO SECTIONS 251, 252, AND 275 OF**  
 5 **THE BALANCED BUDGET AND EMERGENCY**  
 6 **DEFICIT CONTROL ACT OF 1985.**

7 (a) **ADJUSTMENTS TO DISCRETIONARY SPENDING**  
 8 **LIMITS.**—In the matter that precedes subparagraph (A)  
 9 of section 251(b)(2) of the Balanced Budget and Emer-  
 10 gency Deficit Control Act of 1985, strike “through 2002”.

11 (b) **DISCRETIONARY SPENDING LIMIT.**—Section  
 12 251(c) of the Balanced Budget and Emergency Deficit  
 13 Control Act of 1985 is amended as follows:

14 (1) Strike paragraphs (1) through (6) and re-  
 15 designate paragraph (7) (which relates to fiscal year  
 16 2003) as paragraph (1) and in such redesignated  
 17 paragraph strike subparagraph (A), redesignate sub-  
 18 paragraphs (B) and (C) as subparagraphs (C) and  
 19 (D), respectively, and before subparagraph (C), in-  
 20 sert the following new subparagraphs:

21 “(A) for the discretionary category:  
 22 \$754,900,000,000 in new budget authority and  
 23 \$704,230,000,000 in outlays;”

24 “(B) for the highway category:  
 25 \$27,728,000,000 in outlays;”.

1           (2) Redesignate paragraph (8) as paragraph (2)  
2           and in such redesignated paragraph strike “with re-  
3           spect to fiscal year 2004”, redesignate the remaining  
4           matter as subparagraph (B), and before such redesi-  
5           gnated matter insert the following:

6           “(2) with respect to fiscal year 2004—

7           “(A) for the discretionary category:  
8           \$775,020,000,000 in new budget authority and  
9           \$706,970,000,000 in outlays; and”.

10          (3) Redesignate paragraph (9) as paragraph (3)  
11          and in such redesignated paragraph strike “with re-  
12          spect to fiscal year 2005”, redesignate the remaining  
13          matter as subparagraph (B), and before such redesi-  
14          gnated matter insert the following:

15          “(3) with respect to fiscal year 2005—

16          “(A) for the discretionary category:  
17          \$801,560,000,000 in new budget authority and  
18          \$779,810,000,000 in outlays; and”.

19          (4) Redesignate paragraph (10) as paragraph  
20          (4) and in such redesignated paragraph strike “with  
21          respect to fiscal year 2006”, redesignate the remain-  
22          ing matter as subparagraph (B), and before such re-  
23          designated matter insert the following:

24          “(4) with respect to fiscal year 2006—

1           “(A) for the discretionary category:  
2           \$828,600,000,000 in new budget authority and  
3           \$793,650,000,000 in outlays; and”.

4           (5) Redesignate paragraphs (11) through (16)  
5           as paragraphs (6) through (11) and after paragraph  
6           (4) insert the following new paragraph:

7           “(5) with respect to fiscal year 2007 for the  
8           discretionary category: \$862,500,000,000 in new  
9           budget authority and \$812,000,000,000 in outlays;”.

10          (c) EXTENSION OF PAY-AS-YOU-GO REQUIRE-  
11          MENT.—(1) Section 252(a) of the Balanced Budget and  
12          Emergency Deficit Control Act of 1985 is amended by  
13          striking “2002” and inserting “2007”.

14          (2) Section 252(b)(1) of such Act is amended by  
15          striking “2002” and inserting “2007”.

16          (d) EXPIRATION.—Section 275(b) of the Balanced  
17          Budget and Emergency Deficit Control Act of 1985 is  
18          amended by striking “2002” and inserting “2007” and  
19          by striking “2006” and inserting “2011”.

20          **Subtitle F—Paygo Requirements**  
21          **and the On-Budget Surplus**

22          **SEC. 271. PAYGO REQUIREMENTS AND THE ON-BUDGET**  
23          **SURPLUS.**

24          (a) SEQUESTRATION.—(1) Section 252(b)(1) of the  
25          Balanced Budget and Emergency Deficit Control Act of

1 1985 is amended by inserting “, minus the amount for  
 2 the budget year, if any, estimated under paragraph (3)”  
 3 after “as calculated under paragraph (2)”.

4 (2) Section 252(b) of such Act is amended by adding  
 5 at the end the following new paragraph:

6 “(3) ESTIMATE OF ON-BUDGET SURPLUS IN  
 7 EXCESS OF SOCIAL SECURITY SURPLUS.—OMB esti-  
 8 mates for the budget year of the amount (if any) of  
 9 the budget surplus as set forth in the OMB seques-  
 10 tration preview report as calculated pursuant to sec-  
 11 tion 254(c)(3).”.

12 (b) REPORTS.—Section 254(c)(3) of the Balanced  
 13 Budget and Emergency Deficit Control Act of 1985 is  
 14 amended by adding at the end the following new subpara-  
 15 graph:

16 “(D) The estimated excess of receipts over  
 17 outlays for the budget year (if any).”.

18 **Subtitle G—Treatment of Extra-**  
 19 **neous Appropriations in Omni-**  
 20 **bus Appropriation Measures**

21 **SEC. 281. TREATMENT OF EXTRANEIOUS APPROPRIATIONS.**

22 (a) IN GENERAL.—Title III of the Congressional  
 23 Budget Act of 1974 (as amended by section 232)) is fur-  
 24 ther amended by adding at the end the following new sec-  
 25 tion:

1       “TREATMENT OF EXTRANEOUS APPROPRIATIONS IN  
2                   OMNIBUS APPROPRIATION MEASURES

3       “SEC. 319. (a) POINT OF ORDER.—It shall not be  
4 in order in the House of Representatives or the Senate  
5 to consider an omnibus appropriation measure, or any  
6 amendment thereto or conference report thereon, that ap-  
7 propriates funds for any program, project, or activity that  
8 is not within the subject matter jurisdiction of any sub-  
9 committee of the Committee on Appropriations of the  
10 House of Representatives or Senate, as applicable, with  
11 jurisdiction over any regular appropriation bill contained  
12 in such measure.

13       “(b) DEFINITIONS.—As used in this section:

14               “(1) The term ‘omnibus appropriation measure’  
15 means any bill or joint resolution making continuing  
16 appropriations for a fiscal year and that is com-  
17 prised of more than one regular appropriation bills.

18               “(2) The term ‘regular appropriation bill’  
19 means any annual appropriation bill making appro-  
20 priations, otherwise making funds available, or  
21 granting authority, for any of the following cat-  
22 egories of projects and activities:

23                   “(A) Agriculture, rural development, and  
24 related agencies programs.

1           “(B) The Departments of Commerce, Jus-  
2           tice, and State, the judiciary, and related agen-  
3           cies.

4           “(C) The Department of Defense.

5           “(D) The government of the District of  
6           Columbia and other activities chargeable in  
7           whole or in part against the revenues of the  
8           District.

9           “(E) The Departments of Labor, Health  
10          and Human Services, and Education, and re-  
11          lated agencies.

12          “(F) The Department of Housing and  
13          Urban Development, and sundry independent  
14          agencies, boards, commissions, corporations,  
15          and offices.

16          “(G) Energy and water development.

17          “(H) Foreign assistance and related pro-  
18          grams.

19          “(I) The Department of the Interior and  
20          related agencies.

21          “(J) Military construction.

22          “(K) The Department of Transportation  
23          and related agencies.

1                   “(L) The Treasury Department, the U.S.  
2                   Postal Service, the Executive Office of the  
3                   President, and certain independent agencies.

4                   “(M) The legislative branch.”.

5                   (b) CONFORMING AMENDMENT.—The table of con-  
6                   tents set forth in section 1(b) of the Congressional Budget  
7                   and Impoundment Control Act of 1974 is amended by in-  
8                   serting after the item relating to section 318 the following  
9                   new item:

                  “Sec. 319. Treatment of extraneous appropriations in omnibus appropriation  
                  measures.”.

10 **TITLE III—BUDGETING AND**  
11 **MANAGING FOR RESULTS:**  
12 **FULL FUNDING FOR FEDERAL**  
13 **RETIREE COSTS**

14 **Subtitle A—Accrual Funding of**  
15 **Pensions and Retirement Pay**  
16 **for Federal Employees and Uni-**  
17 **formed Services Personnel**

18 **SEC. 301. CIVIL SERVICE RETIREMENT SYSTEM.**

19                   (a) CIVIL SERVICE RETIREMENT AND DISABILITY  
20 **FUND.**—Chapter 83 of title 5, United States Code, is  
21 amended—

22                   (1) in section 8331—

23                   (A) in paragraph (17)—



1 (i) by striking “normal cost” and in-  
2 serting “normal cost percentage”; and

3 (ii) by inserting “and standards  
4 (using dynamic assumptions)” after “prac-  
5 tice”;

6 (B) by amending paragraph (18) to read  
7 as follows:

8 “(18) ‘Fund balance’ means the current net as-  
9 sets of the Fund available for payment of benefits,  
10 as determined by the Office in accordance with ap-  
11 propriate accounting standards, but does not include  
12 any amount attributable to—

13 “(A) the Federal Employees’ Retirement  
14 System; or

15 “(B) contributions made under the Federal  
16 Employees’ Retirement Contribution Temporary  
17 Adjustment Act of 1983 by or on behalf of any  
18 individual who became subject to the Federal  
19 Employees’ Retirement System;”

20 (C) by amending paragraph (19) to read  
21 as follows:

22 “(19) ‘accrued liability’ means the estimated ex-  
23 cess of the present value of all benefits payable from  
24 the Fund to employees and Members, and former  
25 employees and Members, subject to this subchapter,

1 and their survivors, over the present value of deduc-  
 2 tions to be withheld from the future basic pay of  
 3 employees and Members currently subject to this  
 4 subchapter and of future agency contributions to be  
 5 made in their behalf;”

6 (D) in paragraph (27) by striking “and”  
 7 at the end;

8 (E) in paragraph (28) by striking the pe-  
 9 riod at the end and inserting a semicolon; and

10 (F) by adding at the end the following  
 11 paragraphs:

