

16 AN AMENDMENT IN THE NATURE OF A
SUBSTITUTE TO BE OFFERED BY

REPRESENTATIVE HENSARLING OF

TEXAS, OR HIS DESIGNEE,

DEBATABLE FOR 30 MINUTES.

15

**AMENDMENT TO H.R. 3973, AS REPORTED
OFFERED BY MR. HENSARLING OF TEXAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Family Budget Protection Act of 2004”.

4 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
- Sec. 2. Effective date.

TITLE I—A SIMPLE AND BINDING BUDGET

Subtitle A—Joint Budget Resolutions

- Sec. 101. Declaration of purposes for the Budget Act.
- Sec. 102. The timetable.
- Sec. 103. Annual joint resolutions on the budget.
- Sec. 104. Budget required before spending bills may be considered
- Sec. 105. Amendments to effectuate joint resolutions on the budget.

Subtitle B—Budgeting for Emergencies

- Sec. 111. Purpose.
- Sec. 112. Repeal of adjustments for emergencies.
- Sec. 113. OMB emergency criteria.
- Sec. 114. Development of guidelines for application of emergency definition.
- Sec. 115. Reserve fund for emergencies in President’s budget.
- Sec. 116. Adjustments and reserve fund for emergencies in joint budget resolutions.
- Sec. 117. Application of section 306 to emergencies in excess of amounts in reserve fund.
- Sec. 118. Up-to-date tabulations.
- Sec. 119. Prohibition on amendments to emergency reserve fund.

Subtitle C—Biennial Budget Option

- Sec. 121. Effective date.
- Sec. 122. Revision of timetable.
- Sec. 123. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
- Sec. 124. Amendments to Rules of House of Representatives.
- Sec. 125. Amendments to title 31, United States Code.
- Sec. 126. Two-year appropriations; title and style of appropriation Acts.
- Sec. 127. Multiyear authorizations.



- Sec. 128. Government strategic and performance plans on a biennial basis.
- Sec. 129. Biennial appropriation bills.
- Sec. 130. Assistance by Federal agencies to standing committees of the Senate and the House of Representatives.

Subtitle D—Prevention of Government Shutdown

- Sec. 141. Amendment to title 31.

Subtitle E—The Baseline

- Sec. 151. Elimination of inflation adjustment.
- Sec. 152. The President’s budget.
- Sec. 153. The congressional budget.
- Sec. 154. Congressional Budget Office reports to committees.
- Sec. 155. Treatment of emergencies.

TITLE II—PUTTING A LID ON THE FEDERAL BUDGET

Subtitle A—Spending Safeguards on the Growth of Entitlements and Mandatories

- Sec. 201. Spending caps on growth of entitlements and mandatories.
- Sec. 202. Exempt programs and activities.
- Sec. 203. Exceptions, limitations, and special rules.
- Sec. 204. Point of order.
- Sec. 205. Technical and conforming amendments.
- Sec. 206. Establishment of Family Budget Protection Mandatory Account.

Subtitle B—Discretionary Spending Limits

- Sec. 211. Enforcing discretionary spending limits.
- Sec. 212. Establishment of Family Budget Protection Discretionary Account.
- Sec. 213. Revenue adjustment.

Subtitle C—Long-term Unfunded Obligations

- Sec. 221. Long-term unfunded obligations.
- Sec. 222. Points of order.
- Sec. 223. Social security.

TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.

Subtitle A—Sunsetting

- Sec. 301. Reauthorization of discretionary programs and unearned entitlements.
- Sec. 302. Point of order.
- Sec. 303. Decennial sunsetting.

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

- Sec. 311. Enhanced consideration of certain proposed rescissions.

Subtitle C—Commission to Eliminate Waste, Fraud, and Abuse

- Sec. 331. Establishment of Commission.
- Sec. 332. Duties of the Commission.



- Sec. 333. Powers of the Commission.
- Sec. 334. Commission personnel matters.
- Sec. 335. Termination of the Commission.
- Sec. 336. Congressional consideration of reform proposals.
- Sec. 337. Authorization of appropriations.

TITLE IV—TRUTH IN ACCOUNTING

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

- Sec. 401. Civil Service Retirement System.
- Sec. 402. Central Intelligence Agency Retirement and Disability System.
- Sec. 403. Foreign Service Retirement and Disability System.
- Sec. 404. Public Health Service Commissioned Corps Retirement System.
- Sec. 405. National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement System.
- Sec. 406. Coast Guard Military Retirement System.

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

- Sec. 411. Federal employees health benefits fund.
- Sec. 412. Funding uniformed services health benefits for all retirees.
- Sec. 413. Effective date.

Subtitle C—Limit on the Public Debt

- Sec. 421. Findings.
- Sec. 422. Purpose.
- Sec. 423. Limit on public debt.

Subtitle D—Risk-Assumed Budgeting

- Sec. 431. Federal insurance programs.

TITLE V—MAINTAINING A COMMITMENT TO THE FAMILY BUDGET

Subtitle A—Further Enforcement Amendments

- Sec. 501. Super-majority points of order in the House of Representatives and the Senate.
- Sec. 502. Budget resolution enforcement point of order.
- Sec. 503. Point of order waiver protection.

Subtitle B—The Byrd Rule

- Sec. 511. Limitation on Byrd Rule.

Subtitle C—Treatment of Extraneous Appropriations in Omnibus Appropriation Measures

- Sec. 521. Treatment of extraneous appropriations.



1 **SEC. 2. EFFECTIVE DATE.**

2 Except as otherwise specifically provided, this Act
3 and the amendments made by this Act shall become effec-
4 tive on the date of enactment of this Act and shall apply
5 with respect to fiscal years beginning after September 30,
6 2004.

7 **TITLE I—A SIMPLE AND BINDING**
8 **BUDGET**
9 **Subtitle A—Joint Budget**
10 **Resolutions**

11 **SEC. 101. DECLARATION OF PURPOSES FOR THE BUDGET**
12 **ACT.**

13 Paragraphs (1) and (2) of section 2 of the Congres-
14 sional Budget and Impoundment Control Act of 1974 are
15 amended to read as follows:

- 16 “(1) to assure effective control over the budg-
17 etary process;
- 18 “(2) to facilitate the determination each year of
19 the appropriate level of Federal revenues and ex-
20 penditures by the Congress and the President;”.

21 **SEC. 102. THE TIMETABLE.**

22 Section 300 of the Congressional Budget Act of 1974
23 is amended to read as follows:

24 “TIMETABLE
25 “SEC. 300. The timetable with respect to the congres-
26 sional budget process for any fiscal year is as follows:



“On or before:

First Monday in February

February 15

Not later than 6 weeks after President submits budget.

April 1

April 15

June 10

June 15

June 30

October 1

Action to be completed:

President submits his budget.

Congressional Budget Office submits report to Budget Committees.

Committees submit views and estimates to Budget Committees.

Senate Budget Committee reports joint resolution on the budget.

Congress completes action on joint resolution on the budget.

House Appropriations Committee reports last annual appropriation bill.

Congress completes action on reconciliation legislation.

House completes action on annual appropriation bills.

Fiscal year begins.”.

1 SEC. 103. ANNUAL JOINT RESOLUTIONS ON THE BUDGET.

2 (a) CONTENT OF ANNUAL JOINT RESOLUTIONS ON

3 THE BUDGET.—Section 301(a)(4) of the Congressional

4 Budget Act of 1974 is amended to read as follows:

5 “(4) subtotals of new budget authority and out-

6 lays for nondefense discretionary spending, defense

7 discretionary spending, direct spending (excluding

8 interest), and interest; and for emergencies (for the

9 reserve fund in section 316(b) and for military oper-

10 ations in section 316(c));”.

11 (b) ADDITIONAL MATTERS IN JOINT RESOLUTION.—

12 Section 301(b) of the Congressional Budget Act of 1974

13 is amended as follows:

14 (1) Strike paragraphs (2), (4), and (6) through

15 (9).

16 (2) After paragraph (3), insert “and” and re-

17 designate paragraph (5) as paragraph (4) and in



1 such paragraph strike the semicolon and insert a pe-
2 riod.

3 (c) REQUIRED CONTENTS OF REPORT.—Section
4 301(e)(2) of the Congressional Budget Act of 1974 is
5 amended as follows:

6 (1) Redesignate subparagraphs (A), (B), (C),
7 (D), (E), and (F) as subparagraphs (B), (C), (E),
8 (F), (H), and (I), respectively.

9 (2) Before subparagraph (B) (as redesignated),
10 insert the following new subparagraph:

11 “(A) new budget authority and outlays for
12 each major functional category, based on alloca-
13 tions of the total levels set forth pursuant to
14 subsection (a)(1);”.

15 (3) In subparagraph (C) (as redesignated),
16 strike “mandatory” and insert “direct spending”.

17 (4) After subparagraph (C) (as redesignated),
18 insert the following new subparagraph:

19 “(D) a measure, as a percentage of gross
20 domestic product, of total outlays, total Federal
21 revenues, the surplus or deficit, and new out-
22 lays for nondefense discretionary spending, de-
23 fense spending, and direct spending as set forth
24 in such resolution;”.



1 (5) After subparagraph (F) (as redesignated),
2 insert the following new subparagraph:

3 “(G) if the joint resolution on the budget
4 includes any allocation to a committee other
5 than the Committee on Appropriations of levels
6 in excess of current law levels, a justification
7 for not subjecting any program, project, or ac-
8 tivity (for which the allocation is made) to an-
9 nual discretionary appropriations;”.

10 (d) ADDITIONAL CONTENTS OF REPORT.—Section
11 301(e)(3) of the Congressional Budget Act of 1974 is
12 amended as follows:

13 (1) Redesignate subparagraphs (A) and (B) as
14 subparagraphs (B) and (C), respectively, strike sub-
15 paragraphs (C) and (D), and redesignate subpara-
16 graph (E) as subparagraph (D).

17 (2) Before subparagraph (B), insert the fol-
18 lowing new subparagraph:

19 “(A) reconciliation directives described in
20 section 310;”.

21 (e) PRESIDENT’S BUDGET SUBMISSION TO THE CON-
22 GRESS.—(1) The first two sentences of section 1105(a)
23 of title 31, United States Code, are amended to read as
24 follows:



1 "On or after the first Monday in January but not later
2 than the first Monday in February of each year the Presi-
3 dent shall submit a budget of the United States Govern-
4 ment for the following fiscal year which shall set forth the
5 following levels:

6 "(A) totals of new budget authority and out-
7 lays;

8 "(B) total Federal revenues and the amount, if
9 any, by which the aggregate level of Federal reve-
10 nues should be increased or decreased by bills and
11 resolutions to be reported by the appropriate com-
12 mittees;

13 "(C) the surplus or deficit in the budget;

14 "(D) subtotals of new budget authority and
15 outlays for nondefense discretionary spending, de-
16 fense discretionary spending, direct spending (ex-
17 cluding interest), and interest, and for emergencies
18 (for the reserve fund in section 316(b) and for mili-
19 tary operations in section 316(c)); and

20 "(E) the public debt.

21 Each budget submission shall include a budget message
22 and summary and supporting information and, as a sepa-
23 rately delineated statement, the levels required in the pre-
24 ceding sentence for at least each of the 9 ensuing fiscal
25 years."



1 (2) The third sentence of section 1105(a) of title 31,
2 United States Code, is amended by inserting "submission"
3 after "budget".

4 (f) LIMITATION ON CONTENTS OF BUDGET RESOLU-
5 TIONS.—Section 305 of the Congressional Budget Act of
6 1974 is amended by adding at the end the following new
7 subsection:

8 "(e) LIMITATION ON CONTENTS.—(1) It shall not be
9 in order in the House of Representatives or in the Senate
10 to consider any joint resolution on the budget or any
11 amendment thereto or conference report thereon that con-
12 tains any matter referred to in paragraph (2).

13 "(2) Any joint resolution on the budget or any
14 amendment thereto or conference report thereon that con-
15 tains any matter not permitted in section 301(a) or (b)
16 shall not be treated in the House of Representatives or
17 the Senate as a budget resolution under subsection (a) or
18 (b) or as a conference report on a budget resolution under
19 subsection (c) of this section."

20 **SEC. 104. BUDGET REQUIRED BEFORE SPENDING BILLS**

21 **MAY BE CONSIDERED**

22 (a) AMENDMENTS TO SECTION 302.—Section 302(a)
23 of the Congressional Budget Act of 1974 is amended by
24 striking paragraph (5).



1 (b) AMENDMENTS TO SECTION 303 AND CON-
2 FORMING AMENDMENTS.—(1) Section 303 of the Con-
3 gressional Budget Act of 1974 is amended by striking “(a)
4 IN GENERAL.—”, by striking “as reported to the House
5 or Senate”, by striking “to become effective” in paragraph
6 (1), and by striking subsections (b) and (c); and

7 (2) by striking its section heading and inserting the
8 following new section heading: “CONSIDERATION OF
9 BUDGET-RELATED LEGISLATION BEFORE BUDGET BE-
10 COMES LAW”.

