

112TH CONGRESS
1ST SESSION

H. R. 3576

To amend the Balanced Budget and Emergency Deficit Control Act of 1985
to establish spending limits and deficit control.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 7, 2011

Mr. CAMPBELL (for himself, Mr. RYAN of Wisconsin, Mr. HENSARLING, Mr. GUINTA, Mr. ROKITA, Mr. CHAFFETZ, and Mr. STUTZMAN) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committee on Rules, 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

A BILL

To amend the Balanced Budget and Emergency Deficit Control Act of 1985 to establish spending limits and deficit control.

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 as the
5 “Spending Control Act of 2011”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—SPENDING LIMITS AND DEFICIT CONTROL

- Sec. 101. Direct spending limits.
- Sec. 102. Total spending limits.
- Sec. 103. Deficit limits.
- Sec. 104. Repeal of statutory PAYGO.
- Sec. 105. Reports and orders.
- Sec. 106. Exempt programs and activities; special sequestration rules.
- Sec. 107. Adjustments for changes in direct spending.

TITLE II—BUDGETING FOR EMERGENCIES AND WAR

- Sec. 201. Allocations for the global war on terrorism.
- Sec. 202. Emergency and global war on terrorism (GWOT) adjustment procedures.
- Sec. 203. Elimination of emergency adjustments.
- Sec. 204. Conforming amendment to the Balanced Budget and Emergency Deficit Control Act of 1985.

TITLE III—ENFORCING CUT-AS-YOU-GO

- Sec. 301. Enforcing Cut-As-You-Go.

TITLE IV—SUPERMAJORITY POINTS OF ORDER

- Sec. 401. Supermajority points of order.

1 **TITLE I—SPENDING LIMITS AND** 2 **DEFICIT CONTROL**

3 **SEC. 101. DIRECT SPENDING LIMITS.**

4 (a) CONTROL OF DIRECT SPENDING.—Section 252
5 of the Balanced Budget and Emergency Deficit Control
6 Act of 1985 is amended to read as follows:

7 **“SEC. 252. DIRECT SPENDING LIMITS.**

8 “(a) DIRECT SPENDING LIMITS.—The total level of
9 direct spending for each fiscal year set forth below is as
10 follows:

11 “(1) For fiscal year 2013—

12 “(A) for Medicare, \$515,001,000,000 in
13 budget authority and the outlays flowing there-
14 from;

1 “(B) for Medicaid and other health-related
2 spending, \$293,611,000,000 in budget author-
3 ity and the outlays flowing therefrom; and

4 “(C) for all other direct spending,
5 \$474,527,000,000 in budget authority and the
6 outlays flowing therefrom.

7 “(2) For fiscal year 2014—

8 “(A) for Medicare, \$545,303,000,000 in
9 budget authority and the outlays flowing there-
10 from;

11 “(B) for Medicaid and other health-related
12 spending, \$287,942,000,000 in budget author-
13 ity and the outlays flowing therefrom; and

14 “(C) for all other direct spending,
15 \$431,870,000,000 in budget authority and the
16 outlays flowing therefrom.

17 “(3) For fiscal year 2015—

18 “(A) for Medicare, \$568,450,000,000 in
19 budget authority and the outlays flowing there-
20 from;

21 “(B) for Medicaid and other health-related
22 spending, \$276,890,000,000 in budget author-
23 ity and the outlays flowing therefrom; and

1 “(C) for all other direct spending,
2 \$401,509,000,000 in budget authority and the
3 outlays flowing therefrom.

4 “(4) For fiscal year 2016—

5 “(A) for Medicare, \$614,243,000,000 in
6 budget authority and the outlays flowing there-
7 from;

8 “(B) for Medicaid and other health-related
9 spending, \$270,287,000,000 in budget author-
10 ity and the outlays flowing therefrom; and

11 “(C) for all other direct spending,
12 \$422,579,000,000 in budget authority and the
13 outlays flowing therefrom.

14 “(5) For fiscal year 2017—

15 “(A) for Medicare, \$633,169,000,000 in
16 budget authority and the outlays flowing there-
17 from;

18 “(B) for Medicaid and other health-related
19 spending, \$288,914,000,000 in budget author-
20 ity and the outlays flowing therefrom; and

21 “(C) for all other direct spending,
22 \$414,028,000,000 in budget authority and the
23 outlays flowing therefrom.

24 “(6) For fiscal year 2018—

1 “(A) for Medicare, \$652,180,000,000 in
2 budget authority and the outlays flowing there-
3 from;

4 “(B) for Medicaid and other health-related
5 spending, \$297,823,000,000 in budget author-
6 ity and the outlays flowing therefrom; and

7 “(C) for all other direct spending,
8 \$412,225,000,000 in budget authority and the
9 outlays flowing therefrom.