12 “(29) ‘dynamic assumptions’ means economic  
 13 assumptions that are used in determining actuarial  
 14 costs and liabilities of a retirement system and in  
 15 anticipating the effects of long-term future—

16 “(A) investment yields;

17 “(B) increases in rates of basic pay; and

18 “(C) rates of price inflation; and

19 “(30) ‘unfunded liability’ means the estimated  
 20 excess of—

21 “(A) the actuarial present value of all fu-  
 22 ture benefits payable from the Fund under this  
 23 subchapter based on the service of current or  
 24 former employees or Members, over

25 “(B) the sum of—

1           “(i) the actuarial present value of de-  
2           ductions to be withheld from the future  
3           basic pay of employees and Members cur-  
4           rently subject to this chapter pursuant to  
5           section 8334;

6           “(ii) the actuarial present value of the  
7           future contributions to be made pursuant  
8           to section 8334 with respect to employees  
9           and Members currently subject to this sub-  
10          chapter;

11          “(iii) the Fund balance, as defined in  
12          paragraph (18), as of the date the un-  
13          funded liability is determined; and

14          “(iv) any other appropriate amount,  
15          as determined by the Office of Personnel  
16          Management in accordance with generally  
17          accepted actuarial practices and prin-  
18          ciples.”;

19          (2) in section 8334—

20                (A) in subsection (a)(1)—

21                   (i) by striking the last two sentences;

22                   (ii) by redesignating that subsection,  
23                   as so amended, as (a)(1)(A); and

24                   (iii) by adding at the end the fol-  
25                   lowing new subparagraphs:

1       “(B) Except as provided in subparagraph (E), each  
2 employing agency having any employees or Members sub-  
3 ject to subparagraph (A) shall contribute from amounts  
4 available for salaries and expenses an amount equal to the  
5 sum of—

6           “(i) the product of—

7               “(I) the normal cost percentage, as deter-  
8 mined for employees (other than employees cov-  
9 ered by clause (ii)), multiplied by

10               “(II) the aggregate amount of basic pay  
11 payable by the agency, for the period involved,  
12 to employees (under subclause (I)) who are  
13 within such agency; and

14           “(ii) the product of—

15               “(I) the normal cost percentage, as deter-  
16 mined for Members, Congressional employees,  
17 law enforcement officers, firefighters, air traffic  
18 controllers, bankruptcy judges, Court of Fed-  
19 eral Claims judges, United States magistrates,  
20 judges of the United States Court of Appeals  
21 for the Armed Forces, members of the Capitol  
22 Police, nuclear materials couriers, and members  
23 of the Supreme Court Police, multiplied by

24               “(II) the aggregate amount of basic pay  
25 payable by the agency for the period involved,

1 to employees and Members (under subclause  
2 (I)) who are within such agency.

3 “(C) In determining the normal cost percentage to  
4 be applied under subparagraph (B), amounts provided for  
5 under subparagraph (A) shall be taken into account.

6 “(D) Contributions under this paragraph shall be  
7 paid—

8 “(i) in the case of law enforcement officers,  
9 firefighters, air traffic controllers, bankruptcy  
10 judges, Court of Federal Claims judges, United  
11 States magistrates, judges of the United States  
12 Court of Appeals for the Armed Forces, members of  
13 the Supreme Court Police, nuclear materials couriers  
14 and other employees, from the appropriations or  
15 fund used to pay such law enforcement officers, fire-  
16 fighters, air traffic controllers, bankruptcy judges,  
17 Court of Federal Claims judges, United States mag-  
18 istrates, judges of the United States Court of Ap-  
19 peals for the Armed Forces, members of the Su-  
20 preme Court Police, nuclear materials couriers and  
21 other employees, respectively;

22 “(ii) in the case of elected officials, from an ap-  
23 propriation or fund available for payment of other  
24 salaries of the same office or establishment; and

1           “(iii) in the case of employees of the legislative  
2           branch paid by the Clerk of the House of Represent-  
3           atives, from the contingent fund of the House.

4           “(E) In the case of the United States Postal Service,  
5           the Metropolitan Washington Airports Authority, and the  
6           government of the District of Columbia, an amount equal  
7           to that withheld under subparagraph (A) shall be contrib-  
8           uted from the appropriation or fund used to pay the em-  
9           ployee.”; and

10                   (B) in subsection (k)—

11                           (i) in paragraph (1)—

12                                   (I) in subparagraph (A) by strik-  
13                                   ing “the first sentence of subsection  
14                                   (a)(1) of this section” and inserting  
15                                   “subsection (a)(1)(A)”; and

16                                   (II) by amending subparagraph  
17                                   (B) to read as follows:

18                           “(B) the amount of the contribution under sub-  
19                           section (a)(1)(B) shall be the amount which would  
20                           have been contributed under such subsection if this  
21                           subsection had not been enacted.”; and

22                                   (ii) in paragraph (2)(C)(iii) by strik-  
23                                   ing “the first sentence of subsection  
24                                   (a)(1)” and inserting “subsection  
25                                   (a)(1)(A)”; and

1           (3) in section 8348—

2                   (A) by repealing subsection (f);

3                   (B) by amending subsection (g) to read as

4           follows:

5           “(g)(1)(A) Not later than June 30, 2004, the Office  
6 of the Actuary shall determine the unfunded liability of  
7 the Fund, as of September 30, 2003, attributable to bene-  
8 fits payable under this chapter and make recommenda-  
9 tions regarding its liquidation. After considering such rec-  
10 ommendations, the Office shall establish an amortization  
11 schedule, including a series of annual installments com-  
12 mencing October 1, 2004, which provides for the liquida-  
13 tion of such liability by October 1, 2043.

14           “(B) The Office shall redetermine the unfunded li-  
15 ability of the Fund as of the close of the fiscal year, for  
16 each fiscal year beginning after September 30, 2003,  
17 through the fiscal year ending September 30, 2038, and  
18 shall establish a new amortization schedule, including a  
19 series of annual installments commencing on October 1  
20 of the second subsequent fiscal year, which provides for  
21 the liquidation of such liability by October 1, 2043.

22           “(C) The Office shall redetermine the unfunded li-  
23 ability of the Fund as of the close of the fiscal year for  
24 each fiscal year beginning after September 30, 2038, and  
25 shall establish a new amortization schedule, including a

1 series of annual installments commencing on October 1  
2 of the second subsequent fiscal year, which provides for  
3 the liquidation of such liability over five years.

4 “(D) Amortization schedules established under this  
5 paragraph shall be set in accordance with generally accept-  
6 ed actuarial practices and principles, with interest com-  
7 puted at the rate used in the most recent valuation of the  
8 Civil Service Retirement System.

9 “(2) At the beginning of each fiscal year, beginning  
10 on October 1, 2004, the Office shall notify the Secretary  
11 of the Treasury of the amount of the first installment  
12 under the most recent amortization schedule established  
13 under paragraph (1). The Secretary shall credit that  
14 amount to the Fund, as a Government contribution, out  
15 of any money in the Treasury of the United States not  
16 otherwise appropriated.

17 “(3) For the purpose of carrying out paragraph (1)  
18 with respect to any fiscal year, the Office may—

19 “(A) require the Board of Actuaries of the Civil  
20 Service Retirement System to make actuarial deter-  
21 minations and valuations, make recommendations,  
22 and maintain records in accordance with section  
23 8347(f); and

24 “(B) use the latest actuarial determinations  
25 and valuations made by such Board of Actuaries.”;



1           (C) in subsections (h), (i), and (m) by  
2           striking “unfunded” and inserting “accrued”  
3           each place it appears; and

4           (D) by adding at the end the following new  
5           subsection:

6           “(n) Under regulations prescribed by the Office, the  
7           head of an agency may request reconsideration of any  
8           amount determined to be payable with respect to such  
9           agency under section 8334(a)(1)(B)–(D). Any such re-  
10          quest shall be referred to the Board of Actuaries of the  
11          Civil Service Retirement System. The Board of Actuaries  
12          shall review the computations of the Office and may make  
13          any adjustment with respect to any such amount which  
14          the Board determines appropriate. A determination by the  
15          Board of Actuaries under this subsection shall be final.”.

16          (b) GOVERNMENT CONTRIBUTIONS.—Section 8423  
17          of title 5, United States Code, is amended—

18                 (1) in subsection (a)(2) by striking “section  
19                 8422” and inserting “section 8422(a)”; and

20                 (2) in subsection (b)(2) by striking “equal an-  
21                 nual installments” and inserting “annual install-  
22                 ments set in accordance with generally accepted ac-  
23                 tuarial practices and principles”.

1 **SEC. 302. CENTRAL INTELLIGENCE AGENCY RETIREMENT**  
2 **AND DISABILITY SYSTEM.**

3 (a) Section 101 of the Central Intelligence Agency  
4 Retirement Act (50 U.S.C. 2001) is amended—

5 (1) in paragraph (5), to read as follows:

6 “(5) UNFUNDED LIABILITY.—The term ‘un-  
7 funded liability’ means the estimated excess of—

8 “(A) the actuarial present value of all fu-  
9 ture benefits payable from the Fund under title  
10 II of this Act based on the service of current  
11 or former participants, over

12 “(B) the sum of—

13 “(i) the actuarial present value of de-  
14 ductions to be withheld from the future  
15 basic pay of participants currently subject  
16 to title II of this Act pursuant to section  
17 211;

18 “(ii) the actuarial present value of the  
19 future contributions to be made pursuant  
20 to section 211 with respect to participants  
21 currently subject to title II of this Act;

22 “(iii) the Fund balance, as defined in  
23 paragraph (4), as of the date the unfunded  
24 liability is determined; and

25 “(iv) any other appropriate amount,  
26 as determined by the Director in accord-

1           ance with generally accepted actuarial  
2           practices and principles.”;

3           (2) in paragraph (6)—

4           (A) by striking “‘normal cost’” and in-  
5           serting “‘normal cost percentage’”; and

6           (B) by inserting “and standards (using dy-  
7           namic assumptions)” after “practice”; and

8           (3) by adding at the end the following para-  
9           graph:

10           “(10) DYNAMIC ASSUMPTIONS.—The term ‘dy-  
11           namic assumptions’ means economic assumptions  
12           that are used in determining actuarial costs and li-  
13           abilities of a retirement system and in anticipating  
14           the effects of long-term future—

15           “(A) investment yields;

16           “(B) increases in rates of basic pay; and

17           “(C) rates of price inflation.”;

18           (b) Section 202 of such Act (50 U.S.C. 2012) is  
19           amended by adding at the end the following: “The Fund  
20           is appropriated for the payment of benefits as provided  
21           by this title.”.