11 (c) ADDITIONAL AMENDMENTS.—(1) Section
12 302(g)(1) of the Congressional Budget Act of 1974 is
13 amended by striking “and, after April 15, section 303”.

14 (2)(A) Section 904(c)(1) of the Congressional Budget
15 Act of 1974 is amended by inserting “303,” before
16 “305(b)(2),”.

17 (B) Section 904(d)(2) of the Congressional Budget
18 Act of 1974 is amended by inserting “303,” before
19 “305(b)(2),”.

20 (d) EXPEDITED PROCEDURES UPON VETO OF JOINT
21 RESOLUTION ON THE BUDGET.—(1) Title III of the Con-
22 gressional Budget Act of 1974 (as amended by section
23 116) is further amended by adding after section 316 the
24 following new section:



1 “(2) Debate in the Senate on any concurrent
2 resolution on the budget or joint resolution on the
3 budget introduced under subsection (a), and all
4 amendments thereto and debatable motions and ap-
5 peals in connection therewith, shall be limited to not
6 more than 10 hours and in the House such debate
7 shall be limited to not more than 3 hours.

8 “(c) CONTENTS OF CONCURRENT RESOLUTIONS.—
9 Any concurrent resolution on the budget introduced under
10 subsection (a) shall be in compliance with section 301.

11 “(d) EFFECT OF CONCURRENT RESOLUTION ON THE
12 BUDGET.—Notwithstanding any other provision of this
13 title, whenever a concurrent resolution on the budget de-
14 scribed in subsection (a) is agreed to, then the aggregates,
15 allocations, and reconciliation directives (if any) contained
16 in the report accompanying such concurrent resolution or
17 in such concurrent resolution shall be considered to be the
18 aggregates, allocations, and reconciliation directives for all
19 purposes of sections 302, 303, and 311 for the applicable
20 fiscal years and such concurrent resolution shall be
21 deemed to be a joint resolution for all purposes of this
22 title and the Rules of the House of Representatives and
23 any reference to the date of enactment of a joint resolution
24 on the budget shall be deemed to be a reference to the



1 date agreed to when applied to such concurrent resolu-
2 tion.”.

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

“Sec. 317. Expedited procedures upon veto of joint resolution on the budget.”.

7 **SEC. 105. AMENDMENTS TO EFFECTUATE JOINT RESOLU-**
8 **TIONS ON THE BUDGET.**

9 (a) DEFINITION.—Paragraph (4) of section 3 of the
10 Congressional Budget Act of 1974 is amended to read as
11 follows:

12 “(4) the term ‘joint resolution on the budget’
13 means—

14 “(A) a joint resolution setting forth the
15 budget for the United States Government for a
16 fiscal year as provided in section 301; and

17 “(B) any other joint resolution revising the
18 budget for the United States Government for a
19 fiscal year as described in section 304.”.

20 (b) ADDITIONAL AMENDMENTS TO THE CONGRES-
21 SIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF
22 1974.—(1)(A) Sections 301, 302, 303, 305, 308, 310,
23 311, 312, 314, 405, and 904 of the Congressional Budget
24 Act of 1974 (2 U.S.C. 621 et seq.) are amended by strik-



1 ing "concurrent" each place it appears and inserting
2 "joint".

3 (B)(i) Sections 302(d), 302(g), 308(a)(1)(A), and
4 310(d)(1) of the Congressional Budget Act of 1974 are
5 amended by striking "most recently agreed to concurrent
6 resolution on the budget" each place it occurs and insert-
7 ing "most recently enacted joint resolution on the budget
8 or agreed to concurrent resolution on the budget (as appli-
9 cable)".

10 (ii) The section heading of section 301 is amended
11 by striking "adoption of concurrent resolution" and insert-
12 ing "joint resolutions"; and

13 (iii) Section 304 of such Act is amended to read as
14 follows:

15 "PERMISSIBLE REVISIONS OF BUDGET RESOLUTIONS

16 "SEC. 304. At any time after the joint resolution on
17 the budget for a fiscal year has been enacted pursuant
18 to section 301, and before the end of such fiscal year, the
19 two Houses and the President may enact a joint resolution
20 on the budget which revises or reaffirms the joint resolu-
21 tion on the budget for such fiscal year most recently en-
22 acted."

23 (C) Sections 302, 303, 310, and 311, of such Act
24 are amended by striking "agreed to" each place it appears
25 and by inserting "enacted".



1 (2)(A) Paragraph (4) of section 3 of the Congres-
2 sional Budget and Impoundment Control Act of 1974 is
3 amended by striking “concurrent” each place it appears
4 and by inserting “joint”.

5 (B) The table of contents set forth in section 1(b)
6 of such Act is amended—

7 (i) in the item relating to section 301, by strik-
8 ing “adoption of concurrent resolution” and insert-
9 ing “joint resolutions”;

10 (ii) by striking the item relating to section 303
11 and inserting the following:

“Sec. 303. Consideration of budget-related legislation before budget becomes
law.”;

12 (iii) by striking “concurrent” and inserting
13 “joint” in the item relating to section 305.

14 (c) CONFORMING AMENDMENTS TO THE RULES OF
15 THE HOUSE OF REPRESENTATIVES.—Clauses 1(e)(1),
16 4(a)(4), 4(b)(2), 4(f)(1)(A), and 4(f)(2) of rule X, clause
17 10 of rule XVIII, and clause 10 of rule XX of the Rules
18 of the House of Representatives are amended by striking
19 “concurrent” each place it appears and inserting “joint”.

20 (d) CONFORMING AMENDMENTS TO THE BALANCED
21 BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF
22 1985.—Section 258C(b)(1) of the Balanced Budget and
23 Emergency Deficit Control Act of 1985 (2 U.S.C.



1 907d(b)(1)) is amended by striking "concurrent" and in-
2 serting "joint".

3 (e) CONFORMING AMENDMENTS TO SECTION 310
4 REGARDING RECONCILIATION DIRECTIVES.—(1) The side
5 heading of section 310(a) of the Congressional Budget Act
6 of 1974 (as amended by section 105(b)) is further amend-
7 ed by inserting "JOINT EXPLANATORY STATEMENT AC-
8 COMPANYING CONFERENCE REPORT ON" before "JOINT".

9 (2) Section 310(a) of such Act is amended by striking
10 "A" and inserting "The joint explanatory statement ac-
11 companying the conference report on a".

12 (3) The first sentence of section 310(b) of such Act
13 is amended by striking "If" and inserting "If the joint
14 explanatory statement accompanying the conference re-
15 port on".

16 (4) Section 310(c)(1) of such Act is amended by in-
17 serting "the joint explanatory statement accompanying
18 the conference report on" after "pursuant to".

19 (f) CONFORMING AMENDMENTS TO SECTION 3 RE-
20 GARDING DIRECT SPENDING.—Section 3 of the Congres-
21 sional Budget and Impoundment Control Act of 1974 is
22 amended by adding at the end the following new para-
23 graph:

24 "(11) The term 'direct spending' has the mean-
25 ing given to such term in section 250(c)(8) of the



1 Balanced Budget and Emergency Deficit Control
2 Act of 1985.”.

3 **Subtitle B—Budgeting for**
4 **Emergencies**

5 **SEC. 111. PURPOSE.**

6 The purposes of this subtitle are to—

7 (1) develop budgetary and fiscal procedures for
8 emergencies;

9 (2) subject spending for emergencies to budg-
10 etary procedures and controls; and

11 (3) establish criteria for determining compliance
12 with emergency requirements.

13 **SEC. 112. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.**

14 (a) ELIMINATION OF EMERGENCY DESIGNATION.—
15 Sections 251(b)(2)(A), 252(e), and 252(d)(4)(B) of the
16 Balanced Budget and Emergency Deficit Control Act of
17 1985 are repealed.

18 (b) ELIMINATION OF EMERGENCY ADJUSTMENTS.—
19 Section 314(b) of the Congressional Budget Act of 1974
20 is amended by striking paragraph (1) and by redesignig-
21 nating paragraphs (2) through (5) as paragraphs (1)
22 through (4), respectively.

23 (c) CONFORMING AMENDMENT.—Clause 2 of rule
24 XXI of the Rules of the House of Representatives is



1 amended by repealing paragraph (e) and by redesignating
2 paragraph (f) as paragraph (e).

3 **SEC. 113. OMB EMERGENCY CRITERIA.**

4 DEFINITION OF EMERGENCY.—Section 3 of the Con-
5 gressional Budget and Impoundment Control Act of 1974
6 (as amended by section 105(e)) is further amended by
7 adding at the end the following new paragraph:

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

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

15 “(ii) is unanticipated.

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

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

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

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

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



1 (b) CONFORMING AMENDMENT.—The term ‘emer-
2 gency’ has the meaning given to such term in section 3
3 of the Congressional Budget and Impoundment Control
4 Act of 1974.’’.

5 **SEC. 114. DEVELOPMENT OF GUIDELINES FOR APPLICA-**
6 **TION OF EMERGENCY DEFINITION.**

7 Not later than 5 months after the date of enactment
8 of this Act, the chairmen of the Committees on the Budget
9 (in consultation with the President) shall, after consulting
10 with the chairmen of the Committees on Appropriations
11 and applicable authorizing committees of their respective
12 Houses and the Directors of the Congressional Budget Of-
13 fice and the Office of Management and Budget, jointly
14 publish in the Congressional Record guidelines for applica-
15 tion of the definition of emergency set forth in section
16 3(12) of the Congressional Budget and Impoundment
17 Control Act of 1974.

18 **SEC. 115. RESERVE FUND FOR EMERGENCIES IN PRESI-**
19 **DENT’S BUDGET.**

20 Section 1105(f) of title 31, United States Code is
21 amended by adding at the end the following new sen-
22 tences: “Such budget submission shall also comply with
23 the requirements of subsections (b) and (c) of section 316
24 of the Congressional Budget Act of 1974 and, in the case
25 of any budget authority requested for an emergency, such



1 submission shall include a detailed justification of why
2 such emergency is an emergency within the meaning of
3 section 3(12) of the Congressional Budget Act of 1974.”.

4 **SEC. 116. ADJUSTMENTS AND RESERVE FUND FOR EMER-**
5 **GENCIES IN JOINT BUDGET RESOLUTIONS.**

6 (a) EMERGENCIES.—Title III of the Congressional
7 Budget Act of 1974 is amended by adding at the end the
8 following new section:

9 “EMERGENCIES

10 “SEC. 316. (a) ADJUSTMENTS.—

11 “(1) IN GENERAL.—After the reporting of a bill
12 or joint resolution or the submission of a conference
13 report thereon that provides budget authority for
14 any emergency as identified pursuant to subsection
15 (d) that is not covered by subsection (c)—

16 “(A) the chairman of the Committee on
17 the Budget of the House of Representatives or
18 the Senate shall determine and certify, pursu-
19 ant to the guidelines referred to in section 114
20 of the Family Budget Protection Act of 2004,
21 the portion (if any) of the amount so specified
22 that is for an emergency within the meaning of
23 section 3(12); and

24 “(B) such chairman shall make the adjust-
25 ment set forth in paragraph (2) for the amount
26 of new budget authority (or outlays) in that



1 measure and the outlays flowing from that
2 budget authority.

3 "(2) MATTERS TO BE ADJUSTED.—The adjust-
4 ments referred to in paragraph (1) are to be made
5 to the allocations made pursuant to the appropriate
6 joint resolution on the budget pursuant to section
7 302(a) and shall be in an amount not to exceed the
8 amount reserved for emergencies pursuant to the re-
9 quirements of subsection (b).

10 "(b) RESERVE FUND FOR NONMILITARY EMER-
11 GENCIES.—The amount set forth in the reserve fund for
12 emergencies for budget authority and outlays for a fiscal
13 year pursuant to section 301(a)(4) shall equal—

14 "(1) the average of the enacted levels of budget
15 authority for emergencies (other than those covered
16 by subsection (c)) in the 5 fiscal years preceding the
17 current year; and

18 "(2) the average of the levels of outlays for
19 emergencies in the 5 fiscal years preceding the cur-
20 rent year flowing from the budget authority referred
21 to in paragraph (1), but only in the fiscal year for
22 which such budget authority first becomes available
23 for obligation.

24 "(c) TREATMENT OF EMERGENCIES TO FUND CER-
25 TAIN MILITARY OPERATIONS.—Whenever the Committee



1 on Appropriations reports any bill or joint resolution that
2 provides budget authority for any emergency that is a
3 threat to national security and the funding of which car-
4 ries out a military operation authorized by a declaration
5 of war or a joint resolution authorizing the use of military
6 force (or economic assistance funding in furtherance of
7 such operation) and the report accompanying that bill or
8 joint resolution, pursuant to subsection (d), identifies any
9 provision that increases outlays or provides budget author-
10 ity (and the outlays flowing therefrom) for such emer-
11 gency, the enactment of which would cause the total
12 amount of budget authority or outlays provided for emer-
13 gencies for the budget year in the joint resolution on the
14 budget (pursuant to section 301(a)(4)) to be exceeded:

15 “(A) Such bill or joint resolution shall be re-
16 ferred to the Committee on the Budget of the House
17 or the Senate, as the case may be, with instructions
18 to report it without amendment, other than that
19 specified in subparagraph (B), within 5 legislative
20 days of the day in which it is reported from the orig-
21 inating committee. If the Committee on the Budget
22 of either House fails to report a bill or joint resolu-
23 tion referred to it under this subparagraph within
24 such 5-day period, the committee shall be automati-
25 cally discharged from further consideration of such



1 bill or joint resolution and such bill or joint resolu-
2 tion shall be placed on the appropriate calendar.