10 “(7) For fiscal year 2019—

11 “(A) for Medicare, \$706,477,000,000 in
12 budget authority and the outlays flowing there-
13 from;

14 “(B) for Medicaid and other health-related
15 spending, \$318,508,000,000 in budget author-
16 ity and the outlays flowing therefrom; and

17 “(C) for all other direct spending,
18 \$423,383,000,000 in budget authority and the
19 outlays flowing therefrom.

20 “(8) For fiscal year 2020—

21 “(A) for Medicare, \$753,235,000,000 in
22 budget authority and the outlays flowing there-
23 from;

1 “(B) for Medicaid and other health-related
2 spending, \$341,284,000,000 in budget author-
3 ity and the outlays flowing therefrom; and

4 “(C) for all other direct spending,
5 \$432,352,000,000 in budget authority and the
6 outlays flowing therefrom.

7 “(9) For fiscal year 2021—

8 “(A) for Medicare, \$803,952,000,000 in
9 budget authority and the outlays flowing there-
10 from;

11 “(B) for Medicaid and other health-related
12 spending, \$348,739,000,000 in budget author-
13 ity and the outlays flowing therefrom; and

14 “(C) for all other direct spending,
15 \$440,804,000,000 in budget authority and the
16 outlays flowing therefrom.

17 “(b) SEQUESTRATION.—(1) Within 15 calendar days
18 after Congress adjourns to end a session and on the same
19 day as a sequestration under sections 251, 251A, 253, but
20 after any sequestration required by section 251 and 251A
21 and before sections 252A and 253, there shall be a seques-
22 tration to eliminate any direct spending in excess of the
23 direct spending limits set forth in subsection (a), as appli-
24 cable, for the budget year.

1 “(2) The amount required to be sequestered in a fis-
2 cal year under paragraph (1)—

3 “(A) for Medicare spending shall be obtained
4 from non-exempt direct spending accounts for Medi-
5 care;

6 “(B) for Medicaid and other health-related
7 spending shall be obtained from non-exempt direct
8 spending accounts for Medicaid and other health-re-
9 lated spending; and

10 “(C) for all other direct spending shall be ob-
11 tained from non-exempt direct spending accounts.

12 “(3) Each account referred to in subparagraph (A),
13 (B), or (C) of paragraph (2) shall be reduced by the uni-
14 form percentage necessary to reduce any excess direct
15 spending in accounts in that subparagraph to the applica-
16 ble level set forth in subsection (a), as applicable, for the
17 budget year.

18 “(c) SCOREKEEPING GUIDELINES.—OMB and CBO,
19 after consultation with each other and the Committees on
20 the Budget of the House of Representatives and the Sen-
21 ate, shall—

22 “(1) determine common scorekeeping guide-
23 lines; and

24 “(2) in conformance with such guidelines, pre-
25 pare estimates under this section”.

1 (b) DEFINITIONS.—Section 250(c) of the Balanced
 2 Budget and Emergency Deficit Control Act of 1985 is
 3 amended by adding at the end the following new para-
 4 graphs:

5 “(22) The term ‘Medicare’ means programs
 6 within budget function 570.

7 “(23) The term ‘Medicaid and other health-re-
 8 lated spending’ means programs within budget func-
 9 tion 550.

10 “(24) The term ‘other direct spending’ means
 11 programs other than those within budget functions
 12 550 and 570, excluding Social Security and net in-
 13 terest.”.

14 (c) CONFORMING AMENDMENT.—The item relating
 15 to section 252 in the table of contents set forth in 250(a)
 16 of the Balanced Budget and Emergency Deficit Control
 17 Act of 1985 is amended to read as follows:

“Sec. 252. Direct spending limits.”.

18 **SEC. 102. TOTAL SPENDING LIMITS.**

19 (a) TOTAL SPENDING LIMITS.—The Balanced Budg-
 20 et and Emergency Deficit Control Act of 1985 is amended
 21 by adding after section 252 the following new section:

22 **“SEC. 252A. TOTAL SPENDING LIMITS.**

23 “(a) SEQUESTRATION.—(1) Within 15 calendar days
 24 after Congress adjourns to end a session and on the same
 25 day as a spending reduction ordered under sections 251,

1 251A, 252, and 253, but after any spending reduction re-
 2 quired by sections 251, 251A, and 252, and before section
 3 253, there shall be a sequestration of all non-exempt direct
 4 spending accounts and discretionary accounts to eliminate
 5 any total spending in excess of the total spending limits
 6 set forth in subsection (b) for the budget year.

7 “(2) Each account referred to in paragraph (1) shall
 8 be reduced by the uniform percentage necessary to reduce
 9 total spending to the applicable level set forth in sub-
 10 section (b) for the budget year.