22           (c) Section 211(a)(2) of such Act (50 U.S.C.  
23           2021(a)(2)) is amended to read as follows:

24           “(2) AGENCY CONTRIBUTIONS.—The Agency  
25           shall contribute to the Fund the amount computed

1 in a manner similar to that used under section  
2 8334(a) of title 5, United States Code, pursuant to  
3 determinations of the normal cost percentage of the  
4 Central Intelligence Agency Retirement and Dis-  
5 ability System by the Director. Contributions under  
6 this paragraph shall be paid from amounts available  
7 for salaries and expenses.”; and

8 (d) Section 261 of such Act (50 U.S.C. 2091) is  
9 amended—

10 (1) by striking subsections (c), (d), and (e); and

11 (2) by inserting after subsection (b) the fol-  
12 lowing new subsections:

13 “(c)(1) Not later than June 30, 2004, the Director  
14 shall cause to be made actuarial valuations of the Fund  
15 that determine the unfunded liability of the Fund, as of  
16 September 30, 2003, attributable to benefits payable  
17 under this title and make recommendations regarding its  
18 liquidation. After considering such recommendations, the  
19 Director shall establish an amortization schedule, includ-  
20 ing a series of annual installments commencing October  
21 1, 2004, which provides for the liquidation of such liability  
22 by October 1, 2043.

23 “(2) The Director shall redetermine the unfunded li-  
24 ability of the Fund as of the close of the fiscal year, for  
25 each fiscal year beginning after September 30, 2003,

1 through the fiscal year ending September 30, 2038, and  
2 shall establish a new amortization schedule, including a  
3 series of annual installments commencing on October 1  
4 of the second subsequent fiscal year, which provides for  
5 the liquidation of such liability by October 1, 2043.

6       “(3) The Director shall redetermine the unfunded li-  
7 ability of the Fund as of the close of the fiscal year for  
8 each fiscal year beginning after September 30, 2038, and  
9 shall establish a new amortization schedule, including a  
10 series of annual installments commencing on October 1  
11 of the second subsequent fiscal year, which provides for  
12 the liquidation of such liability over five years.

13       “(4) Amortization schedules established under this  
14 subsection shall be set in accordance with generally accept-  
15 ed actuarial practices and principles, with interest com-  
16 puted at the rate used in the most recent valuation of the  
17 Civil Service Retirement and Disability System.

18       “(d) At the beginning of each fiscal year, beginning  
19 on October 1, 2004, the Director shall notify the Secretary  
20 of the Treasury of the amount of the first installment  
21 under the most recent amortization schedule established  
22 under subsection (c). The Secretary shall credit that  
23 amount to the Fund, as a Government contribution, out  
24 of any money in the Treasury of the United States not  
25 otherwise appropriated. For the purposes of Section 504

1 of the National Security Act of 1947, this amount shall  
2 be considered authorized.”.

3 (e)(1) Title III of such Act (50 U.S.C. 2151 et seq.)  
4 is amended by adding at the end the following new section:  
5 **“SEC. 308. FULL FUNDING OF RETIREE COSTS FOR EM-**  
6 **PLOYEES DESIGNATED UNDER SECTION 302.**

7 “(a) In addition to other government contributions  
8 required by law, the Agency shall contribute to the Civil  
9 Service Retirement and Disability fund (hereinafter in this  
10 section referred to as the ‘Fund’) amounts calculated in  
11 accordance with section 8423 of title 5, United States  
12 Code, based on the projected number of employees to be  
13 designated pursuant to section 302 of this Act. In addi-  
14 tion, the Agency, in a manner similar to that established  
15 for employee contributions to the Fund by section 8422  
16 of title 5, United States Code, will contribute an amount  
17 equal to the difference between that which would be con-  
18 tributed by the number of employees projected to be des-  
19 ignated under section 302 and the amounts that are actu-  
20 ally being deducted and contributed from the basic pay  
21 of an equal number of employees pursuant to section  
22 8422. The amounts of the Agency’s contributions under  
23 this subsection shall be determined by the Director of the  
24 Office of Personnel Management, in consultation with the  
25 Director, and shall be paid by the Agency from funds

1 available for salaries and expenses. Agency employees des-  
2 ignated pursuant to section 302 of this Act shall, com-  
3 mencing with such designation, have deducted from their  
4 basic pay the full amount required by section 8422 of title  
5 5, United States Code, and such deductions shall be con-  
6 tributed to the Fund.

7       “(b)(1) The Director of the Office of Personnel Man-  
8 agement, in consultation with the Director, shall deter-  
9 mine the total amount of unpaid contributions (govern-  
10 ment and employee contributions) and interest attrib-  
11 utable to the number of individuals employed with the  
12 Agency on September 30, 2004, who are projected to be  
13 designated under section 302 of this Act, but are not yet  
14 designated under that section as of that date. The amount  
15 shall be referred to as the section 302 unfunded liability.

16       “(2) Not later than June 30, 2005, the Director of  
17 the Office of Personnel Management, in consultation with  
18 the Director, shall establish an amortization schedule, set-  
19 ting forth a series of annual installments commencing  
20 September 30, 2005, which provides for the liquidation of  
21 the section 302 unfunded liability by September 30, 2012.

22       “(3) At the end of each fiscal year, beginning on Sep-  
23 tember 30, 2005, the Director shall notify the Secretary  
24 of the Treasury of the amount of the annual installment  
25 under the amortization schedule established under para-

1 graph (2) of this subsection. Before closing the accounts  
2 for that fiscal year, the Secretary shall credit that amount  
3 to the Fund, out of any money in the Treasury of the  
4 United States not otherwise appropriated.

5 “(c) Amounts paid by the Agency pursuant to this  
6 section are deemed to be specifically authorized by the  
7 Congress for the purposes of section 504 of the National  
8 Security Act of 1947.”.

9 (2) The table of contents of such Act is amended by  
10 inserting after the item relating to section 307 the fol-  
11 lowing new item:

“Sec. 308. Full funding of retiree costs for employees designated under section  
302.”.

12 **SEC. 303. FOREIGN SERVICE RETIREMENT AND DISABILITY**  
13 **SYSTEM.**

14 (a) Chapter 8 of Title I of the Foreign Service Act  
15 of 1980, Public Law 96–465, (22 U.S.C. 4041 et seq.)  
16 94 Stat. 2071, as amended, is further amended in section  
17 804 (22 U.S.C. 4044)—

18 (1) by amending paragraph (5) to read as fol-  
19 lows:

20 “(5) ‘normal cost percentage’ means the entry-  
21 age normal cost computed in accordance with gen-  
22 erally accepted actuarial practice and standards  
23 (using dynamic assumptions) and expressed as a  
24 level percentage of aggregate basic pay;”;



1           (2) by amending paragraph (14) to read as fol-  
2           lows:

3           “(14) ‘unfunded liability’ means the estimated  
4           excess of—

5                   “(A) the actuarial present value of all fu-  
6                   ture benefits payable from the Fund under this  
7                   part based on the service of current or former  
8                   participants, over

9                   “(B) the sum of—

10                           “(i) the actuarial present value of de-  
11                           ductions to be withheld from the future  
12                           basic pay of participants currently subject  
13                           to this part pursuant to section 805;

14                           “(ii) the actuarial present value of the  
15                           future contributions to be made pursuant  
16                           to section 805 with respect to participants  
17                           currently subject to this part;

18                           “(iii) the Fund balance, as defined in  
19                           paragraph (7), as of the date the unfunded  
20                           liability is determined, excluding any  
21                           amount attributable to the Foreign Service  
22                           Pension System, or contributions made  
23                           under the Federal Employees’ Retirement  
24                           Contribution Temporary Adjustment Act  
25                           of 1983 by or on behalf of any individual

1           who became subject to the Foreign Service  
2           Pension System; and

3                   “(iv) any other appropriate amount,  
4           as determined by the Secretary of the  
5           Treasury in accordance with generally ac-  
6           cepted actuarial practices and principles.”;  
7           and

8           (3)(A) by striking the period at the end of  
9           paragraph (15) and inserting “; and”; and

10           (B) by adding at the end the following new  
11           paragraph:

12                   “(16) ‘dynamic assumptions’ means economic  
13           assumptions that are used in determining actuarial  
14           costs and liabilities of a retirement system and in  
15           anticipating the effects of long-term future—

16                           “(A) investment yields;

17                           “(B) increases in rates of basic pay; and

18                           “(C) rates of price inflation.”;

19           (b) in section 852 (22 U.S.C. 4071a)—

20                   (1) in paragraph (4)—

21                           (A) by striking “normal cost” and insert-  
22           ing “normal cost percentage”; and

23                           (B) by striking “by the Secretary of  
24           State”;

25           (2) in paragraph (7)—

1 (A) by striking “supplemental” and insert-  
2 ing “unfunded”;

3 (B) in subparagraph (B)(i) by striking  
4 “(I)” and “and (II) contributions for past civil-  
5 ian and military service”; and

6 (C) in subparagraph (B)(ii) by inserting  
7 before the semicolon “with respect to partici-  
8 pants currently subject to this part”; and

9 (3)(A) at the end of paragraph (8) by striking  
10 “and”;

11 (B) at the end of paragraph (9) by striking the  
12 period and insering “; and”; and

13 (C) by adding at the end the following new  
14 paragraph:

15 “(10) ‘dynamic assumptions’ means economic  
16 assumptions that are used in determining actuarial  
17 costs and liabilities of a retirement system and in  
18 anticipating the effects of long-term future—

19 “(A) investment yields;

20 “(B) increases in rates of basic pay; and

21 “(C) rates of price inflation.”;

22 (c) in section 805(a)(1) (22 U.S.C. 4045(a)(i))—

23 (1) by striking the second sentence;