3 “(B) An amendment to such a bill or joint reso-
4 lution referred to in this subsection shall only consist
5 of an exemption from section 251 of the Balanced
6 Budget and Emergency Deficit Control Act of 1985
7 of all or any part of the provisions that provide
8 budget authority (and the outlays flowing therefrom)
9 for such emergency if the committee determines,
10 pursuant to the guidelines referred to in section 114
11 of the Family Budget Protection Act of 2004, that
12 such budget authority is for an emergency within
13 the meaning of section 3(12).

14 “(C) If such a bill or joint resolution is reported
15 with an amendment specified in subparagraph (B)
16 by the Committee on the Budget of the House of
17 Representatives or the Senate, then the budget au-
18 thority and resulting outlays that are the subject of
19 such amendment shall not be included in any deter-
20 minations under section 302(f) or 311(a) for any
21 bill, joint resolution, amendment, motion, or con-
22 ference report.

23 “(d) COMMITTEE NOTIFICATION OF EMERGENCY
24 LEGISLATION.—Whenever the Committee on Appropria-
25 tions or any other committee of either House (including



1 a committee of conference) reports any bill or joint resolu-
2 tion that provides budget authority for any emergency, the
3 report accompanying that bill or joint resolution (or the
4 joint explanatory statement of managers in the case of a
5 conference report on any such bill or joint resolution) shall
6 identify all provisions that provide budget authority and
7 the outlays flowing therefrom for such emergency and in-
8 clude a statement of the reasons why such budget author-
9 ity meets the definition of an emergency pursuant to the
10 guidelines referred to in section 114 of the Family Budget
11 Protection Act of 2004.”.

12 (b) CONFORMING AMENDMENT.—The table of con-
13 tents set forth in section 1(b) of the Congressional Budget
14 and Impoundment Control Act of 1974 is amended by in-
15 serting after the item relating to section 315 the following
16 new item:

“Sec. 316. Emergencies.”.

17 **SEC. 117. APPLICATION OF SECTION 306 TO EMERGENCIES**
18 **IN EXCESS OF AMOUNTS IN RESERVE FUND.**

19 Section 306 of the Congressional Budget Act of 1974
20 is amended by inserting at the end the following new sen-
21 tence: “No amendment reported by the Committee on the
22 Budget (or from the consideration of which such com-
23 mittee has been discharged) pursuant to section 316(c)
24 may be amended.”.



1 **SEC. 118. UP-TO-DATE TABULATIONS.**

2 Section 308(b)(2) of the Congressional Budget Act
3 of 1974 is amended by striking "and" at the end of sub-
4 paragraph (B), by striking the period at the end of sub-
5 paragraph (C) and inserting "; and", and by adding at
6 the end the following new subparagraph:

7 "(D) shall include an up-to-date tabulation
8 of amounts remaining in the reserve fund for
9 emergencies."

10 **SEC. 119. PROHIBITION ON AMENDMENTS TO EMERGENCY**
11 **RESERVE FUND.**

12 (a) POINT OF ORDER.—Section 305 of the Congres-
13 sional Budget Act of 1974 (as amended by section 103(f))
14 is further amended by adding at the end the following new
15 subsection:

16 "(f) POINT OF ORDER REGARDING EMERGENCY RE-
17 SERVE FUND.—It shall not be in order in the House of
18 Representatives or in the Senate to consider an amend-
19 ment to a joint resolution on the budget which changes
20 the amount of budget authority and outlays set forth in
21 section 301(a)(4) for emergency reserve fund."

22 (b) TECHNICAL AMENDMENT.—(1) Section 904(c)(1)
23 of the Congressional Budget Act of 1974 is amended by
24 inserting "305(e), 305(f)," after "305(c)(4),".



1 (2) Section 904(d)(2) of the Congressional Budget
2 Act of 1974 is amended by inserting “305(e), 305(f),”
3 after “305(c)(4),”.

4 **Subtitle C—Biennial Budget**
5 **Option**

6 **SEC. 121. EFFECTIVE DATE.**

7 If—

8 (1) as part of the President’s budget submission
9 under section 1105(a) of title 31, United States
10 Code, during the first session of any Congress, the
11 President includes a request that the joint resolution
12 on the budget that will be considered during the first
13 session of the next Congress be for a biennium consisting
14 of two consecutive fiscal years; and

15 (2) the joint resolution on the budget for the
16 fiscal year to which the President’s submission relates
17 contains a provision stating that the joint resolution
18 on the budget that will be considered during
19 the first session of the next Congress shall be for a
20 biennium consisting of two consecutive fiscal years;
21 then the provisions of this subtitle shall take effect on Jan-
22 uary 1 of the calendar year in which that next Congress
23 commences and apply to that Congress and each Congress
24 thereafter.



1 **SEC. 122. REVISION OF TIMETABLE.**

2 Section 300 of the Congressional Budget Act of 1974
3 (2 U.S.C. 631) is amended to read as follows:

4 "TIMETABLE

5 "SEC. 300. (a) IN GENERAL.—Except as provided by
6 subsection (b), the timetable with respect to the congres-
7 sional budget process for any Congress (beginning with
8 the One Hundred Tenth Congress or a subsequent Con-
9 gress, as applicable) is as follows:

"On or before:	"First Session 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 joint resolution on the biennial budget.
May 15	Congress completes action on joint resolution on the biennial budget.
May 15	Biennial appropriation bills may be consid- ered in the House.
June 10	House Appropriations Committee reports last biennial appropriation bill.
June 30	House completes action on biennial appropria- tion bills.
October 1	Biennium begins.

"On or before:	"Second Session Action to be completed:
February 15	President submits budget review.
Not later than 6 weeks after President submits budget re- view.	Congressional Budget Office submits report to Budget Committees.
The last day of the session	Congress completes action on bills and resolu- tions authorizing new budget authority for the succeeding biennium.

10 "(b) SPECIAL RULE.—In the case of any first session
11 of Congress that begins in any year during which the term
12 of a President (except a President who succeeds himself)



1 begins, the following dates shall supersede those set forth
2 in subsection (a):

"On or before:	"First Session 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 joint resolution on the biennial budget.
June 1	Congress completes action on joint resolution on the biennial budget.
June 1	Biennial appropriation bills may be consid- ered in the House.
July 1	House Appropriations Committee reports last biennial appropriation bill.
July 20	House completes action on biennial appropria- tion bills.
October 1	Biennium begins."

3 **SEC. 123. AMENDMENTS TO THE CONGRESSIONAL BUDGET**
4 **AND IMPOUNDMENT CONTROL ACT OF 1974.**

5 (a) DECLARATION OF PURPOSE.—Section 2(2) of the
6 Congressional Budget and Impoundment Control Act of
7 1974 (2 U.S.C. 621(2)) is amended by striking "each
8 year" and inserting "biennially".

9 (b) DEFINITIONS.—

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

14 (2) BIENNIUM.—Section 3 of such Act (2
15 U.S.C. 622) (as amended by section 111(a)) is fur-
16 ther amended by adding at the end the following
17 new paragraph:



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

4 (c) BIENNIAL JOINT RESOLUTION ON THE BUDG-
5 ET.—

6 (1) CONTENTS OF RESOLUTION.—Section
7 301(a) of such Act (2 U.S.C. 632(a)) is amended—

8 (A) in the matter preceding paragraph (1)
9 by—

10 (i) striking “April 15 of each year”
11 and inserting “May 15 of each odd-num-
12 bered year”;

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

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

21 (iv) striking “each of the four ensuing
22 fiscal years” and inserting “each fiscal
23 year in the next 2 bienniums”;

1 (B) in paragraph (6), by striking “for the
2 fiscal year” and inserting “for each fiscal year
3 in the biennium”; and

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

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

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

12 (B) in paragraph (7), by striking “for the
13 first fiscal year” and inserting “for each fiscal
14 year in the biennium”.

15 (3) VIEWS OF OTHER COMMITTEES.—Section
16 301(d) of such Act (2 U.S.C. 632(d)) is amended by
17 inserting “(or, if applicable, as provided by section
18 300(b))” after “United States Code”.

19 (4) HEARINGS.—Section 301(e)(1) of such Act
20 (2 U.S.C. 632(e)) is amended by—

21 (A) striking “fiscal year” and inserting
22 “biennium”; and

23 (B) inserting after the second sentence the
24 following: “On or before April 1 of each odd-
25 numbered year (or, if applicable, as provided by



1 section 300(b)), the Committee on the Budget
2 of each House shall report to its House the
3 joint resolution on the budget referred to in
4 subsection (a) for the biennium beginning on
5 October 1 of that year.”.

6 (5) GOALS FOR REDUCING UNEMPLOYMENT.—
7 Section 301(f) of such Act (2 U.S.C. 632(f)) is
8 amended by striking “fiscal year” each place it ap-
9 pears and inserting “biennium”.

10 (6) ECONOMIC ASSUMPTIONS.—Section
11 301(g)(1) of such Act (2 U.S.C. 632(g)(1)) is
12 amended by striking “for a fiscal year” and insert-
13 ing “for a biennium”.

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

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

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

23 (1) in subsection (a)(1) by—



1 (A) striking “for the first fiscal year of the
2 resolution,” and inserting “for each fiscal year
3 in the biennium,”;

4 (B) striking “for that period of fiscal
5 years” and inserting “for all fiscal years cov-
6 ered by the resolution”; and

7 (C) striking “for the fiscal year of that
8 resolution” and inserting “for each fiscal year
9 in the biennium”;

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

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

15 (4) in subsection (f) (2) (A), by—

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

18 (B) striking “the total of fiscal years” and
19 inserting “the total of all fiscal years covered by
20 the resolution”; and

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

23 (e) SECTION 303 POINT OF ORDER.—Section 303 of
24 such Act (2 U.S.C. 634(a)) is amended by striking “for
25 a fiscal year” and inserting “for a biennium” and by strik-

1 ing "the first fiscal year" and inserting "each fiscal year
2 of the biennium".

3 (f) PERMISSIBLE REVISIONS OF JOINT RESOLUTIONS
4 ON THE BUDGET.—Section 304 of such Act (2 U.S.C.
5 635) is amended—

6 (1) by striking "fiscal year" the first two places
7 it appears and inserting "biennium";

8 (2) by striking "for such fiscal year"; and

9 (3) by inserting before the period "for such bi-
10 ennium".

11 (g) PROCEDURES FOR CONSIDERATION OF BUDGET
12 RESOLUTIONS.—Section 305(a)(3) of such Act (2 U.S.C.
13 636(b)(3)) is amended by striking "fiscal year" and in-
14 serting "biennium".

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

18 (1) by striking "each year" and inserting "each
19 odd-numbered year (or, if applicable, as provided by
20 section 300(b), July 1)";

21 (2) by striking "annual" and inserting "bien-
22 nial";

23 (3) by striking "fiscal year" and inserting "bi-
24 ennium"; and



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

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

6 “(d) QUARTERLY BUDGET REPORTS.—The Director
7 of the Congressional Budget Office shall, as soon as prac-
8 ticable after the completion of each quarter of the fiscal
9 year, prepare an analysis comparing revenues, spending,
10 and the deficit or surplus for the current fiscal year to
11 assumptions included in the congressional budget resolu-
12 tion. In preparing this report, the Director of the Congres-
13 sional Budget Office shall combine actual budget figures
14 to date with projected revenue and spending for the bal-
15 ance of the fiscal year. The Director of the Congressional
16 Budget Office shall include any other information in this
17 report that it deems useful for a full understanding of the
18 current fiscal position of the Government. The reports
19 mandated by this subsection shall be transmitted by the
20 Director to the Senate and House Committees on the
21 Budget, and the Congressional Budget Office shall make
22 such reports available to any interested party upon re-
23 quest.”.



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

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

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

8 (3) by striking “annual” and inserting “bien-
9 nial”; and

10 (4) by striking “fiscal year” and inserting “bi-
11 ennium”.

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

14 (1) in subsection (a), in the matter preceding
15 paragraph (1), by striking “any fiscal year” and in-
16 serting “any biennium”;

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

20 (3) by striking subsection (f) and redesignating
21 subsection (g) as subsection (f).

22 (l) SECTION 311 POINT OF ORDER.—

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



1 (A) by striking “for a fiscal year” and in-
2 sserting “for a biennium”;

3 (B) by striking “the first fiscal year” each
4 place it appears and inserting “either fiscal
5 year of the biennium”; and

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

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

10 (A) in subparagraph (A), by striking “for
11 the first fiscal year” and inserting “for either
12 fiscal year of the biennium”; and

13 (B) in subparagraph (B)—

14 (i) by striking “that first fiscal year”
15 the first place it appears and inserting
16 “each fiscal year in the biennium”; and

17 (ii) by striking “that first fiscal year
18 and the ensuing fiscal years” and inserting
19 “all fiscal years”.