11 “(b) TOTAL SPENDING LIMITS.—

12 “(1) fiscal year 2013: 21.7 percent;

13 “(2) fiscal year 2014: 20.8 percent;

14 “(3) fiscal year 2015: 20.2 percent;

15 “(4) fiscal year 2016: 20.1 percent;

16 “(5) fiscal year 2017: 19.9 percent;

17 “(6) fiscal year 2018: 19.7 percent;

18 “(7) fiscal year 2019: 19.9 percent;

19 “(8) fiscal year 2020: 19.9 percent; and

20 “(9) fiscal year 2021: 19.9 percent;

21 of the current projected gross domestic product of the
 22 United States for the budget year.”.

23 (b) DEFINITIONS.—Section 250(c) of the Balanced
 24 Budget and Emergency Deficit Control Act of 1985 (as

1 amended by section 101) is further amended by adding
 2 at the end the following new paragraph:

3 “(25) The term ‘total spending’ means all out-
 4 lays of the Government, including those from off-
 5 budget entities.”.

6 (c) CONFORMING AMENDMENT.—The table of con-
 7 tents set forth in 250(a) of the Balanced Budget and
 8 Emergency Deficit Control Act of 1985 is amended by in-
 9 serting after the item relating to section 252 the following
 10 new item:

“Sec. 252A. Total spending limits.”.

11 **SEC. 103. DEFICIT LIMITS.**

12 (a) DEFICIT LIMITS.—Section 253 of the Balanced
 13 Budget and Emergency Deficit Control Act of 1985 is
 14 amended to read as follows:

15 **“SEC. 253. DEFICIT LIMITS.**

16 “(a) DEFICIT PROJECTIONS.—

17 “(1) DEFICIT AMOUNTS.—For the current fis-
 18 cal year and each subsequent ten fiscal years:

19 “(A) OMB shall prepare a report com-
 20 paring projected total deficits and the deficit
 21 limits in subsection (c), and include such report
 22 in the budget as submitted by the President an-
 23 nually under section 1105(a) of title 31, United
 24 States Code.

1 “(B) CBO shall prepare a report com-
2 paring projected total deficit amounts and the
3 deficit limits in subsection (c) and include such
4 report in the CBO annual baseline and reesti-
5 mate of the President’s budget.

6 “(2) INCLUSION IN SPENDING REDUCTION OR-
7 DERS.—Reports prepared pursuant to subsection (a)
8 shall be included in the spending reduction report
9 set forth in subsection (b).

10 “(b) SEQUESTRATION.—(1) Within 15 calendar days
11 after Congress adjourns to end a session and on the same
12 day as a spending reduction ordered under sections 251,
13 251A, 252, and 252A, but after any spending reduction
14 required by section 251, 251A, 252, or 252A, there shall
15 be a sequestration to eliminate any excess deficit.

16 “(2) The amount required to be sequestered in a fis-
17 cal year under paragraph (1) shall be obtained from non-
18 exempt direct spending and discretionary spending ac-
19 counts. Each account shall be reduced by the uniform per-
20 centage necessary to achieve the required reduction in the
21 deficit so as not to exceed the deficit limit for that fiscal
22 year.

23 “(c) DEFICIT LIMITS.—In this section, the term ‘def-
24 icit limit’ means an amount that equals with respect to—

25 “(1) fiscal year 2013: 4.3 percent;

1 “(2) fiscal year 2014: 2.8 percent;
 2 “(3) fiscal year 2015: 2.4 percent;
 3 “(4) fiscal year 2016: 2.5 percent;
 4 “(5) fiscal year 2017: 2.0 percent;
 5 “(6) fiscal year 2018: 1.8 percent;
 6 “(7) fiscal year 2019: 1.9 percent;
 7 “(8) fiscal year 2020: 1.8 percent; and
 8 “(9) fiscal year 2021: 1.6 percent;

9 of the current projected gross domestic product of the
 10 United States for the budget year.”.

11 (b) CONFORMING AMENDMENT.—The item relating
 12 to section 253 in the table of contents set forth in section
 13 250(a) of the Balanced Budget and Emergency Deficit
 14 Control Act of 1985 is amended to read as follows:

“Sec. 253. Deficit limits.”.