24 (2) (by redesignating that subsection, as so  
25 amended, as (a)(1)(A);

1           (3) by redesignating the last sentence of that  
2 subsection, as so amended as (a)(1)(C);

3           (4) by inserting after subparagraph (A) the fol-  
4 lowing new subparagraph:

5                   “(B) Each employing agency having par-  
6 ticipants shall contribute to the Fund the  
7 amount computed in a manner similar to that  
8 used under section 8334(a) of title 5, United  
9 States Code, pursuant to determinations of the  
10 normal cost percentage of the Foreign Service  
11 Retirement and Disability System. Contribu-  
12 tions under this subparagraph shall be paid  
13 from the appropriations or fund used for pay-  
14 ment of the salary of the participant.”;

15           (5) in subsection (a)(2)(A) by striking “An  
16 equal amount shall be contributed by the Depart-  
17 ment” and inserting in its place “Each employing  
18 agency having participants shall contribute to the  
19 Fund the amount computed in a manner similar to  
20 that used under section 8334(a) of title 5, United  
21 States Code, pursuant to determinations of the nor-  
22 mal cost percentage of the Foreign Service Retire-  
23 ment and Disability System”; and

24           (6) in subsection (a)(2)(B) by striking “An  
25 equal amount shall be contributed by the Depart-

1       ment” and inserting in its place “Each employing  
2       agency having participants shall contribute to the  
3       Fund from amounts available for salaries and ex-  
4       penses the amount computed in a manner similar to  
5       that used under section 8334(a) of title 5, United  
6       States Code, pursuant to determinations of the nor-  
7       mal cost percentage of the Foreign Service Retire-  
8       ment and Disability System”;

9       (d) by repealing sections 821 and 822 (22 U.S.C.  
10      4061 and 4062) and by adding the following new section:

11       “SEC. 821. UNFUNDED LIABILITY.—(a)(1) Not later  
12      than June 30, 2004, the Secretary of State shall cause  
13      to be made actuarial valuations of the Fund that deter-  
14      mine the unfunded liability of the Fund, as of September  
15      30, 2003, attributable to benefits payable under this sub-  
16      chapter and make recommendations regarding its liquida-  
17      tion. After considering such recommendations, the Sec-  
18      retary of State shall establish an amortization schedule,  
19      including a series of annual installments commencing Oc-  
20      tober 1, 2004, which provides for the liquidation of such  
21      liability by October 1, 2043.

22       “(2) The Secretary of State shall redetermine the un-  
23      funded liability of the Fund as of the close of the fiscal  
24      year, for each fiscal year beginning after September 30,  
25      2003, through the fiscal year ending September 30, 2038,

1 and shall establish a new amortization schedule, including  
2 a series of annual installments commencing on October 1  
3 of the second subsequent fiscal year, which provides for  
4 the liquidation of such liability by October 1, 2043.

5 “(3) The Secretary of State shall redetermine the un-  
6 funded liability of the Fund as of the close of the fiscal  
7 year for each fiscal year beginning after September 30,  
8 2038, and shall establish a new amortization schedule, in-  
9 cluding a series of annual installments commencing on Oc-  
10 tober 1 of the second subsequent fiscal year, which pro-  
11 vides for the liquidation of such liability over five years.

12 “(4) Amortization schedules established under this  
13 subsection shall be set in accordance with generally accept-  
14 ed actuarial practices and principles, with interest com-  
15 puted at the rate used in the most recent valuation of the  
16 Foreign Service Retirement and Disability System.

17 “(b) At the beginning of each fiscal year, beginning  
18 on October 1, 2004, the Secretary of State shall notify  
19 the Secretary of the Treasury of the amount of the first  
20 installment under the most recent amortization schedule  
21 established under paragraph (1). The Secretary of the  
22 Treasury shall credit that amount to the Fund, as a Gov-  
23 ernment contribution, out of any money in the Treasury  
24 of the United States not otherwise appropriated.”;

1 (e) in section 857(b)(1) (22 U.S.C. 4071f(b)(1)) by  
 2 striking “equal annual installments” and inserting “an-  
 3 nual installments set in accordance with generally accept-  
 4 ed actuarial practices and principles”;

5 (f) in section 859 (22 U.S.C. 4071h) by adding “per-  
 6 centage” after “normal cost”;

7 (g) in section 802 (22 U.S.C. 4042) by adding at the  
 8 end the following: “The Fund is appropriated for the pay-  
 9 ment of benefits as provided by this subchapter.”; and

10 (h) in section 818 (22 U.S.C. 4058) by striking “Sys-  
 11 tem” and inserting “Systems under this subchapter”.

12 **SEC. 304. PUBLIC HEALTH SERVICE COMMISSIONED CORPS**

13 **RETIREMENT SYSTEM.**

14 (a) IN GENERAL.—Title II of the Public Health Serv-  
 15 ice Act (42 U.S.C. 202 et seq.) is amended by adding at  
 16 the end the following new part:

17 **“PART C—PUBLIC HEALTH SERVICE**  
 18 **COMMISSIONED CORPS RETIREMENT SYSTEM**

19 **“ESTABLISHMENT AND PURPOSE OF FUND**

20 **“SEC. 251.** There is established on the books of the  
 21 Treasury a fund to be known as the Public Health Service  
 22 Commissioned Corps Retirement Fund (hereinafter in this  
 23 part referred to as the ‘Fund’), which shall be adminis-  
 24 tered by the Secretary. The Fund shall be used for the  
 25 accumulation of funds in order to finance on an actuarially

1 sound basis liabilities of the Department of Health and  
2 Human Services for benefits payable on account of retire-  
3 ment, disability, or death to commissioned officers of the  
4 Public Health Service and to their survivors pursuant to  
5 part A of this title.

6 “ASSETS OF THE FUND

7 “SEC. 252. There shall be deposited into the Fund  
8 the following, which shall constitute the assets of the  
9 Fund:

10 “(1) Amounts paid into the Fund under section  
11 255.

12 “(2) Any return on investment of the assets of  
13 the Fund.

14 “(3) Amounts transferred into the Fund pursu-  
15 ant to section 304(e) of the Budget Fraud Elimini-  
16 nation Act of 2003.

17 “PAYMENT FROM THE FUND

18 “SEC. 253. There shall be paid from the Fund bene-  
19 fits payable on account of retirement, disability, or death  
20 to commissioned officers of the Public Health Service and  
21 to their survivors pursuant to part A of this title.

22 “DETERMINATION OF CONTRIBUTIONS TO THE FUND

23 “SEC. 254. (a)(1) Not later than June 30, 2004, the  
24 Secretary shall determine the unfunded liability of the  
25 Fund attributable to service performed as of September  
26 30, 2003, which is ‘active service’ for the purpose of sec-



1 tion 212. The Secretary shall establish an amortization  
2 schedule, including a series of annual installments com-  
3 mencing October 1, 2004, which provides for the liquida-  
4 tion of such liability by October 1, 2043.

5       “(2) The Secretary shall redetermine the unfunded  
6 liability of the Fund as of the close of the fiscal year, for  
7 each fiscal year beginning after September 30, 2003,  
8 through the fiscal year ending September 30, 2038, and  
9 shall establish a new amortization schedule, including a  
10 series of annual installments commencing on October 1  
11 of the second subsequent fiscal year, which provides for  
12 the liquidation of such liability by October 1, 2043.

13       “(3) The Secretary shall redetermine the unfunded  
14 liability of the Fund as of the close of the fiscal year for  
15 each fiscal year beginning after September 30, 2038, and  
16 shall establish a new amortization schedule, including a  
17 series of annual installments commencing on October 1  
18 of the second subsequent fiscal year, which provides for  
19 the liquidation of such liability over 5 years.

20       “(b) The Secretary shall determine each fiscal year,  
21 in sufficient time for inclusion in the budget request for  
22 the following fiscal year, the total amount of Department  
23 of Health and Human Services contributions to be made  
24 to the Fund during the fiscal year under section 255(a).  
25 That amount shall be the sum of—

1 “(1) the product of—

2 “(A) the current estimate of the value of  
3 the single level percentage of basic pay to be de-  
4 termined under subsection (c)(1) at the time of  
5 the most recent actuarial valuation under sub-  
6 section (c); and

7 “(B) the total amount of basic pay ex-  
8 pected to be paid during that fiscal year to  
9 commissioned officers of the Public Health  
10 Service on active duty (other than active duty  
11 for training); and

12 “(2) the product of—

13 “(A) the current estimate of the value of  
14 the single level percentage of basic pay and of  
15 compensation (paid pursuant to section 206 of  
16 title 37, United States Code) to be determined  
17 under subsection (c)(2) at the time of the most  
18 recent actuarial valuation under subsection (c);  
19 and

20 “(B) the total amount of basic pay and of  
21 compensation (paid pursuant to section 206 of  
22 title 37, United States Code) expected to be  
23 paid during the fiscal year to commissioned of-  
24 ficers of the Reserve Corps of the Public Health  
25 Service (other than officers on full-time duty

1           other than for training) who are not otherwise  
2           described in subparagraph (A).

3           “(c) Not less often than every four years thereafter  
4 (or by the fiscal year end prior to the effective date of  
5 any statutory change affecting benefits payable on account  
6 of retirement, disability, or death to commissioned officers  
7 or their survivors), the Secretary shall carry out an actu-  
8 arial valuation of benefits payable on account of retire-  
9 ment, disability, or death to commissioned officers of the  
10 Public Health Service and to their survivors pursuant to  
11 part A of this title. Each such actuarial valuation shall  
12 be signed by an enrolled Actuary and shall include—

13           “(1) a determination (using the aggregate  
14 entry-age normal cost method) of a single level per-  
15 centage of basic pay for commissioned officers of the  
16 Public Health Service on active duty (other than ac-  
17 tive duty for training); and

18           “(2) a determination (using the aggregate  
19 entry-age normal cost method) of a single level per-  
20 centage of basic pay and of compensation (paid pur-  
21 suant to section 206 of title 37, United States Code)  
22 of commissioned officers of the Reserve Corps of the  
23 Public Health Service (other than officers on full  
24 time duty other than for training) who are not oth-  
25 erwise described in paragraph (1).