20 (3) SOCIAL SECURITY LEVELS.—Section
21 311(a)(3) of such Act is amended by—

22 (A) striking “for the first fiscal year” and
23 inserting “each fiscal year in the biennium”;
24 and



1 (B) striking "that fiscal year and the ensu-
2 ing fiscal years" and inserting "all fiscal
3 years".

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

7 (1) by striking "for a fiscal year" and inserting
8 "for a biennium";

9 (2) in paragraph (1), by striking "first fiscal
10 year" and inserting "either fiscal year in the bien-
11 nium";

12 (3) in paragraph (2), by striking "that fiscal
13 year" and inserting "either fiscal year in the bien-
14 nium"; and

15 (4) in the matter following paragraph (2), by
16 striking "that fiscal year" and inserting "the appli-
17 cable fiscal year".

18 **SEC. 124. AMENDMENTS TO RULES OF HOUSE OF REP-**
19 **RESENTATIVES.**

20 (a) Clause 4(a)(1)(A) of rule X of the Rules of the
21 House of Representatives is amended by inserting "odd-
22 numbered" after "each".

23 (b) Clause 4(a)(4) of rule X of the Rules of the House
24 of Representatives is amended by striking "fiscal year"
25 and inserting "biennium".



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

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

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

12 “(A) hold hearings to receive testimony
13 from committees of jurisdiction to identify prob-
14 lem areas and to report on the results of over-
15 sight; and

16 “(B) by January 1 of each odd-number
17 year, issuing a report to the Speaker which
18 identifies the key issues facing the Congress in
19 the next biennium.”.

20 (e) Clause 4(e) of rule X of the Rules of the House
21 of Representatives is amended by striking “annually” each
22 place it appears and inserting “biennially” and by striking
23 “annual” and inserting “biennial”.

24 (f) Clause 4(f) of rule X of the Rules of the House
25 of Representatives is amended—



1 (1) by inserting "during each odd-numbered
2 year" after "submits his budget";

3 (2) by striking "fiscal year" the first place it
4 appears and inserting "biennium"; and

5 (3) by striking "that fiscal year" and inserting
6 "each fiscal year in such ensuing biennium".

7 (g) Clause 11(i) of rule X of the Rules of the House
8 of Representatives is amended by striking "during the
9 same or preceding fiscal year".

10 (h) Clause 3(d)(2)(A) of rule XIII of the Rules of
11 the House of Representatives is amended by striking
12 "five" both places it appears and inserting "six".

13 (i) Clause 5(a)(1) of rule XIII of the Rules of the
14 House of Representatives is amended by striking "fiscal
15 year after September 15 in the preceding fiscal year" and
16 inserting "biennium after September 15 of the calendar
17 year in which such biennium begins".

18 **SEC. 125. AMENDMENTS TO TITLE 31, UNITED STATES**

19 **CODE.**

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

23 "(3) 'biennium' has the meaning given to such
24 term in paragraph (13) of section 3 of the Congres-



1 sional Budget and Impoundment Control Act of
2 1974 (2 U.S.C. 622(13)).”.

3 (b) BUDGET CONTENTS AND SUBMISSION TO THE
4 CONGRESS.—

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

8 “(a) On or before the first Monday in February of
9 each odd-numbered year (or, if applicable, as provided by
10 section 300(b) of the Congressional Budget Act of 1974),
11 beginning with the One Hundred Tenth Congress or a
12 subsequent Congress (as applicable), the President shall
13 submit to the Congress the budget for the biennium begin-
14 ning on October 1 of such calendar year. The budget
15 transmitted under this subsection shall include a budget
16 message and summary and supporting information. The
17 President shall include in each budget the following:”.

18 (2) EXPENDITURES.—Section 1105(a)(5) of
19 title 31, United States Code, is amended by striking
20 “the fiscal year for which the budget is submitted
21 and the 4 fiscal years after that year” and inserting
22 “each fiscal year in the biennium for which the
23 budget is submitted and in the succeeding 4 years”.

24 (3) RECEIPTS.—Section 1105(a)(6) of title 31,
25 United States Code, is amended by striking “the fis-



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

5 (4) BALANCE STATEMENTS.—Section
6 1105(a)(9)(C) of title 31, United States Code, is
7 amended by striking “the fiscal year” and inserting
8 “each fiscal year in the biennium”.

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

14 (6) ALLOWANCES.—Section 1105(a)(13) of title
15 31, United States Code, is amended by striking “the
16 fiscal year” and inserting “each fiscal year in the bi-
17 ennium”.

18 (7) ALLOWANCES FOR UNANTICIPATED AND
19 UNCONTROLLABLE EXPENDITURES.—Section
20 1105(a)(14) of title 31, United States Code, is
21 amended by striking “that year” and inserting “each
22 fiscal year in the biennium for which the budget is
23 submitted”.

24 (8) TAX EXPENDITURES.—Section 1105(a)(16)
25 of title 31, United States Code, is amended by strik-



1 ing "the fiscal year" and inserting "each fiscal year
2 in the biennium".

3 (9) ESTIMATES FOR FUTURE YEARS.—Section
4 1105(a)(17) of title 31, United States Code, is
5 amended—

6 (A) by striking "the fiscal year following
7 the fiscal year" and inserting "each fiscal year
8 in the biennium following the biennium";

9 (B) by striking "that following fiscal year"
10 and inserting "each such fiscal year"; and

11 (C) by striking "fiscal year before the fis-
12 cal year" and inserting "biennium before the bi-
13 ennium".

14 (10) PRIOR YEAR OUTLAYS.—Section
15 1105(a)(18) of title 31, United States Code, is
16 amended—

17 (A) by striking "the prior fiscal year," and
18 inserting "each of the 2 most recently com-
19 pleted fiscal years,";

20 (B) by striking "for that year" and insert-
21 ing "with respect to those fiscal years"; and

22 (C) by striking "in that year" and insert-
23 ing "in those fiscal years".



1 (11) PRIOR YEAR RECEIPTS.—Section
2 1105(a)(19) of title 31, United States Code, is
3 amended—

4 (A) by striking “the prior fiscal year” and
5 inserting “each of the 2 most recently com-
6 pleted fiscal years”;

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

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

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

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

18 (1) by striking “the fiscal year for” the first
19 place it appears and inserting “each fiscal year in
20 the biennium for”;

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

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



1 (e) CAPITAL INVESTMENT ANALYSIS.—Section
2 1105(e)(1) of title 31, United States Code, is amended
3 by striking “ensuing fiscal year” and inserting “biennium
4 to which such budget relates”.

5 (f) SUPPLEMENTAL BUDGET ESTIMATES AND
6 CHANGES.—

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

9 (A) in the matter preceding paragraph (1),
10 by—

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

14 (ii) striking “fiscal year” and insert-
15 ing “biennium”;

16 (B) in paragraph (1), by striking “that fis-
17 cal year” and inserting “each fiscal year in
18 such biennium”;

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

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

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

1 (A) striking "the fiscal year" and inserting
2 "each fiscal year in the biennium"; and

3 (B) inserting "and before February 15 of
4 each even-numbered year" after "Before July
5 16 of each year".

6 (g) CURRENT PROGRAMS AND ACTIVITIES ESTI-
7 MATES.—

8 (1) THE PRESIDENT.—Section 1109(a) of title
9 31, United States Code, is amended—

10 (A) by striking "On or before the first
11 Monday after January 3 of each year (on or be-
12 fore February 5 in 1986)" and inserting "At
13 the same time the budget required by section
14 1105 is submitted for a biennium"; and

15 (B) by striking "the following fiscal year"
16 and inserting "each fiscal year of such period".

17 (2) JOINT ECONOMIC COMMITTEE.—Section
18 1109(b) of title 31, United States Code, is amended
19 by striking "March 1 of each year" and inserting
20 "within 6 weeks of the President's budget submis-
21 sion for each odd-numbered year (or, if applicable,
22 as provided by section 300(b) of the Congressional
23 Budget Act of 1974)".

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

4 (1) striking “May 16” and inserting “March
5 31”; and

6 (2) striking “year before the year in which the
7 fiscal year begins” and inserting “calendar year pre-
8 ceding the calendar year in which the biennium be-
9 gins”.

10 **SEC. 126. TWO-YEAR APPROPRIATIONS; TITLE AND STYLE**
11 **OF APPROPRIATION ACTS.**

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

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

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

20 “(b) All Acts making regular appropriations for the
21 support of the Government shall be enacted for a biennium
22 and shall specify the amount of appropriations provided
23 for each fiscal year in such period.

24 “(c) For purposes of this section, the term ‘biennium’
25 has the same meaning as in section 3(13) of the Congres-



1 sional Budget and Impoundment Control Act of 1974 (2
2 U.S.C. 622(13)).”.

3 **SEC. 127. MULTIYEAR AUTHORIZATIONS.**

4 (a) IN GENERAL.—Title III of the Congressional
5 Budget Act of 1974 (as amended by section 116(a)) is
6 further amended by adding at the end the following new
7 section:

8 “MULTIYEAR AUTHORIZATIONS OF APPROPRIATIONS

9 “SEC. 318. (a) It shall not be in order in the House
10 of Representatives or the Senate to consider any measure
11 that contains a specific authorization of appropriations for
12 any purpose unless the measure includes such a specific
13 authorization of appropriations for that purpose for not
14 less than each fiscal year in one or more bienniums.

15 “(b)(1) For purposes of this section, a specific au-
16 thorization of appropriations is an authorization for the
17 enactment of an amount of appropriations or amounts not
18 to exceed an amount of appropriations (whether stated as
19 a sum certain, as a limit, or as such sums as may be nec-
20 essary) for any purpose for a fiscal year.

21 “(2) Subsection (a) does not apply with respect to
22 an authorization of appropriations for a single fiscal year
23 for any program, project, or activity if the measure con-
24 taining that authorization includes a provision expressly
25 stating the following: ‘Congress finds that no authoriza-
26 tion of appropriation will be required for [Insert name of

1 applicable program, project, or activity] for any subse-
2 quent fiscal year.’.

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

6 (b) AMENDMENT TO TABLE OF CONTENTS.—The
7 table of contents set forth in section 1(b) of the Congres-
8 sional Budget and Impoundment Control Act of 1974 is
9 amended by adding after the item relating to section 317
10 the following new item:

“Sec. 318. Multiyear authorizations of appropriations.”.

11 **SEC. 128. GOVERNMENT STRATEGIC AND PERFORMANCE**
12 **PLANS ON A BIENNIAL BASIS.**

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

15 (1) in subsection (a), by striking “September
16 30, 1997” and inserting “September 30, 2007”;

17 (2) in subsection (b)—

18 (A) by striking “at least every three years”
19 and all that follows thereafter and inserting “at
20 least every 4 years, except that strategic plans
21 submitted by September 30, 2007, shall be up-
22 dated and revised by September 30, 2010”; and

23 (B) by striking “five years forward” and
24 inserting “six years forward”; and



1 (3) in subsection (c), by inserting a comma
2 after "section" the second place it appears and add-
3 ing "including a strategic plan submitted by Sep-
4 tember 30, 2007, meeting the requirements of sub-
5 section (a)".

6 (b) BUDGET CONTENTS AND SUBMISSION TO CON-
7 GRESS.—Paragraph (28) of section 1105(a) of title 31,
8 United States Code, is amended by striking "beginning
9 with fiscal year 1999, a" and inserting "beginning with
10 fiscal year 2010, a biennial".

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

13 (1) in subsection (a)—

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

15 (i) by striking "section 1105(a)(29)"
16 and inserting "section 1105(a)(28)"; and

17 (ii) by striking "an annual" and in-
18 serting "a biennial";

19 (B) in paragraph (1) by inserting after
20 "program activity" the following: "for both
21 years 1 and 2 of the biennial plan";

22 (C) in paragraph (5) by striking "and"
23 after the semicolon;



1 (D) in paragraph (6) by striking the period
 2 and inserting a semicolon; and inserting "and"
 3 after the inserted semicolon; and

4 (E) by adding after paragraph (6) the fol-
 5 lowing:

6 "(7) cover each fiscal year of the biennium be-
 7 ginning with the first fiscal year of the next biennial
 8 budget cycle.";

9 (2) in subsection (d) by striking "annual" and
 10 inserting "biennial"; and

11 (3) in paragraph (6) of subsection (f) by strik-
 12 ing "annual" and inserting "biennial".

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

16 (1) in subsection (a)—

17 (A) in the first sentence by striking "an-
 18 nual"; and

19 (B) by striking "section 1105(a)(29)" and
 20 inserting "section 1105(a)(28)";

21 (2) in subsection (e)—

22 (A) in the first sentence by striking "one
 23 or" before "two years";



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

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

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

8 (1) in subsection (a), by striking “September
9 30, 1997” and inserting “September 30, 2007”;

10 (2) in subsection (b), by striking “at least every
11 three years” and inserting “at least every 4 years
12 except that strategic plans submitted by September
13 30, 2007, shall be updated and revised by September
14 30, 2010”;

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

17 (4) in subsection (c), by inserting a comma
18 after “section” the second place it appears and in-
19 serting “including a strategic plan submitted by
20 September 30, 2007, meeting the requirements of
21 subsection (a)”.