15 **SEC. 104. REPEAL OF STATUTORY PAYGO.**

16 The Statutory Pay-As-You-Go Act of 2010 (2 U.S.C.
 17 931 note) is repealed.

18 **SEC. 105. REPORTS AND ORDERS.**

19 Section 254 of the Balanced Budget and Emergency
 20 Deficit Control Act of 1985 is amended—

21 (1) in subsection (c), by repealing paragraph
 22 (1) and inserting the following new paragraph:

23 “(1) REPORTING REQUIREMENT.—On the dates
 24 specified in subsection (a), OMB and CBO shall
 25 issue a preview report regarding discretionary, di-

1 rect, total, and deficit sequestration based on laws
2 enacted through those dates.”;

3 (2) in subsection (c), by repealing paragraph
4 (3) and inserting the following new paragraph:

5 “(3) DIRECT SPENDING SEQUESTRATION RE-
6 PORTS.—The preview report shall set forth for the
7 budget year estimates for each of the following:

8 “(A) The amount of any excess direct
9 spending for Medicare, for Medicaid and other
10 health-related spending, and for all other direct
11 spending.

12 “(B) The sequestration percentage or per-
13 centages necessary to reduce any direct spend-
14 ing in accounts for Medicare, for Medicaid and
15 other health-related spending, and for all other
16 direct spending, as applicable.”;

17 (3) in subsection (c), by repealing paragraph
18 (4), by redesignating paragraph (5) as paragraph
19 (6), and by inserting the following new paragraphs:

20 “(4) TOTAL SPENDING SEQUESTRATION RE-
21 PORTS.—The preview report shall set forth for the
22 budget year estimates for each of the following:

23 “(A) The amount of the current projected
24 gross domestic product of the United States.

25 “(B) Estimated total spending.

1 “(C) The amount by which the total spend-
2 ing exceeds the total spending limit.

3 “(D) The sequestration percentage nec-
4 essary to eliminate any excess total spending.

5 “(5) DEFICIT SEQUESTRATION REPORTS.—The
6 preview report shall set forth for the budget year es-
7 timates for each of the following:

8 “(A) The amount of the projected gross
9 domestic product of the United States.

10 “(B) The estimated deficit.

11 “(C) The amount by which the estimated
12 deficit exceeds the deficit limit.

13 “(D) The sequestration percentage nec-
14 essary to eliminate any excess deficit spend-
15 ing.”;

16 (4) in subsection (f)(3), by amending the side
17 heading and the first sentence to read as follows:

18 “DIRECT, TOTAL, AND DEFICIT SEQUESTRATION RE-
19 PORTS.—The final report shall contain all the infor-
20 mation required in the direct, total, and deficit se-
21 questration preview reports. The final report shall
22 also include any net increase or decrease in the cur-
23 rent year resulting from all OMB estimates for the
24 current year of direct spending that were not re-

1 flected in the final OMB sequestration report for the
2 current year.”;

3 (5) in subsection (f), by amending paragraph
4 (4) to read as follows:

5 “(4) EXPLANATION OF DIFFERENCES.—The
6 OMB report shall explain any material differences
7 between OMB and CBO estimates in any com-
8 parable reports.”; and

9 (6) in subsection (g), by striking “(f)(4)” and
10 inserting “(f)(5)”.

11 **SEC. 106. EXEMPT PROGRAMS AND ACTIVITIES; SPECIAL**
12 **SEQUESTRATION RULES.**

13 Sections 255 and 256 of the Balanced Budget and
14 Emergency Deficit Control Act of 1985 are amended to
15 read as follows:

16 **“SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.**

17 “(a) EXEMPT PROGRAMS AND ACTIVITIES.—The fol-
18 lowing shall be exempt from reduction under any order
19 issued under this part:

20 “(1) Payments for net interest.

21 “(2) Benefits payable under the old-age, sur-
22 vivors, and disability insurance program established
23 under title II of the Social Security Act.

1 “(3) Compensation, pensions, and benefits pro-
2 vided to veterans defined as direct spending payable
3 by the Department of Veterans Affairs.

4 “(4) Obligated balances of budget authority
5 carried over from prior fiscal years.

6 “(5) Any obligations of the Federal Government
7 required to be paid under the United States Con-
8 stitution or legally contractual obligations.

9 “(6) Claims, Judgments, and Relief Acts (20–
10 1895–0–1–808).

11 “(7) Intragovernmental transfers.

12 “(b) OPTIONAL EXEMPTION OF MILITARY PER-
13 SONNEL.—

14 “(1) IN GENERAL.—The President may, with
15 respect to any military personnel account, exempt
16 that account from sequestration or provide for a
17 lower uniform percentage reduction than would oth-
18 erwise apply.

19 “(2) LIMITATION.—The President may not use
20 the authority provided by paragraph (1) unless the
21 President notifies the Congress of the manner in
22 which such authority will be exercised on or before
23 the date specified in section 254(a) for the budget
24 year.

1 **“SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES.**

2 “(a) LIMITATIONS.—(1) No direct spending program
3 that OMB estimates for the budget year is growing at a
4 rate that exceeds the estimated rate of growth of the con-
5 sumer price index for that year shall be subject to a spend-
6 ing reduction of more than four percent of its budgetary
7 resources.