1       “(d) All determinations under this section shall be in  
2 accordance with generally accepted actuarial principles  
3 and practices and, where appropriate, shall follow the gen-  
4 eral pattern of methods and assumptions approved by the  
5 Department of Defense Retirement Board of Actuaries.

6       “(e) The Secretary shall provide for the keeping of  
7 such records as are necessary for determining the actu-  
8 arial status of the Fund.

9                       “PAYMENTS INTO THE FUND

10       “SEC. 255. (a) From amounts available to the De-  
11 partment of Health and Human Services for salaries and  
12 expenses, the Secretary shall pay into the Fund at the end  
13 of each month the amount that is the sum of—

14                       “(1) the product of—

15                               “(A) the level percentage of basic pay de-  
16 termined using all the methods and assump-  
17 tions approved for the most recent (as of the  
18 first day of the current fiscal year) actuarial  
19 valuation under sections 254(c)(1) (except that  
20 any statutory change affecting benefits payable  
21 on account of retirement, disability, or death to  
22 commissioned officers or their survivors that is  
23 effective after the date of that valuation and on  
24 or before the first day of the current fiscal year  
25 shall be used in such determination); and

1           “(B) the total amount of basic pay accrued  
2 for that month by commissioned officers of the  
3 Public Health Service on active duty (other  
4 than active duty for training); and

5           “(2) the product of—

6           “(A) the level percentage of basic pay and  
7 of compensation (paid pursuant to section 206  
8 of title 37, United States Code) determined  
9 using all the methods and assumptions ap-  
10 proved for the most recent (as of the first day  
11 of the current fiscal year) actuarial valuation  
12 under section 254(c)(2) (except that any statu-  
13 tory change affecting benefits payable on ac-  
14 count of retirement, disability, or death to com-  
15 missioned officers or their survivors that is ef-  
16 fective after the date of that valuation and on  
17 or before the first day of the current fiscal year  
18 shall be used in such determinations); and

19           “(B) the total amount of basic pay and of  
20 compensation (paid pursuant to section 206 of  
21 title 37, United States Code) accrued for that  
22 month by commissioned officers of the Reserve  
23 Corps of the Public Health Service (other than  
24 officers on full-time duty other than for train-  
25 ing).

1       “(b) At the beginning of each fiscal year, beginning  
2 on October 1, 2004, the Secretary shall certify to the Sec-  
3 retary of the Treasury the amount of the first installment  
4 under the most recent amortization schedule established  
5 under section 254(a). The Secretary of the Treasury shall  
6 pay into the Fund from the General Fund of the Treasury  
7 the amount so certified. Such payment shall be the con-  
8 tribution to the Fund for that fiscal year.

9                   “INVESTMENTS OF ASSETS OF FUND

10       “SEC. 256. The Secretary may request the Secretary  
11 of the Treasury to invest such portion of the Fund as is  
12 not, in the judgment of the Secretary, required to meet  
13 the current needs of the Fund. Such investments shall be  
14 made by the Secretary of the Treasury in public debt secu-  
15 rities with maturities suitable to the needs of the Fund,  
16 as determined by the Secretary, and bearing interest at  
17 rates determined by the Secretary of the Treasury, taking  
18 into consideration current market yields on outstanding  
19 marketable obligations of the United States of comparable  
20 maturities. The income on such investments shall be cred-  
21 ited to and form a part of the Fund.

22                   “IMPLEMENTATION YEAR EXCEPTIONS

23       “SEC. 257. (a) To avoid funding shortfalls in the first  
24 year should formal actuarial determinations not be avail-  
25 able in time for budget preparation, the amounts used in  
26 the first year in sections 255(a)(1)(A) and 255(a)(2)(A)

1 shall be set equal to those estimates in sections  
2 254(b)(1)(A) and 254(b)(2)(A) if final determinations are  
3 not available. The original unfunded liability as defined  
4 in section 254(a) shall include an adjustment to correct  
5 for this difference between the formal actuarial determina-  
6 tions and the estimates in sections 254(b)(1)(A) and  
7 254(b)(2)(A).”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) CONDITION OF DETAIL.—Section 214 of the  
10 Public Health Service Act (42 U.S.C. 215) is  
11 amended by adding at the end the following new  
12 subsection:

13 “(e) The Secretary shall condition any detail under  
14 subsection (a), (b), or (c) upon the agreement of the execu-  
15 tive department, State, subdivision, Committee of the  
16 Congress, or institution concerned to pay to the Depart-  
17 ment of Health and Human Services, in advance or by  
18 way of reimbursement, for the full cost of the detail in-  
19 cluding that portion of the contributions under section  
20 255(a) that is attributable to the detailed personnel.”.

21 (2) EXEMPTION FROM SEQUESTRATION.—Sec-  
22 tion 255(g)(1) of the Balanced Budget and Emer-  
23 gency Deficit Control Act of 1985 (2 U.S.C.  
24 905(g)(1)) is amended—

1           (A) in subparagraph (A), by inserting after  
2           the item relating to “payment to the foreign  
3           service retirement and disability fund” the fol-  
4           lowing item: “Payment to the Public Health  
5           Service Commissioned Corps Retirement Fund  
6           (75–0380–0–1–551);”; and

7           (B) in subparagraph (B), by inserting  
8           after the item relating to the “Pensions for  
9           former Presidents” the following item: “Public  
10          Health Service Commissioned Corps Retirement  
11          Fund (75–8274–0–7–602);”.

12          (c) TRANSFER OF APPROPRIATIONS.—There shall be  
13 transferred on October 1, 2005, into the fund established  
14 under section 251 of the Public Health Service Act, as  
15 added by subsection (a), any obligated or unobligated bal-  
16 ances of appropriations made to the Department of Health  
17 and Human Services that are currently available for bene-  
18 fits payable on account of retirement, disability, or death  
19 to commissioned officers of the Public Health Service and  
20 to their survivors pursuant to part A of title II of the Pub-  
21 lic Health Service Act, and amounts so transferred shall  
22 be part of the assets of the Fund.



1 **SEC. 305. NATIONAL OCEANIC AND ATMOSPHERIC ADMIN-**  
2 **ISTRATION COMMISSIONED OFFICER CORPS**  
3 **RETIREMENT SYSTEM.**

4 (a) IN GENERAL.—The National Oceanic and Atmos-  
5 pheric Administration Commissioned Officer Corps Act of  
6 2002 (title II of Public Law 107–372) is amended by in-  
7 serting after section 246 (33 U.S.C. 3046) the following  
8 new section:

9 “SEC. 246A. (a) ESTABLISHMENT AND PURPOSE OF  
10 NOAA COMMISSIONED OFFICER CORPS RETIREMENT  
11 FUND.—(1) There is established on the books of the  
12 Treasury a fund to be known as the National Oceanic and  
13 Atmospheric Administration Commissioned Officer Corps  
14 Retirement Fund (hereinafter in this section referred to  
15 as the ‘Fund’), which shall be administered by the Sec-  
16 retary. The Fund shall be used for the accumulation of  
17 funds in order to finance on an actuarially sound basis  
18 liabilities of the Department of Commerce under military  
19 retirement and survivor benefit programs for the commis-  
20 sioned officers corps.

21 “(2) The term ‘military retirement and survivor ben-  
22 efit program’ means—

23 “(A) the provisions of this title and title 10,  
24 United States Code, creating entitlement to, or de-  
25 termining, the amount of retired pay;

1           “(B) the programs under the jurisdiction of the  
2           Department of Defense providing annuities for sur-  
3           vivors and members and former members of the  
4           Armed Forces, including chapter 73 of title 10, sec-  
5           tion 4 of Public Law 92–425, and section 5 of Pub-  
6           lic Law 96–202, as made applicable to the commis-  
7           sioned officer corps by section 261.

8           “(b) ASSETS OF THE FUND.—There shall be depos-  
9           ited into the Fund the following, which shall constitute  
10          the assets of the Fund:

11           “(1) Amounts paid into the Fund under sub-  
12          section (e).

13           “(2) Any return on investment of the assets of  
14          the Fund.

15           “(3) Amounts transferred into the Fund pursu-  
16          ant to section 305(e) of the Budget Fraud Elimini-  
17          nation Act of 2003.

18           “(c) PAYMENTS FROM THE FUND.—There shall be  
19          paid from the Fund benefits payable on account of mili-  
20          tary retirement and survivor benefit programs to commis-  
21          sioned officers of the commissioned officer corps and their  
22          survivors.

23           “(d) DETERMINATION OF CONTRIBUTIONS TO THE  
24          FUND.—(1)(A) Not later than June 30, 2004, the Sec-  
25          retary shall determine the unfunded liability of the Fund

1 attributable to service performed as of September 30,  
2 2003, which is ‘active service’ for the purpose of this title.  
3 The Secretary shall establish an amortization schedule, in-  
4 cluding a series of annual installments commencing Octo-  
5 ber 1, 2004, which provides for the liquidation of such  
6 liability by October 1, 2043.

7 “(B) The Secretary shall redetermine the unfunded  
8 liability of the Fund as of the close of the fiscal year, for  
9 each fiscal year beginning after September 30, 2003,  
10 through the fiscal year ending September 30, 2038, and  
11 shall establish a new amortization schedule, including a  
12 series of annual installments commencing on September  
13 30 of the subsequent fiscal year, which provides for the  
14 liquidation of such liability by October 1, 2043.

15 “(C) The Secretary shall redetermine the unfunded  
16 liability of the Fund as of the close of the fiscal year for  
17 each fiscal year beginning after September 30, 2038, and  
18 shall establish a new authorization schedule, including se-  
19 ries of annual installments commencing on October 1 of  
20 the second subsequent fiscal year, which provides for the  
21 liquidation of such liability over 5 years.

22 “(2) The Secretary shall determine each fiscal year,  
23 in sufficient time for inclusion in the budget request for  
24 the following fiscal year, the total amount of Department  
25 of Commerce contributions to be made to the Fund during

1 that fiscal year under (e). The amount shall be the product  
2 of—

3           “(A) the current estimate of the value of the  
4           single level percentage of basic pay to be determined  
5           under subsection (e) at the time of the most recent  
6           actuarial valuation under paragraph (3); and

7           “(B) the total amount of basic pay expected to  
8           be paid during that fiscal year to commissioned offi-  
9           cers of NOAA on active duty.