22 (f) PERFORMANCE PLANS.—Section 2803(a) of title
23 39, United States Code, is amended—

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



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

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

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

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

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

12 (g) COMMITTEE VIEWS OF PLANS AND REPORTS.—
13 Section 301(d) of the Congressional Budget Act (2 U.S.C.
14 632(d)) is amended by adding at the end “Each committee
15 of the Senate or the House of Representatives shall review
16 the strategic plans, performance plans, and performance
17 reports, required under section 306 of title 5, United
18 States Code, and sections 1115 and 1116 of title 31,
19 United States Code, of all agencies under the jurisdiction
20 of the committee. Each committee may provide its views
21 on such plans or reports to the Committee on the Budget
22 of the applicable House.”.

23 **SEC. 129. BIENNIAL APPROPRIATION BILLS.**

24 (a) IN THE HOUSE OF REPRESENTATIVES.—Clause
25 2(a) of rule XXI of the Rules of the House of Representa-



1 tives is amended by adding at the end the following new
2 subparagraph:

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

10 “(B) Subdivision (A) does not apply with respect to
11 an appropriation for a single fiscal year for any program,
12 project, or activity if the bill or amendment thereto con-
13 taining that appropriation includes a provision expressly
14 stating the following: ‘Congress finds that no additional
15 funding beyond one fiscal year will be required and the
16 [Insert name of applicable program, project, or activity]
17 will be completed or terminated after the amount provided
18 has been expended.’.

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



1 (b) CONFORMING AMENDMENT.—Clause 5(b)(1) of
2 rule XXII of the House of Representatives is amended by
3 striking “or (c)” and inserting “or (3) or 2(c)”.

4 **SEC. 130. ASSISTANCE BY FEDERAL AGENCIES TO STAND-**
5 **ING COMMITTEES OF THE SENATE AND THE**
6 **HOUSE OF REPRESENTATIVES.**

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

16 (b) INFORMATION REGARDING AGENCY PROGRAM
17 ADMINISTRATION.—To assist each standing committee of
18 the House of Representatives and the Senate in carrying
19 out its responsibilities, the head of any agency shall fur-
20 nish to such committee documentation, containing infor-
21 mation received, compiled, or maintained by the agency
22 as part of the operation or administration of a program,
23 or specifically compiled pursuant to a request in support
24 of a review of a program, as may be requested by the



1 chairman and ranking minority member of such com-
2 mittee.

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

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



1 **Subtitle D—Prevention of**
2 **Government Shutdown**

3 **SEC. 141. AMENDMENT TO TITLE 31.**

4 (a) IN GENERAL.—Chapter 13 of title 31, United
5 States Code, is amended by inserting after section 1310
6 the following new section:

7 **“§ 1311. Continuing appropriations**

8 “(a)(1) If any regular appropriation bill for a fiscal
9 year (or, if applicable, for each fiscal year in a biennium)
10 does not become law before the beginning of such fiscal
11 year or a joint resolution making continuing appropria-
12 tions is not in effect, there are appropriated, out of any
13 money in the Treasury not otherwise appropriated, and
14 out of applicable corporate or other revenues, receipts, and
15 funds, such sums as may be necessary to continue any
16 project or activity for which funds were provided in the
17 preceding fiscal year—

18 “(A) in the corresponding regular appropriation
19 Act for such preceding fiscal year; or

20 “(B) if the corresponding regular appropriation
21 bill for such preceding fiscal year did not become
22 law, then in a joint resolution making continuing ap-
23 propriations for such preceding fiscal year.

24 “(2) Appropriations and funds made available, and
25 authority granted, for a project or activity for any fiscal



1 year pursuant to this section shall be at a rate of oper-
2 ations not in excess of the lower of—

3 “(A) the rate of operations provided for in the
4 regular appropriation Act providing for such project
5 or activity for the preceding fiscal year;

6 “(B) in the absence of such an Act, the rate of
7 operations provided for such project or activity pur-
8 suant to a joint resolution making continuing appro-
9 priations for such preceding fiscal year;

10 “(C) the rate of operations provided for in the
11 regular appropriation bill as passed by the House of
12 Representatives or the Senate for the fiscal year in
13 question, except that the lower of these two versions
14 shall be ignored for any project or activity for which
15 there is a budget request if no funding is provided
16 for that project or activity in either version; or

17 “(D) the annualized rate of operations provided
18 for in the most recently enacted joint resolution
19 making continuing appropriations for part of that
20 fiscal year or any funding levels established under
21 the provisions of this Act.

22 “(3) Appropriations and funds made available, and
23 authority granted, for any fiscal year pursuant to this sec-
24 tion for a project or activity shall be available for the pe-



1 riod beginning with the first day of a lapse in appropria-
2 tions and ending with the earlier of—

3 “(A) the date on which the applicable regular
4 appropriation bill for such fiscal year becomes law
5 (whether or not such law provides for such project
6 or activity) or a continuing resolution making appro-
7 priations becomes law, as the case may be; or

8 “(B) the last day of such fiscal year.

9 “(b) An appropriation or funds made available, or au-
10 thority granted, for a project or activity for any fiscal year
11 pursuant to this section shall be subject to the terms and
12 conditions imposed with respect to the appropriation made
13 or funds made available for the preceding fiscal year, or
14 authority granted for such project or activity under cur-
15 rent law.

16 “(c) Appropriations and funds made available, and
17 authority granted, for any project or activity for any fiscal
18 year pursuant to this section shall cover all obligations or
19 expenditures incurred for such project or activity during
20 the portion of such fiscal year for which this section ap-
21 plies to such project or activity.

22 “(d) Expenditures made for a project or activity for
23 any fiscal year pursuant to this section shall be charged
24 to the applicable appropriation, fund, or authorization
25 whenever a regular appropriation bill or a joint resolution



1 making continuing appropriations until the end of a fiscal
2 year providing for such project or activity for such period
3 becomes law.

4 “(e) This section shall not apply to a project or activ-
5 ity during a fiscal year if any other provision of law (other
6 than an authorization of appropriations)—

7 “(1) makes an appropriation, makes funds
8 available, or grants authority for such project or ac-
9 tivity to continue for such period; or

10 “(2) specifically provides that no appropriation
11 shall be made, no funds shall be made available, or
12 no authority shall be granted for such project or ac-
13 tivity to continue for such period.

14 “(f) For purposes of this section, the term ‘regular
15 appropriation bill’ means any annual appropriation bill
16 making appropriations, otherwise making funds available,
17 or granting authority, for any of the following categories
18 of projects and activities:

19 “(1) Agriculture, rural development, Food and
20 Drug Administration, and related agencies pro-
21 grams.

22 “(2) The Departments of Commerce, Justice,
23 and State, the Judiciary, and related agencies.

24 “(3) The Department of Defense.



1 “(4) The government of the District of Colum-
2 bia and other activities chargeable in whole or in
3 part against the revenues of the District.

4 “(5) Energy and water development.

5 “(6) Foreign operations, export financing, and
6 related programs.

7 “(7) The Department of Homeland Security.

8 “(8) The Department of the Interior and re-
9 lated agencies.

10 “(9) The Departments of Labor, Health and
11 Human Services, and Education, and related agen-
12 cies.

13 “(10) The Legislative Branch.

14 “(11) Military construction, family housing, and
15 base realignment and closure for the Department of
16 Defense.

17 “(12) The Departments of Transportation and
18 Treasury, and independent agencies.

19 “(13) The Departments of Veterans Affairs and
20 Housing and Urban Development, and sundry inde-
21 pendent agencies, boards, commissions, corporations,
22 and offices.”.

23 (b) CLERICAL AMENDMENT.—The analysis of chap-
24 ter 13 of title 31, United States Code, is amended by in-



1 serting after the item relating to section 1310 the fol-
2 lowing new item:

“1311. Continuing appropriations.”.

3 **Subtitle E—The Baseline**

4 **SEC. 151. ELIMINATION OF INFLATION ADJUSTMENT.**

5 Section 257(c) of the Balanced Budget and Emer-
6 gency Deficit Control Act of 1985 is amended—

7 (1) in paragraph (1) by striking “for inflation
8 as specified in paragraph (5),”; and

9 (2) by striking paragraph (5) and redesignating
10 paragraph (6) as paragraph (5).

11 **SEC. 152. THE PRESIDENT’S BUDGET.**

12 (a) Paragraph (5) of section 1105(a) of title 31,
13 United States Code, is amended to read as follows:

14 “(5) except as provided in subsection (b) of this
15 section, estimated expenditures and appropriations
16 for the current year and estimated expenditures and
17 proposed appropriations the President decides are
18 necessary to support the Government in the fiscal
19 year for which the budget is submitted and the 4 fis-
20 cal years following that year, and, except for detailed
21 budget estimates, the percentage change from the
22 current year to the fiscal year for which the budget
23 is submitted for estimated expenditures and for ap-
24 propriations.”.



1 (b) Section 1105(a)(6) of title 31, United States
2 Code, is amended to read as follows:

3 “(6) estimated receipts of the Government in
4 the current year and the fiscal year for which the
5 budget is submitted and the 4 fiscal years after that
6 year under—

7 “(A) laws in effect when the budget is sub-
8 mitted; and

9 “(B) proposals in the budget to increase
10 revenues,

11 and the percentage change (in the case of each cat-
12 egory referred to in subparagraphs (A) and (B)) be-
13 tween the current year and the fiscal year for which
14 the budget is submitted and between the current
15 year and each of the 9 fiscal years after the fiscal
16 year for which the budget is submitted.”.

17 (c) Section 1105(a)(12) of title 31, United States
18 Code, is amended to read as follows:

19 “(12) for each proposal in the budget for legis-
20 lation that would establish or expand a Government
21 activity or function, a table showing—

22 “(A) the amount proposed in the budget
23 for appropriation and for expenditure because
24 of the proposal in the fiscal year for which the
25 budget is submitted;



1 “(B) the estimated appropriation required
2 because of the proposal for each of the 4 fiscal
3 years after that year that the proposal will be
4 in effect; and

5 “(C) the estimated amount for the same
6 activity or function, if any, in the current fiscal
7 year,

8 and, except for detailed budget estimates, the per-
9 centage change (in the case of each category re-
10 ferred to in subparagraphs (A), (B), and (C)) be-
11 tween the current year and the fiscal year for which
12 the budget is submitted.”.

13 (d) Section 1105(a)(18) of title 31, United States
14 Code, is amended by inserting “new budget authority
15 and” before “budget outlays”.

16 (e) Section 1105(a) of title 31, United States Code,
17 is amended by adding at the end the following new para-
18 graphs:

19 “(35) a comparison of levels of estimated ex-
20 penditures and proposed appropriations for each
21 function and subfunction in the current fiscal year
22 and the fiscal year for which the budget is sub-
23 mitted, along with the proposed increase or decrease
24 of spending in percentage terms for each function
25 and subfunction.



1 “(36) a table on sources of growth in total di-
2 rect spending under current law and as proposed in
3 this budget submission for the budget year and the
4 ensuing 9 fiscal years, which shall include changes
5 in outlays attributable to the following: cost-of-living
6 adjustments; changes in the number of program re-
7 cipients; increases in medical care prices, utilization
8 and intensity of medical care; and residual factors.”.

9 (f) Section 1109(a) of title 31, United States Code,
10 is amended by inserting after the first sentence the fol-
11 lowing new sentence: “For discretionary spending, these
12 estimates shall assume the levels set forth in the discre-
13 tionary spending limits under section 251(b) of the Bal-
14 anced Budget and Emergency Deficit Control Act of 1985,
15 as adjusted, for the appropriate fiscal years (and if no
16 such limits are in effect, these estimates shall assume the
17 adjusted levels for the most recent fiscal year for which
18 such levels were in effect).”.

19 **SEC. 153. THE CONGRESSIONAL BUDGET.**

20 Section 301(e) of the Congressional Budget Act of
21 1974 (as amended by section 103) is further amended—

22 (1) in paragraph (1), by inserting at the end
23 the following: “The basis of deliberations in devel-
24 oping such joint resolution shall be the estimated
25 budgetary levels for the preceding fiscal year. Any



1 budgetary levels pending before the committee and
2 the text of the joint resolution shall be accompanied
3 by a document comparing such levels or such text to
4 the estimated levels of the prior fiscal year. Any
5 amendment offered in the committee that changes a
6 budgetary level and is based upon a specific policy
7 assumption for a program, project, or activity shall
8 be accompanied by a document indicating the esti-
9 mated amount for such program, project, or activity
10 in the current year.”; and

11 (2) in paragraph (2), by striking “and” at the
12 end of subparagraph (H) (as redesignated), by strik-
13 ing the period and inserting “; and” at the end of
14 subparagraph (I) (as redesignated), and by adding
15 at the end the following new subparagraph:

16 “(J) a comparison of levels for the current
17 fiscal year with proposed spending and revenue
18 levels for the subsequent fiscal years along with
19 the proposed increase or decrease of spending
20 in percentage terms for each function.”.