8 “(2) No direct spending program that OMB esti-
9 mates for the budget year is growing at a rate that is
10 equal to or less than the consumer price index for that
11 year shall be subject to a spending reduction.

12 “(b) STUDENT LOANS.—For all student loans under
13 part B or D of title IV of the Higher Education Act of
14 1965 made during the period when a sequestration order
15 under section 254 is in effect as required by section 252,
16 252A, or 253, origination fees under sections 438(c)(2)
17 and (6) and 455(c) and loan processing and issuance fees
18 under section 428(f)(1)(A)(ii) of that Act shall each be
19 increased by the uniform percentage specified in that se-
20 questration order, and, for student loans originated during
21 the period of the sequestration accruing during the period
22 of the sequestration shall be reduced by the uniform per-
23 centage specified in that sequestration order.

24 “(c) SPECIAL RULES FOR MEDICARE PROGRAM.—

25 “(1) CALCULATION OF REDUCTION IN PAYMENT
26 AMOUNTS.—To achieve the total percentage reduc-

1 tion in those programs required by section 252,
2 252A, or 253, subject to paragraph (2), and not-
3 withstanding section 710 of the Social Security Act,
4 OMB shall determine, and the applicable Presi-
5 dential order under section 254 shall implement, the
6 percentage reduction that shall apply, with respect
7 to the health insurance programs under title XVIII
8 of the Social Security Act—

9 “(A) in the case of parts A and B of such
10 title, to individual payments for services fur-
11 nished during the one-year period beginning on
12 the first day of the first month beginning after
13 the date the order is issued (or, if later, the
14 date specified in paragraph (4)); and

15 “(B) in the case of parts C and D, to
16 monthly payments under contracts under such
17 parts for the same one-year period;

18 such that the reduction made in payments under
19 that order shall achieve the required total percentage
20 reduction in those payments for that period.

21 “(2) UNIFORM REDUCTION RATE; MAXIMUM
22 PERMISSIBLE REDUCTION.—Reductions in payments
23 for programs and activities under such title XVIII
24 pursuant to a sequestration order under section 254

1 shall be at a uniform rate across all such programs
2 and activities subject to such order.

3 “(3) TIMING OF APPLICATION OF REDUC-
4 TIONS.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), if a reduction is made under
7 paragraph (1) in payment amounts pursuant to
8 a sequestration order, the reduction shall be ap-
9 plied to payment for services furnished during
10 the effective period of the order. For purposes
11 of the previous sentence, in the case of inpa-
12 tient services furnished for an individual, the
13 services shall be considered to be furnished on
14 the date of the individual’s discharge from the
15 inpatient facility.

16 “(B) PAYMENT ON THE BASIS OF COST
17 REPORTING PERIODS.—In the case in which
18 payment for services of a provider of services is
19 made under title XVIII of the Social Security
20 Act on a basis relating to the reasonable cost
21 incurred for the services during a cost reporting
22 period of the provider, if a reduction is made
23 under paragraph (1) in payment amounts pur-
24 suant to a sequestration order, the reduction
25 shall be applied to payment for costs for such

1 services incurred at any time during each cost
2 reporting period of the provider any part of
3 which occurs during the effective period of the
4 order, but only (for each such cost reporting pe-
5 riod) in the same proportion as the fraction of
6 the cost reporting period that occurs during the
7 effective period of the order.

8 “(4) TIMING OF SUBSEQUENT SEQUESTRATION
9 ORDER.—A sequestration order required by section
10 252, 252A, or 253 with respect to programs under
11 such title XVIII shall not take effect until the first
12 month beginning after the end of the effective period
13 of any prior sequestration order with respect to such
14 programs, as determined in accordance with para-
15 graph (1).

16 “(5) NO INCREASE IN BENEFICIARY CHARGES
17 IN ASSIGNMENT-RELATED CASES.—If a reduction in
18 payment amounts is made under paragraph (1) for
19 services for which payment under part B of title
20 XVIII of the Social Security Act is made on the
21 basis of an assignment described in section
22 1842(b)(3)(B)(ii), in accordance with section
23 1842(b)(6)(B), or under the procedure described in
24 section 1870(f)(1), of such Act, the person fur-
25 nishing the services shall be considered to have ac-

cepted payment of the reasonable charge for the services, less any reduction in payment amount made pursuant to a sequestration order, as payment in full.

“(6) SEQUESTRATION DISREGARDED IN COMPUTING PAYMENT AMOUNTS.—The Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part, for purposes of computing any adjustments to payment rates under such title XVIII, specifically including—

“(A) the part C growth percentage under section 1853(c)(6);

“(B) the part D annual growth rate under section 1860D–2(b)(6); and

“(C) application of risk corridors to part D payment rates under section 1860D–15(e).