10          “(3) Not less often than every four years (or by the  
11          fiscal year end before the effective date of any statutory  
12          change affecting benefits payable on account of retire-  
13          ment, disability, or death to commissioned officers or their  
14          survivors), the Secretary shall carry out an actuarial valu-  
15          ation of benefits payable on account of military retirement  
16          and survivor benefit programs to commissioned officers of  
17          the Administration and to their survivors. Each such actu-  
18          arial valuation shall be signed by an enrolled Actuary and  
19          shall include a determination (using the aggregate entry-  
20          age normal cost method) of a single level percentage of  
21          basic pay for commissioned officers on active duty.

22          “(4) All determinations under this section shall be in  
23          accordance with generally accepted actuarial principles  
24          and practices, and, where appropriate, shall follow the  
25          general pattern of methods and assumptions approved by

1 the Department of Defense Retirement Board of Actu-  
2 aries.

3 “(5) The Secretary shall provide for the keeping of  
4 such records as are necessary for determining the actu-  
5 arial status of the Fund.

6 “(e) PAYMENTS INTO THE FUND.—(1) From  
7 amounts appropriated to the National Oceanic Atmos-  
8 pheric Administration for salaries and expenses, the Sec-  
9 retary shall pay into the Fund at the end of each month  
10 the amount that is the product of—

11 “(A) the level percentage of basic pay deter-  
12 mined using all the methods and assumptions ap-  
13 proved for the most recent (as of the first day of the  
14 current fiscal year) actuarial valuation under sub-  
15 section (d) (except that any statutory change affect-  
16 ing benefits payable on account of military retire-  
17 ment and survivor benefit programs to commissioned  
18 officers of the Administration and to their survivors  
19 that is effective date after the date of that valuation  
20 and on or before the first day of the current fiscal  
21 year shall be used in such determination); and

22 “(B) the total amount of basic pay accrued for  
23 that month by commissioned officers on active duty.

24 “(2)(A) At the beginning of each fiscal year, the Sec-  
25 retary shall determine the sum of—

1           “(i) the amount of the payment for that year  
2           under the amortization of the original unfunded li-  
3           ability of the Fund;

4           “(ii) the amount (including any negative  
5           amount) for that year under the most recent amorti-  
6           zation schedule determined by the Secretary for the  
7           amortization of any cumulative actuarial gain or loss  
8           to the Fund, resulting from changes in benefits; and

9           “(iii) the amount (including any negative  
10          amount) for that year under the most recent amorti-  
11          zation schedule determined by the Secretary for the  
12          amortization or any cumulative actuarial gain or loss  
13          to the Fund resulting from changes in actuarial as-  
14          sumptions and from experience different from the  
15          assumed since the last valuation.

16 The Secretary shall promptly certify the amount of the  
17 sum to the Secretary of the Treasury.

18          “(B) Upon receiving the certification pursuant to  
19 paragraph (1), the Secretary of the Treasury shall  
20 promptly pay into the Fund from the General Fund of  
21 the Treasury the amount so certified. Such payment shall  
22 be the contribution to the Fund for that fiscal year.

23          “(f) INVESTMENT OF ASSETS OF THE FUND.—The  
24 Secretary may request the Secretary of the Treasury to  
25 invest such portion of the Fund as is not, in the judgment

1 of the Secretary, required to meet the current needs of  
2 the Fund. Such investments shall be made by the Sec-  
3 retary of the Treasury in public debt securities with matu-  
4 rities suitable to the needs of the Fund, as determined  
5 by the Secretary, and bearing interest at rates determined  
6 by the Secretary of the Treasury, taking into consideration  
7 current market yields on outstanding marketable obliga-  
8 tions of the United States of comparable maturities. The  
9 income of such investments shall be credited to and form  
10 a part of the Fund.

11       “(g) IMPLEMENTATION YEAR EXCEPTIONS.—(1) To  
12 avoid funding shortfalls in the first year should formal ac-  
13 tuarial determinations not be available in time for budget  
14 preparation, the amounts used in the first year in sub-  
15 section (e)(1)(A) shall be set equal to the estimate in sub-  
16 section (d)(2)(A) if final determinations are not available.  
17 The original unfunded liability as determined in sub-  
18 section (d)(1) shall include an adjustment to correct for  
19 this difference between the formal actuarial determina-  
20 tions and the estimates in subsection (d)(2)(A).”.

21       (b) EXEMPTION FROM SEQUESTRATION.—Section  
22 255(g)(1)(B) of the Balanced Budget and Emergency  
23 Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(B)) is  
24 amended by striking “National Oceanic and Atmospheric  
25 Administration retirement (13–1450–0–1–306);” and in-

1 serting “National Oceanic and Atmospheric Administra-  
2 tion Commissioned Officer Corps Retirement Fund;”.

3 (c) TRANSFER OF APPROPRIATIONS.—There shall be  
4 transferred on October 1, 2005, into the fund established  
5 under section 246A(a) of the National Oceanic and At-  
6 mospheric Administration Commissioned Officer Corps  
7 Act of 2002 (title II of Public Law 107–372, as added  
8 by subsection (a)), any obligated and unobligated balance  
9 of appropriations made to the Department of Commerce  
10 that are available as of the date of the enactment of this  
11 Act for benefits payable on account of military retirement  
12 and survivor benefit programs to commissioned officers of  
13 the NOAA Commissioned Officer Corps and to their sur-  
14 vivors, and amounts so transferred shall be part of the  
15 assets of the Fund, effective October 1, 2005.

16 (d) EFFECTIVE DATE.—Subsection (c) (relating to  
17 payments from the Fund) and (e) (relating to payments  
18 into the Fund) of section 246A of the National Oceanic  
19 and Atmospheric Administration Commissioned Officer  
20 Corps Act of 2002 (title II of Public Law 107–372, as  
21 added by subsection (a)), shall take effect on October 1,  
22 2005.

23 **SEC. 306. COAST GUARD MILITARY RETIREMENT SYSTEM.**

24 (a) ACCRUAL FUNDING FOR COAST GUARD RETIRE-  
25 MENT.—



1           (1) IN GENERAL.—Chapter 11 of title 14,  
 2           United States Code, is amended by adding at the  
 3           end the following new subchapter:

4           “SUBCHAPTER V—COAST GUARD MILITARY  
 5                                   RETIREMENT FUND

6           “§ 441. **Establishment and purpose of Fund; defini-**  
 7                                   **tions**

8           “(a) ESTABLISHMENT OF FUND; PURPOSE.—There  
 9           is established on the books of the Treasury a fund to be  
 10           known as the Coast Guard Military Retirement Fund  
 11           (hereinafter in this subchapter referred to as the ‘Fund’),  
 12           which shall be administered by the Secretary. The Fund  
 13           shall be used for the accumulations of funds in order to  
 14           finance on an actuarially sound basis liabilities of the  
 15           Coast Guard under military retirement and survivor ben-  
 16           efit programs.

17           “(b) MILITARY RETIREMENT AND SURVIVOR BEN-  
 18           EFIT PROGRAMS DEFINED.—In this subchapter, the term  
 19           ‘military retirement and survivor benefit programs’  
 20           means—

21                       “(1) the provisions of this title and title 10 cre-  
 22                       ating entitlement to, or determining the amount of,  
 23                       retired pay;

24                       “(2) the programs providing annuities for sur-  
 25                       vivors of members and former members of the

1 armed forces, including chapter 73 of title 10, sec-  
2 tion 4 of Public Law 92–425, and section 5 of Pub-  
3 lic Law 96–402; and

4 “(3) the authority provided in section 1048(h)  
5 of title 10.

6 “(c) SECRETARY DEFINED.—In this subchapter, the  
7 term ‘Secretary’ means the Secretary of Homeland Secu-  
8 rity when the Coast Guard is not operating as a service  
9 in the Navy and the Secretary of Defense when the Coast  
10 Guard is operating as a service in the Navy.

11 **“§ 442. Assets of the Fund**

12 “There shall be deposited into the Fund the fol-  
13 lowing, which shall constitute the assets of the Fund:

14 “(1) Amounts paid into the Fund under section  
15 445 of this title.

16 “(2) Any return on investment of the assets of  
17 the Fund.

18 “(3) Amounts transferred into the Fund pursu-  
19 ant to section 306(d) of the Budget Fraud Elimini-  
20 nation Act of 2003.

21 **“§ 443. Payments from the Fund**

22 “(a) IN GENERAL.—There shall be paid from the  
23 Fund the following:

24 “(1) Retired pay payable to persons on the re-  
25 tired list of the Coast Guard.

1           “(2) Retired pay payable under chapter 1223 of  
2 title 10 to former members of the Coast Guard and  
3 the former United States Lighthouse Service.

4           “(3) Benefits payable under programs that pro-  
5 vide annuities for survivors of members and former  
6 members of the armed forces, including chapter 73  
7 of title 10, section 4 of Public Law 92–425, and sec-  
8 tion 5 of Public Law 96–402.

9           “(4) Amounts payable under section 1048(h) of  
10 title 10.

11          “(b) AVAILABILITY OF ASSETS OF THE FUND.—The  
12 assets of the Fund are hereby made available for payments  
13 under subsection (a).

14          “**§ 444. Determination of contributions to the Fund**

15          “(a) INITIAL UNFUNDED LIABILITY.—(1) Not later  
16 than June 30, 2004, the Secretary shall determine the un-  
17 funded liability of the Fund attributable to service per-  
18 formed as of September 30, 2003, which is ‘active service’  
19 for the purposes of section 212. The Secretary shall estab-  
20 lish an amortization schedule, including a series of annual  
21 installments commencing October 1, 2004, which provides  
22 for the liquidation of such liability by October 1, 2043.

23          “(2) The Secretary shall redetermine the unfunded  
24 liability of the Fund as of the close of the fiscal year, for  
25 each beginning after September 30, 2003, through the fis-

1 cal year ending September 30, 2038, and shall establish  
2 a new amortization schedule, including a series of annual  
3 installments commencing on October 1 of the second sub-  
4 sequent fiscal year, which provides for the liquidation of  
5 such liability by October 1, 2043.