21 **SEC. 154. CONGRESSIONAL BUDGET OFFICE REPORTS TO**
22 **COMMITTEES.**

23 (a) The first sentence of section 202(e)(1) of the Con-
24 gressional Budget Act of 1974 is amended by inserting
25 “compared to comparable levels for the current year” be-



1 fore the comma at the end of subparagraph (A) and before
2 the comma at the end of subparagraph (B).

3 (b) Section 202(e)(1) of the Congressional Budget
4 Act of 1974 is amended by inserting after the first sen-
5 tence the following new sentence: "Such report shall also
6 include a table on sources of spending growth in total di-
7 rect spending for the budget year and the ensuing 4 fiscal
8 years, which shall include changes in outlays attributable
9 to the following: cost-of-living adjustments; changes in the
10 number of program recipients; increases in medical care
11 prices, utilization and intensity of medical care; and resid-
12 ual factors."

13 (c) Section 308(a)(1)(B) of the Congressional Budget
14 Act of 1974 is amended by inserting "and shall include
15 a comparison of those levels to comparable levels for the
16 current fiscal year" before "if timely submitted".

17 **SEC. 155. TREATMENT OF EMERGENCIES.**

18 Section 257(c) of the Balanced Budget and Emer-
19 gency Deficit Control Act of 1985 (as amended by section
20 151) is further amended by adding at the end the fol-
21 lowing new paragraph:

22 "(7) EMERGENCIES.—Budgetary resources for
23 emergencies shall be at the level provided in the re-
24 serve fund for emergencies for that fiscal year pur-



1 suant to section 301(a)(4) of the Congressional
2 Budget Act of 1974.”.

3 **TITLE II—PUTTING A LID ON**
4 **THE FEDERAL BUDGET**
5 **Subtitle A—Spending Safeguards**
6 **on the Growth of Entitlements**
7 **and Mandatories**

8 **SEC. 201. SPENDING CAPS ON GROWTH OF ENTITLEMENTS**
9 **AND MANDATORIES.**

10 (a) CONTROL OF ENTITLEMENTS AND
11 MANDATORIES.—The Balanced Budget and Emergency
12 Deficit Control Act of 1985 is amended by adding after
13 section 252 the following new section:

14 **“SEC. 252A. ENFORCING CONTROLS ON DIRECT SPENDING.**

15 “(a) CAP ON GROWTH OF ENTITLEMENTS.—Effec-
16 tive for fiscal year 2005 and for each ensuing fiscal year,
17 the total level of direct spending for all direct spending
18 programs, projects, and activities (excluding social secu-
19 rity) for any such fiscal year shall not exceed the total
20 level of spending for all such programs, projects, and ac-
21 tivities for the previous fiscal year after the direct spend-
22 ing for each such program, project, or activity is increased
23 by the higher of the change in the Consumer Price Index
24 for All Urban Consumers or the inflator (if any) applicable



1 to that program, project, or activity and the growth in
2 eligible population for such, project, or activity.

3 “(b) SEQUESTRATION.—Within 15 days after Con-
4 gress adjourns to end a session (other than of the second
5 session of the One Hundred Eighth Congress), and on the
6 same day as a sequestration (if any) under section 251,
7 there shall be a sequestration to reduce the amount of di-
8 rect spending for the fiscal year beginning in the year the
9 Congress adjourns by any amount necessary to reduce
10 such spending to the level set forth in subsection (a) un-
11 less that amount is less than \$250,000,000.

12 “(c) UNIFORM REDUCTIONS; LIMITATIONS.—The
13 amount required to be sequestered for the fiscal year
14 under subsection (a) shall be obtained from nonexempt di-
15 rect spending accounts by actions taken in the following
16 order:

17 “(1) FIRST.—The reductions in the programs
18 specified in section 256(a) (National Wool Act and
19 special milk), section 256(b) (student loans), and
20 section 256(c) (foster care and adoption assistance)
21 shall be made.

22 “(2) SECOND.—Any additional reductions that
23 may be required shall be achieved by reducing each
24 remaining nonexempt direct spending account by the



1 uniform percentage necessary to achieve those addi-
2 tional reductions, except that—

3 “(A) the low-income programs specified in
4 section 256(d) shall not be reduced by more
5 than 2 percent;

6 “(B) the retirement and veterans benefits
7 specified in sections 256(f), (g), and (h) shall
8 not be reduced by more than 2 percent in the
9 manner specified in that section; and

10 “(C) the medicare programs shall not be
11 reduced by more than 2 percent in the manner
12 specified in section 256(i).

13 The limitations set forth in subparagraphs (A), (B),
14 and (C) shall be applied iteratively, and after each
15 iteration the uniform percentage applicable to all
16 other programs under this paragraph shall be in-
17 creased (if necessary) to a level sufficient to achieve
18 the reductions required by this paragraph.

19 “(d) EXCLUSION OF MEDICARE PRESCRIPTION
20 DRUG PROGRAM UNTIL FULLY OPERATIONAL.—For pur-
21 poses of this section with respect to the limitation under
22 subsection (a) for a fiscal year before fiscal year 2008,
23 direct spending programs and direct spending shall not
24 be construed to include part D of title XVIII of the Social



1 Security Act (or spending under part C of such title that
2 is attributable to such part D).”.

3 (b) TABLE OF CONTENTS AMENDMENT.—The table
4 of contents set forth in 250(c) of the Balanced Budget
5 and Emergency Deficit Control Act of 1985 is amended
6 by adding after the item relating to section 252 the fol-
7 lowing new item:

“Sec. 252A. Enforcing controls on direct spending.”.

8 **SEC. 202. EXEMPT PROGRAMS AND ACTIVITIES.**

9 Section 255 of the Balanced Budget and Emergency
10 Deficit Control Act of 1985 is amended to read as follows:

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

12 “(a) SOCIAL SECURITY BENEFITS; TIER I RAILROAD
13 RETIREMENT BENEFITS; AND CERTAIN MEDICARE BEN-
14 EFITS.—(1) Benefits payable under the old-age, survivors,
15 and disability insurance program established under title
16 II of the Social Security Act, and benefits payable under
17 section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retire-
18 ment Act of 1974, shall be exempt from reduction under
19 any order issued under this part.

20 “(2) Payments made under part A of title XVIII (re-
21 lating to part A medicare hospital insurance benefits) of
22 the Social Security Act and payments made under part
23 C of such title (relating to the Medicare Advantage pro-
24 gram) insofar as they are attributable to part A of such



1 title shall be exempt from reduction under any order
2 issued under this part.

3 “(b) DESCRIPTIONS AND LISTS.—The following
4 budget accounts or activities shall be exempt from seques-
5 tration:

6 “(1) net interest;

7 “(2) all payments to trust funds from excise
8 taxes or other receipts or collections properly cred-
9 itable to those trust funds;

10 “(3) all payments from one Federal direct
11 spending budget account to another Federal budget
12 account; and all intragovernmental funds including
13 those from which funding is derived primarily from
14 other Government accounts, except to the extent
15 that such funds are augmented by direct appropria-
16 tions for the fiscal year for which the order is in ef-
17 fect;

18 “(4) activities resulting from private donations,
19 bequests, or voluntary contributions to the Govern-
20 ment;

21 “(5) payments from any revolving fund or
22 trust-revolving fund (or similar activity) that pro-
23 vides deposit insurance or other Government insur-
24 ance, Government guarantees, or any other form of
25 contingent liability, to the extent those payments re-



1 sult from contractual or other legally binding com-
2 mitments of the Government at the time of any se-
3 questration;

4 “(6) credit liquidating and financing accounts;

5 “(7) the following accounts, which largely fulfill
6 requirements of the Constitution or otherwise make
7 payments to which the Government is committed:

8 “Administration of Territories, Northern
9 Mariana Islands Covenant grants (14-0412-0-
10 1-806);

11 “Armed Forces Retirement Home Trust
12 Fund, payment of claims (84-8930-0-7-705);

13 “Bureau of Indian Affairs, miscellaneous
14 payments to Indians (14-2303-0-1-452);

15 “Bureau of Indian Affairs, miscellaneous
16 trust funds, tribal trust funds (14-9973-0-7-
17 999);

18 “Claims, defense;

19 “Claims, judgments, and relief act (20-
20 1895-0-1-806);

21 “Compact of Free Association, economic
22 assistance pursuant to Public Law 99-658 (14-
23 0415-0-1-806);

24 “Compensation of the President (11-
25 0001-0-1-802);



- 1 "Customs Service, miscellaneous perma-
- 2 nent appropriations (20-9992-0-2-852);
- 3 "Eastern Indian land claims settlement
- 4 fund (14-2202-0-1-806);
- 5 "Farm Credit Administration, Limitation
- 6 on Administration Expenses (78-4131-0-3-351);
- 7 "Farm Credit System Financial Assistance
- 8 Corporation, interest payments (20-1850-0-1-
- 9 351);
- 10 "Internal Revenue collections of Puerto
- 11 Rico (20-5737-0-2-852);
- 12 "Panama Canal Commission, operating ex-
- 13 penses and capital outlay (95-5190-0-2-403);
- 14 "Payments of Vietnam and USS Pueblo
- 15 prisoner-of-war claims (15-0104-0-1-153);
- 16 "Payments to copyright owners (03-5175-
- 17 0-2-376);
- 18 "Payments to health care trust funds (75-
- 19 0580-0-1-571);
- 20 "Payments to social security trust funds
- 21 (75-0404-0-1-651);
- 22 "Payments to the United States terri-
- 23 tories, fiscal assistance (14-0418-0-1-801);



1 "Payments to widows and heirs of de-
2 ceased Members of Congress (00-0215-0-1-
3 801);

4 "Pension Benefit Guaranty Corporation
5 Fund (16-4204-0-3-601);

6 "Salaries of Article III judges;

7 "Washington Metropolitan Area Transit
8 Authority, interest payments (46-0300-0-1-
9 401);

10 "(8) the following noncredit special, revolving,
11 or trust-revolving funds:

12 "Coinage profit fund (20-5811-0-2-803);

13 "Comptroller of the Currency;

14 "Director of the Office of Thrift Super-
15 vision;

16 "Exchange Stabilization Fund (20-4444-
17 0-3-155);

18 "Federal Housing Finance Board;

19 "Foreign Military Sales trust fund (11-
20 82232-0-7-155);

21 "National Credit Union Administration,
22 central liquidating facility (25-4470-0-3-373);

23 "National Credit Union Administration,
24 credit union insurance fund (25-4468-0-3-373);



1 “National Credit Union Administration op-
2 erating fund (25-4056-0-3-373); and
3 “Resolution Trust Corporation Revolving
4 Fund (22-4055-0-3-373);
5 “(9) Thrift Savings Fund;
6 “(10) appropriations for the District of Colum-
7 bia to the extent they are appropriations of locally
8 raised funds;
9 “(11)(A) any amount paid as regular unemploy-
10 ment compensation by a State from its account in
11 the Unemployment Trust Fund (established by sec-
12 tion 904(a) of the Social Security Act);
13 “(B) any advance made to a State from the
14 Federal unemployment account (established by sec-
15 tion 904(g) of such Act) under title XII of such Act
16 and any advance appropriated to the Federal unem-
17 ployment account pursuant to section 1203 of such
18 Act; and
19 “(C) any payment made from the Federal Em-
20 ployees Compensation Account (as established under
21 section 909 of such Act) for the purpose of carrying
22 out chapter 85 of title 5, United States Code, and
23 funds appropriated or transferred to or otherwise
24 deposited in such Account; and



1 “(12)(A) FDIC, Bank Insurance Fund (51-
2 4064-0-3-373);

3 “(B) FDIC, FSLIC Resolution Fund (51-4065-
4 0-3-373); and

5 “(C) FDIC, Savings Association Insurance
6 Fund (51-4066-0-3-373).

7 “(c) FEDERAL RETIREMENT AND DISABILITY AC-
8 COUNTS.—The following Federal retirement and disability
9 accounts shall be exempt from reduction under any order
10 issued under this part:

11 “Civil service retirement and disability fund
12 (24-8135-0-7-602).

13 “Black Lung Disability Trust Fund (20-8144-
14 0-7-601).

15 “Foreign Service Retirement and Disability
16 Fund (19-8186-0-7-602).

17 “District of Columbia Judicial Retirement and
18 Survivors Annuity Fund (20-8212-0-7-602).

19 “Judicial Survivors’ Annuities Fund (10-8110-
20 0-7-602).

21 “Payments to the Railroad Retirement Ac-
22 counts (60-0113-0-1-601).

23 “Tax Court Judges Survivors Annuity Fund
24 (23-8115-0-7-602).



1 “Employees Life Insurance Fund (24-8424-0-8-
2 602).