“(d) EFFECTS OF SEQUESTRATION.—The effects of sequestration shall be as follows:

“(1) Budgetary resources sequestered from any account shall be permanently cancelled, except as provided in paragraph (6).

“(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with

1 programs, projects, and activities as delineated in
2 the appropriation Act or accompanying report for
3 the relevant fiscal year covering that account, or for
4 accounts not included in appropriation Acts, as de-
5 lined in the most recently submitted President's
6 budget).

7 “(3) Administrative regulations or similar ac-
8 tions implementing a sequestration shall be made
9 within 120 days of the sequestration order. To the
10 extent that formula allocations differ at different
11 levels of budgetary resources within an account, pro-
12 gram, project, or activity, the sequestration shall be
13 interpreted as producing a lower total appropriation,
14 with the remaining amount of the appropriation
15 being obligated in a manner consistent with program
16 allocation formulas in substantive law.

17 “(4) Except as otherwise provided, obligations
18 in sequestered accounts shall be reduced only in the
19 fiscal year in which a sequester occurs.

20 “(5) If an automatic spending increase is se-
21 questered, the increase (in the applicable index) that
22 was disregarded as a result of that sequestration
23 shall not be taken into account in any subsequent
24 fiscal year.

1 “(6) Budgetary resources sequestered in revolving,
2 trust, and special fund accounts and offsetting
3 collections sequestered in appropriation accounts
4 shall not be available for obligation during the fiscal
5 year in which the sequestration occurs, but shall be
6 available in subsequent years to the extent otherwise
7 provided in law.

8 “(e) COMMODITY CREDIT CORPORATION.—

9 “(1) POWERS AND AUTHORITIES OF THE COM-
10 MODITY CREDIT CORPORATION.—This title shall not
11 restrict the Commodity Credit Corporation in the
12 discharge of its authority and responsibility as a cor-
13 poration to buy and sell commodities in world trade,
14 to use the proceeds as a revolving fund to meet
15 other obligations and otherwise operate as a corpora-
16 tion, the purpose for which it was created.

17 “(2) REDUCTION IN PAYMENTS MADE UNDER
18 CONTRACTS.—(A) Loan eligibility under any con-
19 tract entered into with a person by the Commodity
20 Credit Corporation prior to the time an order has
21 been issued under section 254 shall not be reduced
22 by an order subsequently issued. Subject to subpara-
23 graph (B), after an order is issued under such sec-
24 tion for a fiscal year, any cash payments for loans
25 or loan deficiencies made by the Commodity Credit

1 Corporation shall be subject to reduction under the
2 order.

3 “(B) Each loan contract entered into with pro-
4 ducers or producer cooperatives with respect to a
5 particular crop of a commodity and subject to reduc-
6 tion under subparagraph (A) shall be reduced in ac-
7 cordance with the same terms and conditions. If
8 some, but not all, contracts applicable to a crop of
9 a commodity have been entered into prior to the
10 issuance of an order under section 254, the order
11 shall provide that the necessary reduction in pay-
12 ments under contracts applicable to the commodity
13 be uniformly applied to all contracts for the next
14 succeeding crop of the commodity, under the author-
15 ity provided in paragraph (3).

16 “(3) DELAYED REDUCTION IN OUTLAYS PER-
17 MISSIBLE.—Notwithstanding any other provision of
18 this title, if an order under section 254 is issued
19 with respect to a fiscal year, any reduction under the
20 order applicable to contracts described in paragraph
21 (1) may provide for reductions in outlays for the ac-
22 count involved to occur in the fiscal year following
23 the fiscal year to which the order applies.

24 “(4) UNIFORM PERCENTAGE RATE OF REDUC-
25 TION AND OTHER LIMITATIONS.—All reductions de-

scribed in paragraph (2) required to be made in connection with an order issued under section 254 with respect to a fiscal year shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order.

“(5) DAIRY PROGRAM.—Notwithstanding any other provision of this subsection, as the sole means of achieving any reduction in outlays under the milk price support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use. That price reduction (measured in cents per hundred weight of milk marketed) shall occur under section 201(d)(2)(A) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued under section 254, and shall not exceed the aggregate amount of the reduction in outlays under the milk price support program that otherwise would have been achieved by reducing payments for the purchase of

1 milk or the products of milk under this subsection
2 during the applicable fiscal year.

3 “(6) CERTAIN AUTHORITY NOT TO BE LIM-
4 ITED.—Nothing in this joint resolution shall limit or
5 reduce, in any way, any appropriation that provides
6 the Commodity Credit Corporation with budget au-
7 thority to cover the Corporation’s net realized
8 losses.”.