6 “(3) The Secretary shall redetermine the unfunded  
7 liability of the Fund as of the close of the fiscal year for  
8 each fiscal year beginning after September 30, 2038, and  
9 shall establish a new amortization schedule, including a  
10 series of annual installments commencing on October 1  
11 of the second subsequent fiscal year, which provides for  
12 the liquidation of such liability over five years.

13 “(b) ANNUAL CONTRIBUTIONS FOR CURRENT SERV-  
14 ICES.—(1) The Secretary shall determine each fiscal year,  
15 in sufficient time for inclusion in the budget request for  
16 the following fiscal year, the total amount of Department  
17 of Homeland Security, or Department of Defense, con-  
18 tributions to be made to the Fund during that fiscal year  
19 under section 445(a) of this title. That amount shall be  
20 the sum of the following:

21 “(A) The product of—

22 “(i) the current estimate of the value of  
23 the single level percentage of basic pay to be de-  
24 termined under subsection (c)(1)(A) at the time

1 of the most recent actuarial valuation under  
2 subsection (c); and

3 “(ii) the total amount of basic pay ex-  
4 pected to be paid during that fiscal year to  
5 members of the Coast Guard on active duty  
6 (other than active duty for training).

7 “(B) The product of—

8 “(i) the current estimate of the value of  
9 the single level percentage of basic pay and of  
10 compensation (paid pursuant to section 206 of  
11 title 37) to be determined under subsection  
12 (c)(1)(B) at the time of the most recent actu-  
13 arial valuation under subsection (c); and

14 “(ii) the total amount of basic pay and  
15 compensation (paid pursuant to section 206 of  
16 title 37) expected to be paid during that fiscal  
17 year to members of the Coast Guard Ready Re-  
18 serve (other than members on full-time Reserve  
19 duty other than for training) who are not other-  
20 wise described in subparagraph (A)(ii).

21 “(2) The amount determined under paragraph (1) for  
22 any fiscal year is the amount needed to be appropriated  
23 to the Department of Homeland Security for that fiscal  
24 year for payments to be made to the Fund during that  
25 year under section 445(a) of this title. The President shall

1 include not less than the full amount so determined in the  
2 budget transmitted to Congress for that fiscal year under  
3 section 1105 of title 31. The President may comment and  
4 make recommendations concerning any such amount.

5       “(c) PERIODIC ACTUARIAL VALUATIONS.—(1) Not  
6 less often than every four years (or before the effective  
7 date of any statutory change affecting benefits payable on  
8 account of retirement, disability, or death to members of  
9 the Coast Guard or their survivors), the Secretary shall  
10 carry out an actuarial valuation of the Coast Guard mili-  
11 tary retirement and survivor benefit programs. Each actu-  
12 arial valuation of such programs shall be signed by an en-  
13 rolled actuary and shall include—

14           “(A) a determination (using the aggregate  
15 entry-age normal cost method) of a single level per-  
16 centage of basic pay for members of the Coast  
17 Guard on active duty (other than active duty for  
18 training); and

19           “(B) a determination (using the aggregate  
20 entry-age normal cost method) of single level per-  
21 centage of basic pay and of compensation (paid pur-  
22 suant to section 206 of title 37) for members of the  
23 Ready Reserve of the Coast Guard (other than mem-  
24 bers on full-time Reserve duty other than for train-

1       ing) who are not otherwise described in subpara-  
2       graph (A).

3       “(2) Such single level percentages shall be used for  
4 the purposes of subsection (b) and section 445(a) of this  
5 title.

6       “(d) USE OF GENERALLY ACCEPTED ACTUARIAL  
7 PRINCIPLES AND PRACTICES.—All determinations under  
8 this section shall be in accordance with generally accepted  
9 actuarial principles and practices and, where appropriate,  
10 shall follow the general pattern of methods and assump-  
11 tions approved by the Department of Defense Retirement  
12 Board of Actuaries.

13       “(e) RECORDS.—The Secretary shall provide for the  
14 keeping of such records as are necessary for determining  
15 the actuarial status of the Fund.

16 **“§ 445. Payments into the Fund**

17       “(a) MONTHLY ACCRUAL CHARGE FOR CURRENT  
18 SERVICES.—From amounts appropriated to the Coast  
19 Guard for salaries and expenses, the Secretary shall pay  
20 into the Fund at the end of each month as the Department  
21 of Homeland Security, or Department of Defense, con-  
22 tribution to the Fund for that month the amount that is  
23 the sum of the following:

24               “(1) The product of—

1           “(A) the level percentage of basic pay de-  
2           termined using all the methods and assump-  
3           tions approved for the most recent (as of the  
4           first day of the current fiscal year) actuarial  
5           valuation under section 444(c)(1)(A) of this  
6           title (except that any statutory change in the  
7           military retirement and survivor benefit systems  
8           that is effective after the date of that valuation  
9           and on or before the first day of the current fis-  
10          cal year shall be used in such determination);  
11          and

12           “(B) the total amount of basic pay accrued  
13          for that month by members of the Coast Guard  
14          on active duty (other than active duty for train-  
15          ing).

16          “(2) The product of—

17           “(A) the level percentage of basic pay and  
18          compensation (accrued pursuant to section 206  
19          of title 37) determined using all the methods  
20          and assumptions approved for the most recent  
21          (as of the first day of the current fiscal year)  
22          actuarial valuation under section 444(c)(1)(B)  
23          of this title (except that any statutory change  
24          in the military retirement and survivor benefit  
25          systems that is effective after the date of that



1 valuation and on or before the first day of the  
2 current fiscal year shall be used in such deter-  
3 mination); and

4 “(B) the total amount of basic pay and of  
5 compensation (paid pursuant to section 206 of  
6 title 37) accrued for that month by members of  
7 the Ready Reserve (other than members of full-  
8 time Reserve duty other than for training) who  
9 are not otherwise described in paragraph  
10 (1)(B).

11 “(b) ANNUAL PAYMENT FOR UNFUNDED LIABIL-  
12 ITIES.—(1) At the beginning of each fiscal year, beginning  
13 on October 1, 2004, the Secretary shall certify to the Sec-  
14 retary of the Treasury the amount of the first installment  
15 under the most recent amortization schedule established  
16 under section 254(a). The Secretary of the Treasury shall  
17 promptly pay into the Fund from the General Fund of  
18 the Treasury the amount so certified. Such payment shall  
19 be the contribution to the Fund for that fiscal year.

20 **“§ 446. Investment of assets of the Fund**

21 “The Secretary may request the Secretary of the  
22 Treasury to invest such portion of the Fund as is not,  
23 in the judgment of the Secretary, required to meet the  
24 current needs of the Fund. Such investments shall be  
25 made by the Secretary of the Treasury in public debt secu-

1 rities with maturities suitable to the needs of the Fund,  
2 as determined by the Secretary, and bearing interest at  
3 rates determined by the Secretary of the Treasury, taking  
4 into consideration current market yields on outstanding  
5 marketable obligations of the United States of comparable  
6 maturities. The income on such investments shall be cred-  
7 ited to and form a part of the Fund.”.

8 (2) TECHNICAL AMENDMENTS.—Such chapter  
9 is further amended—

10 (A) by amending the center heading after  
11 the table of sections to read as follows:

12 “SUBCHAPTER I—OFFICERS”;

13 (B) by amending the center heading after  
14 section 336 to read as follows:

15 “SUBCHAPTER II—ENLISTED MEMBERS”;

16 (C) by amending the center heading after  
17 section 373 to read as follows:

18 “SUBCHAPTER III—GENERAL PROVISIONS”;

19 and

20 (D) by amending the center heading after  
21 section 425 to read as follows:

22 “SUBCHAPTER IV—SPECIAL PROVISIONS”.

23 (3) CLERICAL AMENDMENTS.—The table of sec-  
24 tions at the beginning of such chapter is amended—

1 (A) by striking “OFFICERS” at the begin-  
 2 ning of the table and inserting “SUBCHAPTER  
 3 I—OFFICERS”;

4 (B) by striking “ENLISTED MEMBERS”  
 5 after the item relating to section 336 and in-  
 6 serting “SUBCHAPTER II—ENLISTED MEM-  
 7 BERS”;

8 (C) by striking “GENERAL PROVISIONS”  
 9 after the item relating to section 373 and in-  
 10 serting “SUBCHAPTER III—GENERAL PROVI-  
 11 SIONS”;

12 (D) by striking “SPECIAL PROVISIONS”  
 13 after the item relating to section 425 and in-  
 14 serting “SUBCHAPTER IV—SPECIAL PROVI-  
 15 SIONS”; and

16 (E) by adding at the end the following:

“SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

“441. Establishment and purpose of Fund; definitions.

“442. Assets of the Fund.

“443. Payments from the Fund.

“444. Determination of contributions to the Fund.

“445. Payments into the Fund.

“446. Investment of assets of the Fund.”.

17 (b) IMPLEMENTATION YEAR EXCEPTIONS.—To avoid  
 18 funding shortfalls in the first year of implementation of  
 19 subchapter V of chapter 11 of title 14, United States  
 20 Code, as added by subsection (a), if formal actuarial deter-  
 21 minations are not available in time for budget preparation,  
 22 the amounts used in the first year under sections

1 445(a)(1)(A) and 445(a)(2)(A) of such title shall be set  
2 equal to those estimates in sections 444(b)(1)(A)(i) and  
3 444(b)(1)(B)(i), respectively, of such title if final deter-  
4 minations are not available. The original unfunded liabil-  
5 ity, as defined in section 444(a) of such title, shall include  
6 an adjustment to correct for this difference between the  
7 formal actuarial determinations and the estimates in sec-  
8 tions 444(b)(1)(A)(i) and 444(b)(1)(B)(i) of such title.

9 (c) CONFORMING AMENDMENT.—Subparagraph (B)  
10 of section 255(g)(1) of the Balanced Budget and Emer-  
11 gency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1))  
12 is amended by striking “Retired Pay, Coast Guard (69–  
13 0241–0–1–403)” and inserting “Coast Guard Military Re-  
14 tirement Fund (69–0241–01–403)”.