3 “(d) FEDERAL ADMINISTRATIVE EXPENSES.—

4 “(1) Notwithstanding any provision of law
5 other than paragraph (3), administrative expenses
6 incurred by the departments and agencies, including
7 independent agencies, of the Government in connec-
8 tion with any program, project, activity, or account
9 shall be subject to reduction pursuant to any seques-
10 tration order, without regard to any exemption, ex-
11 ception, limitation, or special rule otherwise applica-
12 ble with respect to such program, project, activity,
13 or account, and regardless of whether the program,
14 project, activity, or account is self-supporting and
15 does not receive appropriations.

16 “(2) Payments made by the Government to re-
17 imburse or match administrative costs incurred by a
18 State or political subdivision under or in connection
19 with any program, project, activity, or account shall
20 not be considered administrative expenses of the
21 Government for purposes of this section, and shall
22 be subject to sequestration to the extent (and only
23 to the extent) that other payments made by the Gov-
24 ernment under or in connection with that program,
25 project, activity, or account are subject to that re-



1 duction or sequestration; except that Federal pay-
2 ments made to a State as reimbursement of admin-
3 istrative costs incurred by that State under or in
4 connection with the unemployment compensation
5 programs specified in subsection (a)(11) shall be
6 subject to reduction or sequestration under this part
7 notwithstanding the exemption otherwise granted to
8 such programs under that subsection.

9 “(3) Notwithstanding any other provision of
10 law, the administrative expenses of the following
11 programs shall be exempt from sequestration:

12 “(A) Comptroller of the Currency.

13 “(B) Federal Deposit Insurance Corpora-
14 tion.

15 “(C) Office of Thrift Supervision.

16 “(D) National Credit Union Administra-
17 tion.

18 “(E) National Credit Union Administra-
19 tion, central liquidity facility.

20 “(F) Federal Retirement Thrift Invest-
21 ment Board.

22 “(G) Resolution Funding Corporation.

23 “(H) Resolution Trust Corporation.

24 “(I) Board of Governors of the Federal
25 Reserve System.



1 “(e) VETERANS’ PROGRAMS.—The following pro-
2 grams shall be exempt from reduction under any order
3 issued under this part:

4 “General Post Funds (36-8180-0-7-705).

5 “Veterans Insurance and Indemnities (36-0120-
6 0-1-701).

7 “Service-Disabled Veterans Insurance Funds
8 (36-4012-0-3-701).

9 “Veterans Reopened Insurance Fund (36-4010-
10 0-3-701).

11 “Servicemembers’ Group Life Insurance Fund
12 (36-4009-0-3-701).

13 “Post-Vietnam Era Veterans Education Ac-
14 count (36-8133-0-7-702).

15 “National Service Life Insurance Fund (36-
16 8132-0-7-701).

17 “United States Government Life Insurance
18 Fund (36-8150-0-7-701).

19 “Veterans Special Life Insurance Fund (36-
20 8455-0-8-701).

21 “(f) OPTIONAL EXEMPTION OF DEFENSE AND
22 HOMELAND SECURITY ACCOUNTS.—

23 “(1) IN GENERAL.—The President may, with
24 respect to any defense or homeland security account,
25 exempt that account from sequestration or provide



1 for a lower uniform percentage reduction than would
2 otherwise apply.

3 “(2) LIMITATION.—The President may not use
4 the authority provided by paragraph (1) unless the
5 President notifies the Congress of the manner in
6 which such authority will be exercised on or before
7 the date specified in section 254(a) for the budget
8 year.”.

9 **SEC. 203. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.**

10 (a) IN GENERAL.—Section 256 of the Balanced
11 Budget and Emergency Deficit Control Act of 1985 is
12 amended to read as follows:

13 **“SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL**
14 **RULES.**

15 “(a) NATIONAL WOOL ACT AND THE SPECIAL MILK
16 PROGRAM.—Automatic spending increases are increases
17 in outlays due to changes in indexes in the following pro-
18 grams:

19 “(1) National Wool Act; and

20 “(2) Special milk program.

21 In those programs all amounts other than the automatic
22 spending increases shall be exempt from reduction under
23 any sequestration order.

24 “(b) STUDENT LOANS.—For all student loans under
25 part B or D of title IV of the Higher Education Act of



1 1965 made during the period when a sequestration order
2 under section 254 is in effect as required by section 252
3 or 253, origination fees under sections 438(c)(2) and
4 455(c) of that Act shall each be increased by 0.50 percent-
5 age point.

6 “(c) FOSTER CARE AND ADOPTION ASSISTANCE
7 PROGRAMS.—Any sequestration order shall make the re-
8 duction otherwise required under the foster care and adop-
9 tion assistance programs (established by part E of title
10 IV of the Social Security Act) only with respect to pay-
11 ments and expenditures made by States in which increases
12 in foster care maintenance payment rates or adoption as-
13 sistance payment rates (or both) are to take effect during
14 the fiscal year involved, and only to the extent that the
15 required reduction can be accomplished by applying a uni-
16 form percentage reduction to the Federal matching pay-
17 ments that each such State would otherwise receive under
18 section 474 of that Act (for such fiscal year) for that por-
19 tion of the State’s payments attributable to the increases
20 taking effect during that year. No State’s matching pay-
21 ments from the Government for foster care maintenance
22 payments or for adoption assistance maintenance pay-
23 ments may be reduced by a percentage exceeding the ap-
24 plicable domestic sequestration percentage. No State may,
25 after the date of the enactment of this Act, make any



1 change in the timetable for making payments under a
2 State plan approved under part E of title IV of the Social
3 Security Act which has the effect of changing the fiscal
4 year in which expenditures under such part are made.

5 “(d) LOW-INCOME PROGRAMS.—(1) Benefit pay-
6 ments or payments to States or other entities for the pro-
7 grams listed in paragraph (2) shall not be reduced by
8 more than 2 percent under any sequestration order. When
9 reduced under an end-of-session sequestration order, those
10 benefit reductions shall occur starting with the payment
11 made at the start of January. When reduced under a with-
12 in-session sequestration order, those benefit reductions
13 shall occur starting with the next periodic payment.

14 “(2) The programs referred to in paragraph (1) are
15 the following:

16 “Child Nutrition (12-3539-0-1-605).

17 “Food Stamp Programs (12-3505-0-1-605).

18 “Grants to States for Medicaid (75-0512-0-1-
19 551).

20 “State Children’s Health Insurance Fund (75-
21 0515-0-1-551).

22 “Supplemental Security Income Program (75-
23 0406-0-1-609).

24 “Temporary Assistance for Needy Families (75-
25 1552-0-1-609).



1 “Special supplemental nutrition program for
2 women, infants, and children (WIC) (12-3510-0-1-
3 605).

4 “(e) VETERANS’ MEDICAL CARE.—The maximum
5 permissible reduction in budget authority for Veterans’
6 medical care (36-0160-0-1-703) for any fiscal year, pur-
7 suant to an order issued under section 254, shall be 2
8 percent.

9 “(f) FEDERAL RETIREMENT PROGRAMS.—

10 “(1) For each of the programs listed in para-
11 graph (2) and except as provided in paragraph (3),
12 monthly (or other periodic) benefit payments shall
13 be reduced by the uniform percentage applicable to
14 direct spending sequestrations for such programs,
15 which shall in no case exceed 2 percent under any
16 sequestration order. When reduced under an end-of-
17 session sequestration order, those benefit reductions
18 shall occur starting with the payment made at the
19 start of January or 7 weeks after the order is
20 issued, whichever is later. When reduced under a
21 within-session sequestration order, those benefit re-
22 ductions shall occur starting with the next periodic
23 payment.

24 “(2) The programs subject to paragraph (1)
25 are:



1 "Central Intelligence Agency Retirement
2 and Disability Fund (56-3400-0-1-054).

3 "Comptrollers General Retirement System
4 (05-0107-0-1-801)Payments to the Foreign
5 Service Retirement and Disability Fund (72-
6 1036-0-1-153).

7 "Judicial Officer' Retirement Fund (10-
8 8122-0-7-602).

9 "Claims Judges' Retirement Fund (10-
10 8124-0-7-602).

11 "Pensions for former Presidents (47-0105-
12 0-1-802).

13 "National Oceanic and Atmospheric Ad-
14 ministration Retirement (13-1450-0-1-306).

15 "Railroad Industry Pension Fund (60-
16 8011-0-7-601).

17 "Retired pay, Coast Guard (70-0602-0-1-
18 403).

19 "Retirement pay and medical benefits for
20 commissioned officers, Public Health Service
21 (75-0379-0-1-551).

22 "Payments to Civil Service Retirement and
23 Disability Fund (24-0200-0-1-805).

24 "Payments to the Foreign Service Retire-
25 ment and Disability Fund (72-1036-0-1-153)



1 “Payments to Judiciary Trust Funds (10-
2 0941-0-1-752).

3 “(g) VETERANS PROGRAMS.—To achieve the total
4 percentage reduction required by any order issued under
5 this part, the percentage reduction that shall apply to pay-
6 ments under the following programs shall in no event ex-
7 ceed 2 percent:

8 “Canteen Service Revolving Fund (36-4014-0-
9 3-705).

10 “Medical Center Research Organizations (36-
11 4026-0-3-703).

12 “Disability Compensation Benefits (36-0102-0-
13 1-701).

14 “Education Benefits (36-0137-0-1-702).

15 “Vocational Rehabilitation and Employment
16 Benefits (36-0135-0-1-702).

17 “Pensions Benefits (36-0154-0-1-701).

18 “Burial Benefits (36-0139-0-1-701).

19 “Guaranteed Transitional Housing Loans For
20 Homeless Veterans Program Account (36-1119-0-1-
21 704).

22 “Housing Direct Loan Financing Account (36-
23 4127-0-1-704).

24 “Housing Guaranteed Loan Financing Account
25 (36-4129-0-3-704).



1 “Vocational Rehabilitation and Education Di-
2 rect Loan Financing Account (36-4259-0-3-702).

3 “(h) MILITARY HEALTH AND RETIREMENT.—To
4 achieve the total percentage reduction in military retire-
5 ment required by any order issued under this part, the
6 percentage reduction that shall apply to payments under
7 the Military retirement fund (97-8097-0-7-602), pay-
8 ments to the military retirement fund (97-0040-0-1-
9 054), and the Defense Health Program (97-0130-0-1-
10 051) shall in no event exceed 2 percent.

11 “(i) MEDICARE PROGRAM.—

12 “(1) CALCULATION OF REDUCTION IN INDI-
13 VIDUAL PAYMENT AMOUNTS.—To achieve the total
14 percentage reduction in those programs required by
15 any order issued under this part, the percentage re-
16 duction that shall apply to payments under the
17 health insurance programs under title XVIII of the
18 Social Security Act (other than payments described
19 in section 255(a)(2)) that are subject to such order
20 for services furnished after any sequestration order
21 is issued shall be such that the reduction made in
22 payments under that order shall achieve the required
23 total percentage reduction in those payments for
24 that fiscal year as determined on a 12-month basis.
25 However, the percentage reduction under any such



1 program shall in no case exceed 2 percent under any
2 sequestration order.

3 “(2) TIMING OF APPLICATION OF REDUC-
4 TIONS.—If a reduction is made under paragraph (1)
5 in payment amounts pursuant to a sequestration
6 order, the reduction shall be applied to payment for
7 services furnished after the effective date of the
8 order.

9 “(3) NO INCREASE IN BENEFICIARY CHARGES
10 IN ASSIGNMENT-RELATED CASES.—If a reduction in
11 payment amounts is made under paragraph (1) for
12 services for which payment under part B of title
13 XVIII of the Social Security Act is made on the
14 basis of an assignment described in section
15 1842(b)(3)(B)(ii), in accordance with section
16 1842(b)(6)(B), or under the procedure described in
17 section 1870(f)(1) of such Act, the person furnishing
18 the services shall be considered to have accepted
19 payment of the reasonable charge for the services,
20 less any reduction in payment amount made pursu-
21 ant to a sequestration order, as payment in full.

22 “(4) APPLICATION TO PARTS C AND D.—The
23 reductions otherwise required under parts C and D
24 of title XVIII of the Social Security Act with respect
25 to a fiscal year shall be applied to the calendar year



1 that begins after the end of the fiscal year to which
2 the applicable sequestration order applies.

3 “(j) FEDERAL PAY.—

4 “(1) IN GENERAL.—For purposes of any order
5 issued under section 254, new budget authority to
6 pay Federal personnel shall be reduced by the appli-
7 cable uniform percentage, but no sequestration order
8 may reduce or have the effect of reducing the rate
9 of pay to which any individual is entitled under any
10 statutory pay system (as increased by any amount
11 payable under section 5304 of title 5, United States
12 Code, or section 302 of the Federal Employees Pay
13 Comparability Act of 1990) or the rate of any ele-
14 ment of military pay to which any individual is enti-
15 tled under title 37, United States Code, or any in-
16 crease in rates of pay which is scheduled to take ef-
17 fect under section 5303 of title 5, United States
18 Code, section 1009 of title 37, United States Code,
19 or any other provision of law.

20 “(2) DEFINITIONS.—For purposes of this sub-
21 section:

22 “(A) The term ‘statutory pay system’ shall
23 have the meaning given that term in section
24 5302(1) of title 5, United States Code.