9 **SEC. 107. ADJUSTMENTS FOR CHANGES IN DIRECT SPEND-**
10 **ING.**

11 Section 251(b)(2) of the Balanced Budget and Emer-
12 gency Deficit Control Act of 1985 is amended by adding
13 at the end the following new subparagraph:

14 “(E) CHANGES IN DIRECT SPENDING PRO-
15 GRAMS.—If an appropriation for the budget
16 year causes a change in direct spending in any
17 outyear, then there shall be an appropriate ad-
18 justment for that outyear for the discretionary
19 spending limit under this section and the direct
20 spending limit under section 252.”.

1 **TITLE II—BUDGETING FOR**
2 **EMERGENCIES AND WAR**

3 **SEC. 201. ALLOCATIONS FOR THE GLOBAL WAR ON TER-**
4 **RORISM.**

5 Section 302(a)(5) of the Congressional Budget Act
6 of 1974 (2 U.S.C. 633) is amended to read as follows:

7 “(5) GLOBAL WAR ON TERRORISM (GWOT).—

8 The joint explanatory statement accompanying a
9 conference report on a concurrent resolution on the
10 budget for a fiscal year may include an allocation,
11 consistent with the resolution recommended in the
12 conference report, of the level for the global war on
13 terrorism (GWOT) for that fiscal year.”.

14 **SEC. 202. EMERGENCY AND GLOBAL WAR ON TERRORISM**
15 **(GWOT) ADJUSTMENT PROCEDURES.**

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

19 “EMERGENCIES; GLOBAL WAR ON TERRORISM (GWOT)

20 “SEC. 318. (a) ADJUSTMENT PROCEDURES.—Before
21 any adjustment is made pursuant to this section for any
22 bill or joint resolution, or conference report thereon, that
23 designates a provision an emergency or for the global war
24 on terrorism (GWOT), the enactment of which would

1 cause an increase in budget authority or decrease in rev-
2 enue:

3 “(1) The chairman of the Committee on the
4 Budget of the House of Representatives or the Sen-
5 ate shall convene a meeting of that committee, where
6 it shall be in order, subject to the terms set forth
7 in this section, for one motion described in para-
8 graph (2) to be made to authorize the chairman to
9 make adjustments above the applicable allocation set
10 forth in the most recently enacted concurrent resolu-
11 tion on the budget pursuant to the requirement of
12 section 302(a)(5) or (6).

13 “(2) The motion referred to in paragraph (1)
14 shall be in the following form: ‘I move that the
15 chairman of the Committee on the Budget be au-
16 thorized to adjust the allocations and aggregates set
17 forth in the concurrent resolution on the budget by
18 the following amount: \$_____ for fiscal year
19 _____.’, with the blanks being filled in with an
20 amount and fiscal year determined by the chairman
21 of the Committee on the Budget of the House of
22 Representatives or the Senate.

23 “(3) The motion set forth in paragraph (2)
24 shall be open for debate and amendment, but any

1 amendment offered thereto is only in order if limited
2 to changing an amount in the motion.

3 “(b) ALTERNATE ADJUSTMENT PROCEDURES FOR
4 EMERGENCIES AND THE GLOBAL WAR ON TERRORISM.—
5 The chairman of the Committee on the Budget of the
6 House of Representatives or the Senate shall make any
7 adjustments he deems necessary under this section if he
8 determines such adjustments are essential to respond to
9 an urgent and imminent need.

10 “(c) LEGISLATION PROVIDING FOR AN ADJUSTMENT
11 OF DISCRETIONARY CAPS.—(1) If any committee of the
12 House of Representatives or the Senate reports any bill
13 or resolution which provides funding designated for emer-
14 gencies or for the global war on terrorism, such bill or
15 resolution shall then be referred to the Committee on the
16 Budget of the House of Representatives or the Senate, as
17 the case may be, with instructions to report it, with an
18 amendment to section 251(c) of the Balanced Budget and
19 Emergency Deficit Control Act of 1985 for an appropriate
20 adjustment for the applicable fiscal year, within 15 cal-
21 endar days (not counting any day on which that House
22 is not in session) beginning with the day following the day
23 on which it is referred. If the Committee on the Budget
24 of either House fails to report a bill or resolution referred
25 to it under this paragraph within such 15-day period, the

1 committee shall automatically be discharged from further
 2 consideration of such bill or resolution and such bill or
 3 resolution shall be placed on the appropriate calendar.

4 “(2) The Committee on the Budget of each House
 5 shall have jurisdiction to report any bill or resolution re-
 6 ferred to it under paragraph (1) with an amendment
 7 which changes the discretionary spending limit for the ap-
 8 plicable fiscal year.”.