15 (d) TRANSFER OF EXISTING BALANCES.—

16 (1) TRANSFER.—There shall be transferred into  
17 the Fund on October 1, 2004, any obligated and un-  
18 obligated balances of appropriations made to the De-  
19 partment of Homeland Security that are currently  
20 available for retired pay, and amounts so transferred  
21 shall be part of the assets of the Fund.

22 (2) FUND DEFINED.—For purposes of para-  
23 graph (1), the term “Fund” means the Coast Guard  
24 Military Retirement Fund established under section

1 441 of title 14, United States Code, as added by  
2 subsection (a).

3 (e) EFFECTIVE DATE.—Sections 443 (relating to  
4 payments from the Fund) and 445 (relating to payments  
5 into the Fund) of title 14, United States Code, as added  
6 by subsection (a), shall take effect on October 1, 2004.

7 **Subtitle B—Accrual Funding of**  
8 **Post-Retirement Health Benefits**  
9 **Costs for Federal Employees**

10 **SEC. 311. FEDERAL EMPLOYEES HEALTH BENEFITS FUND.**

11 (a) Section 8906 of title 5, United States Code, is  
12 amended—

13 (1) by redesignating subsection (c) as sub-  
14 section (c)(1) and by adding at the end the following  
15 new paragraphs:

16 “(2) In addition to Government contributions re-  
17 quired by subsection (b) and paragraph (1), each employ-  
18 ing agency shall contribute amounts as determined by the  
19 Office to be necessary to prefund the accruing actuarial  
20 cost of post-retirement health benefits for each of the  
21 agency’s current employees who are eligible for Govern-  
22 ment contributions under this section. Amounts under this  
23 paragraph shall be paid by the employing agency separate  
24 from other contributions under this section, from the ap-

1 appropriations or fund used for payment of the salary of the  
2 employee, on a schedule to be determined by the Office.

3 “(3) Paragraph (2) shall not apply to the United  
4 States Postal Service or the government of the District  
5 of Columbia.”; and

6 (2) by amending subsection (g)(1) to read as  
7 follows:

8 “(g)(1) Except as provided in paragraphs (2) and  
9 (3), all Government contributions authorized by this sec-  
10 tion for health benefits for an annuitant shall be paid from  
11 the Employees Health Benefits Fund to the extent that  
12 funds are available in accordance with section 8909(h)(6)  
13 and, if necessary, from annual appropriations which are  
14 authorized to be made for that purpose and which may  
15 be made available until expended.”.

16 (b) Section 8909 of title 5, United States Code, is  
17 amended by adding at the end the following new sub-  
18 section:

19 “(h)(1) Not later than June 30, 2005, the Office  
20 shall determine the existing liability of the Fund for post-  
21 retirement health benefits, excluding the liability of the  
22 United States Postal Service for service under section  
23 8906(g)(2), under this chapter as of September 30, 2005.  
24 The Office shall establish an amortization schedule, in-  
25 cluding a series of annual installments commencing Sep-

1 tember 30, 2005, which provides for the liquidation of  
2 such liability by September 30, 2042.

3       “(2) At the close of each fiscal year, for fiscal years  
4 beginning after September 30, 2004, the Office shall de-  
5 termine the supplemental liability of the Fund for post-  
6 retirement health benefits, excluding the liability attrib-  
7 utable to the United States Postal Service for service sub-  
8 ject to section 8906(g)(2), and shall establish an amortiza-  
9 tion schedule, including a series of annual installments  
10 commencing on September 30 of the subsequent fiscal  
11 year, which provides for liquidation of such supplemental  
12 liability over 30 years.

13       “(3) Amortization schedules established under this  
14 paragraph shall be set in accordance with generally accept-  
15 ed actuarial practices and principles.

16       “(4) At the end of each fiscal year on and after Sep-  
17 tember 30, 2005, the Office shall notify the Secretary of  
18 the Treasury of the amounts of the next installments  
19 under the most recent amortization schedules established  
20 under paragraphs (1) and (2). Before closing the accounts  
21 for the fiscal year, the Secretary shall credit the sum of  
22 these amounts (including in that sum any negative  
23 amount for the amortization of the supplemental liability)  
24 to the Fund, as a Government contribution, out of any

1 money in the Treasury of the United States not otherwise  
2 appropriated.

3 “(5) For the purpose of carrying out paragraphs (1)  
4 and (2), the Office shall perform or arrange for actuarial  
5 determinations and valuations and shall prescribe reten-  
6 tion of such records as it considers necessary for making  
7 periodic actuarial valuations of the Fund.

8 “(6) Notwithstanding subsection (b), the amounts de-  
9 posited into the Fund pursuant to this subsection and sec-  
10 tion 8906(c)(2) to prefund post-retirement health benefits  
11 costs shall be segregated within the Fund so that such  
12 amounts, as well as earnings and proceeds under sub-  
13 section (c) attributable to them, may be used exclusively  
14 for the purpose of paying Government contributions for  
15 post-retirement health benefits costs. When such amounts  
16 are used in combination with amounts withheld from an-  
17 nuitants to pay for health benefits, a portion of the con-  
18 tributions shall then be set aside in the Fund as described  
19 in subsection (b).

20 “(7) Under this subsection, ‘supplemental liability’  
21 means—

22 “(A) the actuarial present value for future post-  
23 retirement health benefits that are the liability of  
24 the Fund, less

25 “(B) the sum of—



1           “(i) the actuarial present value of all fu-  
2           ture contributions by agencies and annuitants  
3           to the Fund toward those benefits pursuant to  
4           section 8906;

5           “(ii) the present value of all scheduled am-  
6           ortization payments to the Fund pursuant to  
7           paragraphs (1) and (2);

8           “(iii) the Fund balance as of the date the  
9           supplemental liability is determined, to the ex-  
10          tent that such balance is attributable to post-re-  
11          tirement benefits; and

12          “(iv) any other appropriate amount, as de-  
13          termined by the Office in accordance with gen-  
14          erally accepted actuarial practices and prin-  
15          ciples.”.

16 **SEC. 312. FUNDING UNIFORMED SERVICES HEALTH BENE-**  
17 **FITS FOR ALL RETIREES.**

18          Title 10, United States Code, is amended—

19           (1) in the title of chapter 56, by striking “**DE-**  
20 **PARTMENT OF DEFENSE MEDICARE-**  
21 **ELIGIBLE**” and inserting “**UNIFORMED**  
22 **SERVICES**”;

23           (2) in section 1111—

24           (A) in subsection (a)—

1 (i) by striking “Department of De-  
2 fense Medicare-Eligible” and inserting  
3 “Uniformed Services”;

4 (ii) by striking “Department of De-  
5 fense under”; and

6 (iii) by striking “for medicare-eligible  
7 beneficiaries”;

8 (B) in subsection (c)—

9 (i) by striking “The Secretary of De-  
10 fense may” and inserting “The Secretary  
11 of Defense shall”;

12 (ii) by striking “with any other” and  
13 inserting “with each”;

14 (iii) by striking “Any such agree-  
15 ment” and inserting “Such agreements”;  
16 and

17 (iv) by striking “administering Sec-  
18 retary may” and inserting “administrative  
19 Secretary shall”;

20 (3) in section 1113—

21 (A) in subsection (a)—

22 (i) by striking “and are medicare eli-  
23 gible”;

24 (ii) by striking “who are medicare eli-  
25 gible”; and

1 (iii) by adding at the end the fol-  
2 lowing new sentence: “For the fiscal year  
3 starting October 1, 2003, only, the pay-  
4 ments will be solely for the costs of mem-  
5 bers or former members of a uniformed  
6 service who are entitled to retired or re-  
7 tainer pay and are medicare-eligible, and  
8 eligible dependents or survivors who are  
9 medicare-eligible.”;

10 (B) in subsection (c)(1), by striking “who  
11 are medicare-eligible”;

12 (C) in subsection (d), by striking “who are  
13 medicare-eligible”; and

14 (D) in subsection (f), by striking “If” and  
15 inserting “When”;

16 (4) in section 1114, in subsection (a)(1), by  
17 striking “Department of Defense Medicare-Eligible”  
18 and inserting “Uniformed Services”;

19 (5) in section 1115—

20 (A) in subsection (b)(2), by striking “The  
21 amount determined under paragraph (1) for  
22 any fiscal year is the amount needed to be ap-  
23 propriated to the Department of Defense (or to  
24 the other executive department having jurisdic-  
25 tion over the participating uniformed service)”

1 and inserting “The amount determined under  
2 paragraph (1), or the amount determined under  
3 section 1111(c) for a participating uniformed  
4 service, for any fiscal year, is the amount need-  
5 ed to be appropriated to the Department of De-  
6 fense (or to any other executive department  
7 having jurisdiction over a participating uni-  
8 formed service)”;

9 (B) in subsection (c)(2), by striking “for  
10 medicare eligible beneficiaries”; and

11 (C) by adding at the end the following new  
12 subsection:

13 “(f) For the fiscal year starting October 1, 2003,  
14 only, the amounts in this section shall be based solely on  
15 the costs of medicare-eligible benefits of beneficiaries and  
16 the costs for their eligible dependents or survivors who are  
17 medicare-eligible, and shall be recalculated thereafter to  
18 reflect the cost of beneficiaries defined in section 1111.”;

19 and

20 (6) in section 1116—

21 (A) in subsection (a)(1)(A), by striking  
22 “for medicare-eligible beneficiaries”;

23 (B) in subsection (a)(2)(A), by striking  
24 “for medicare-eligible beneficiaries”; and

1           (C) in subsection (c), by striking “sub-  
2           section (a) shall be paid from funds available  
3           for the health care programs” and inserting  
4           “subsection (a) and section 1111(c) shall be  
5           paid from funds available for the pay of mem-  
6           bers of the participating uniformed services  
7           under the jurisdiction of the respective admin-  
8           istering secretaries”.

9 **SEC. 313. EFFECTIVE DATE.**

10        Except as otherwise provided, this title shall take ef-  
11        fect upon enactment with respect to fiscal years beginning  
12        after 2004.

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