9 (b) CONFORMING AMENDMENT.—The table of con-
 10 tents set forth in section 1(b) of the Congressional Budget
 11 and Impoundment Control Act of 1974 is amended by in-
 12 serting after the item relating to section 317 the following
 13 new item:

“Sec. 318. Emergencies; global war on terrorism (GWOT).”.

14 **SEC. 203. ELIMINATION OF EMERGENCY ADJUSTMENTS.**

15 Section 314 of the Congressional Budget Act of 1974
 16 is amended by striking subsection (d) and redesignating
 17 subsection (e) as subsection (d).

18 **SEC. 204. CONFORMING AMENDMENT TO THE BALANCED**
 19 **BUDGET AND EMERGENCY DEFICIT CONTROL**
 20 **ACT OF 1985.**

21 Sections 251(b)(2)(A), 251(b)(2)(D), and
 22 252(d)(4)(B) of the Balanced Budget and Emergency
 23 Deficit Control Act of 1985 are repealed and section
 24 251(b)(2) is amended by redesignating subparagraphs (B)
 25 and (C) as subparagraphs (A) and (B), respectively.

1 **TITLE III—ENFORCING CUT-AS-**
 2 **YOU-GO**

3 **SEC. 301. ENFORCING CUT-AS-YOU-GO.**

4 (a) CUT-AS-YOU-GO POINT OF ORDER.—(1) Title III
 5 of the Congressional Budget Act of 1974 (as amended by
 6 section 201) is further amended by adding at the end the
 7 following new section:

8 “ENFORCING CUT-AS-YOU-GO

9 “SEC. 317. (a) POINT OF ORDER.—(1) Except as
 10 provided in subsections (b) and (c), it shall not be in order
 11 in the House of Representatives or the Senate to consider
 12 a bill or joint resolution, or an amendment thereto or a
 13 conference report thereon, if the provisions of such meas-
 14 ure have the net effect of increasing direct spending for
 15 the period of either—

16 “(A) the current year, the budget year, and the
 17 four fiscal years following that budget year; or

18 “(B) the current year, the budget year, and the
 19 nine fiscal years following that budget year.

20 “(2) For the purpose of this section, the terms ‘budg-
 21 et year’ and ‘current year’ have the meanings specified
 22 in section 250 of the Balanced Budget and Emergency
 23 Deficit Control Act of 1985, and the term ‘direct spend-
 24 ing’ includes provisions in appropriation Acts that make

1 outyear changes to or restrictions on entitlement law or
 2 other direct spending contained in an appropriation Act.

3 “(b) SPECIAL RULE IN THE HOUSE.—If a bill or
 4 joint resolution, or an amendment thereto, is considered
 5 pursuant to a special order of the House of Representa-
 6 tives directing the Clerk to add as new matter at the end
 7 of such bill or joint resolution the entire text of a separate
 8 measure or measures as passed by the House of Rep-
 9 resentatives, the new matter proposed to be added shall
 10 be included in the evaluation under subsection (a) of the
 11 bill, joint resolution, or amendment.”.

12 (2) The table of contents set forth in section 1(b) of
 13 the Congressional Budget and Impoundment Control Act
 14 of 1974 is amended by inserting after the item relating
 15 to section 318 the following new item:

“Sec. 317. Enforcing Cut-As-You-Go.”.

16 (b) REPEALER.—Clause 10 of rule XXI of the Rules
 17 of the House of Representatives is repealed.

18 **TITLE IV—SUPERMAJORITY** 19 **POINTS OF ORDER**

20 **SEC. 401. SUPERMAJORITY POINTS OF ORDER.**

21 (a) WAIVERS.—Section 904(c) of the Congressional
 22 Budget Act of 1974 is amended to read as follows:

23 “(c) WAIVERS.—Sections 301(i), 302(c), 302(f),
 24 305(b)(2), 305(c)(4), 306, 310(d)(2), 310(g), 311(a),
 25 312(b), 312(c), 313, 314(e), 317(a), 904(c), and 904(d)

1 of this Act and section 258C(a)(5) of the Balanced Budget
2 and Emergency Deficit Control Act of 1985 may be
3 waived or suspended in the Senate only by the affirmative
4 vote of three-fifths of the Members, duly chosen and
5 sworn.”.

6 (b) APPEALS.—Section 904(d) of the Congressional
7 Budget Act of 1974 is amended by repealing paragraphs
8 (2) and (3) and by inserting after paragraph (1) the fol-
9 lowing new paragraph:

10 “(2) APPEALS.—An affirmative vote of two-
11 thirds of the Members, duly chosen and sworn, shall
12 be required in the Senate to sustain an appeal of the
13 ruling of the Chair on a point of order raised under
14 any section referred to in subsection (c).”.

15 (c) EXPIRATION.—Subsection (e) of section 904 of
16 the Congressional Budget Act of 1974 is repealed.

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