1 “(B) The term ‘elements of military pay’
2 means—

3 “(i) the elements of compensation of
4 members of the uniformed services speci-
5 fied in section 1009 of title 37, United
6 States Code,

7 “(ii) allowances provided members of
8 the uniformed services under sections 403a
9 and 405 of such title, and

10 “(iii) cadet pay and midshipman pay
11 under section 203(c) of such title.

12 “(C) The term ‘uniformed services’ shall
13 have the meaning given that term in section
14 101(3) of title 37, United States Code.

15 “(k) CHILD SUPPORT ENFORCEMENT PROGRAM.—
16 Any sequestration order shall accomplish the full amount
17 of any required reduction in expenditures under sections
18 455 and 458 of the Social Security Act by reducing the
19 Federal matching rate for State administrative costs
20 under such program, as specified (for the fiscal year in-
21 volved) in section 455(a) of such Act, to the extent nec-
22 essary to reduce such expenditures by that amount.

23 “(l) EXTENDED UNEMPLOYMENT COMPENSATION.—
24 (1) A State may reduce each weekly benefit payment made
25 under the Federal-State Extended Unemployment Com-



1 pension Act of 1970 for any week of unemployment oc-
2 ccurring during any period with respect to which payments
3 are reduced under an order issued under this title by a
4 percentage not to exceed the percentage by which the Fed-
5 eral payment to the State under section 204 of such Act
6 is to be reduced for such week as a result of such order.

7 “(2) A reduction by a State in accordance with sub-
8 paragraph (A) shall not be considered as a failure to fulfill
9 the requirements of section 3304(a)(11) of the Internal
10 Revenue Code of 1954.

11 “(m) COMMODITY CREDIT CORPORATION.—

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

20 “(2) REDUCTION IN PAYMENTS MADE UNDER
21 CONTRACTS.—(A) Payments and loan eligibility
22 under any contract entered into with a person by the
23 Commodity Credit Corporation prior to the time any
24 sequestration order has been issued shall not be re-
25 duced by an order subsequently issued. Subject to



1 subparagraph (B), after any sequestration order is
2 issued for a fiscal year, any cash payments made by
3 the Commodity Credit Corporation—

4 “(i) under the terms of any one-year con-
5 tract entered into in or after such fiscal year
6 and after the issuance of the order; and

7 “(ii) out of an entitlement account,
8 to any person (including any producer, lender, or
9 guarantee entity) shall be subject to reduction under
10 the order.

11 “(B) Each contract entered into with producers
12 or producer cooperatives with respect to a particular
13 crop of a commodity and subject to reduction under
14 subparagraph (A) shall be reduced in accordance
15 with the same terms and conditions. If some, but
16 not all, contracts applicable to a crop of a com-
17 modity have been entered into prior to the issuance
18 of any sequestration order, the order shall provide
19 that the necessary reduction in payments under con-
20 tracts applicable to the commodity be uniformly ap-
21 plied to all contracts for succeeding crops of the
22 commodity, under the authority provided in para-
23 graph (3).

24 “(3) DELAYED REDUCTION IN OUTLAYS PER-
25 MISSIBLE.—Notwithstanding any other provision of



1 this title, if any sequestration order is issued with
2 respect to a fiscal year, any reduction under the
3 order applicable to contracts described in paragraph
4 (2) may provide for reductions in outlays for the ac-
5 count involved to occur in the fiscal years following
6 the fiscal year to which the order applies.

7 “(4) UNIFORM PERCENTAGE RATE OF REDUC-
8 TION AND OTHER LIMITATIONS.—All reductions de-
9 scribed in paragraph (2) that are required to be
10 made in connection with any sequestration order
11 with respect to a fiscal year—

12 “(A) shall be made so as to ensure that
13 outlays for each program, project, activity, or
14 account involved are reduced by a percentage
15 rate that is uniform for all such programs,
16 projects, activities, and accounts, and may not
17 be made so as to achieve a percentage rate of
18 reduction in any such item exceeding the rate
19 specified in the order; and

20 “(B) with respect to commodity price sup-
21 port and income protection programs, shall be
22 made in such manner and under such proce-
23 dures as will attempt to ensure that—



1 “(i) uncertainty as to the scope of
2 benefits under any such program is mini-
3 mized;

4 “(ii) any instability in market prices
5 for agricultural commodities resulting from
6 the reduction is minimized; and

7 “(iii) normal production and mar-
8 keting relationships among agricultural
9 commodities (including both contract and
10 non-contract commodities) are not dis-
11 torted.

12 In meeting the criterion set out in clause (iii)
13 of subparagraph (B) of the preceding sentence,
14 the President shall take into consideration that
15 reductions under an order may apply to pro-
16 grams for two or more agricultural commodities
17 that use the same type of production or mar-
18 keting resources or that are alternative com-
19 modities among which a producer could choose
20 in making annual production decisions.

21 “(5) CERTAIN AUTHORITY NOT TO BE LIM-
22 ITED.—Nothing in this title shall limit or reduce in
23 any way any appropriation that provides the Com-
24 modity Credit Corporation with funds to cover the
25 Corporation’s net realized losses.



1 “(n) POSTAL SERVICE FUND.—Notwithstanding any
2 other provision of law, any sequestration of the Postal
3 Service Fund shall be accomplished by a payment from
4 that Fund to the General Fund of the Treasury, and the
5 Postmaster General of the United States shall make the
6 full amount of that payment during the fiscal year to
7 which the presidential sequestration order applies.

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

10 “(1) Budgetary resources sequestered from any
11 account other than an entitlement trust, special, or
12 revolving fund account shall revert to the Treasury
13 and be permanently canceled.

14 “(2) Except as otherwise provided, the same
15 percentage sequestration shall apply to all programs,
16 projects, and activities within a budget account (with
17 programs, projects, and activities as delineated in
18 the appropriation Act or accompanying report for
19 the relevant fiscal year covering that account, or for
20 accounts not included in appropriation Acts, as de-
21 lined in the most recently submitted President’s
22 budget).

23 “(3) Administrative regulations or similar ac-
24 tions implementing a sequestration shall be made
25 within 120 days of the sequestration order. To the



1 extent that formula allocations differ at different
 2 levels of budgetary resources within an account, pro-
 3 gram, project, or activity, the sequestration shall be
 4 interpreted as producing a lower total appropriation,
 5 with that lower appropriation being obligated as
 6 though it had been the pre-sequestration appropria-
 7 tion and no sequestration had occurred.

8 “(4) Except as otherwise provided, obligations
 9 in sequestered direct spending accounts shall be re-
 10 duced in the fiscal year in which a sequestration oc-
 11 curs and in all succeeding fiscal years.

12 “(5) If an automatic spending increase is se-
 13 questered, the increase (in the applicable index) that
 14 was disregarded as a result of that sequestration
 15 shall not be taken into account in any subsequent
 16 fiscal year.

17 “(6) Except as otherwise provided, sequestra-
 18 tion in accounts for which obligations are indefinite
 19 shall be taken in a manner to ensure that obliga-
 20 tions in the fiscal year of a sequestration and suc-
 21 ceeding fiscal years are reduced, from the level that
 22 would actually have occurred, by the applicable se-
 23 questration percentage.”.

24 (b) CONFORMING AMENDMENT.—The table of con-
 25 tents set forth in 250(c) of the Balanced Budget and



1 Emergency Deficit Control Act of 1985 is amended by
2 amending the item relating to section 256 to read as fol-
3 lows:

“Sec. 256. Exceptions, limitations, and special rules.”.

4 **SEC. 204. POINT OF ORDER.**

5 (a) ENTITLEMENT POINT OF ORDER.—Section 312
6 of the Congressional Budget Act of 1974 is amended by
7 adding at the end the following new subsection:

8 “(g) ENTITLEMENT POINT OF ORDER.—It shall not
9 be in order in the House of Representatives or the Senate
10 to consider any bill, joint resolution, amendment, or con-
11 ference report that—

12 “(1) increases aggregate level of direct spending
13 for any ensuing fiscal year or

14 “(2) includes any provision that has the effect
15 of modifying the application of section 252A of the
16 Balanced Budget and Emergency Deficit Control
17 Act of 1985 to any entitlement program subject to
18 sequestration or exempt from sequestration under
19 such Act.”.

20 **SEC. 205. TECHNICAL AND CONFORMING AMENDMENTS.**

21 The Balanced Budget and Emergency Deficit Control
22 Act of 1985 is amended as follows:

23 (1) Section 251(a)(1) is amended by inserting
24 “, section 252A,” after “section 252”.



1 (2) Section 254(c)(4)(B) is amended by insert-
2 ing "or section 252A" after "section 252".

3 (3) Section 254(c) is amended by redesignating
4 paragraph (5) as paragraph (6) and by inserting
5 after paragraph (4) the following new paragraph:

6 “(5) DIRECT SPENDING CONTROL SEQUESTRA-
7 TION REPORTS.—The preview reports shall set forth,
8 for the current year and the budget year, estimates
9 for each of the following:

10 “(A) The total level of direct spending for
11 all programs, projects, and activities (excluding
12 social security).

13 “(B) The sequestration percentage or (if
14 the required sequestration percentage is greater
15 than the maximum allowable percentage for
16 medicare) percentages necessary to comply with
17 section 252A.”.

18 (4) Section 254(f) is amended by redesignating
19 paragraphs (4) and (5) as paragraphs (5) and (6)
20 and by inserting after paragraph (3) the following
21 new paragraph:

22 “(4) DIRECT SPENDING CONTROL SEQUESTRA-
23 TION REPORTS.—The final reports shall contain all
24 the information required in the direct spending con-
25 trol sequestration preview reports. In addition, these



1 reports shall contain, for the budget year, for each
 2 account to be sequestered, estimates of the baseline
 3 level of sequesterable budgetary resources and re-
 4 sulting outlays and the amount of budgetary re-
 5 sources to be sequestered and resulting outlay reduc-
 6 tions. The reports shall also contain estimates of the
 7 effects on outlays of the sequestration in each out-
 8 year for direct spending programs.”.

9 (5) Section 258C(a)(1) is amended by inserting
 10 “, 252A,” after “section 252”.

11 **SEC. 206. ESTABLISHMENT OF FAMILY BUDGET PROTEC-**
 12 **TION MANDATORY ACCOUNT.**

13 (a) BUDGET PROTECTION MANDATORY ACCOUNT.—
 14 Title III of the Congressional Budget Act of 1974 (as
 15 amended by section 521) is further amended by adding
 16 at the end the following new sections:

17 “BUDGET PROTECTION MANDATORY ACCOUNT

18 “SEC. 320. (a) ESTABLISHMENT OF ACCOUNT.—The
 19 chairman of the Committee on the Budget of the House
 20 of Representatives and of the Senate shall each maintain
 21 an account to be known as the ‘Budget Protection Manda-
 22 tory Account’. The Account shall be divided into entries
 23 corresponding to the House or Senate committees, as ap-
 24 plicable, that received allocations under section 302(a) in
 25 the most recently adopted concurrent resolution on the
 26 budget, except that it shall not include the Committee on



1 Appropriations of that House and each entry shall consist
2 of the 'First Year Budget Protection Balance' and the
3 'Five Year Budget Protection Balance'.

4 “(b) COMPONENTS.—Each entry shall consist only of
5 amounts credited to it under subsection (c). No entry of
6 a negative amount shall be made.

7 “(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1)
8 Whenever a Member or Senator, as the case may be, offers
9 an amendment to a bill that reduces the amount of man-
10 datory budget authority provided either under current law
11 or proposed to be provided by the bill under consideration,
12 that Member or Senator may state the portion of such
13 reduction achieved in the first year covered by the most
14 recently adopted concurrent resolution on the budget and
15 in addition the portion of such reduction achieved in the
16 first five years covered by the most recently adopted con-
17 current resolution on the budget that shall be—

18 “(A) credited to the First Year Budget Protec-
19 tion Balance and the Five Year Budget Protection
20 Balance in the House or Senate, as applicable;

21 “(B) used to offset an increase in other new
22 budget authority;

23 “(C) allowed to remain within the applicable
24 section 302(a) allocation; or

25 “(D) used to offset a decrease in receipts.



1 If no such statement is made, the amount of reduction
2 in new budget authority resulting from the amendment
3 shall be credited to the First Year Budget Protection Bal-
4 ance and the Five Year Budget Protection Balance, as ap-
5 plicable, if the amendment is agreed to.

6 “(2) Except as provided by paragraph (3), the chair-
7 man of the Committee on the Budget of the House or Sen-
8 ate, as applicable, shall, upon the engrossment of any bill,
9 other than an appropriation bill, by the House or Senate,
10 as applicable, credit to the applicable entry balances
11 amounts of new budget authority and outlays equal to the
12 net amounts of reductions in budget authority and in out-
13 lays resulting from amendments agreed to by that House
14 to that bill.

15 “(3) When computing the net amounts of reductions
16 in budget authority and in outlays resulting from amend-
17 ments agreed to by the House or Senate, as applicable,
18 to a bill, the chairman of the Committee on the Budget
19 of that House shall only count those portions of such
20 amendments agreed to that were so designated by the
21 Members or Senators offering such amendments as
22 amounts to be credited to the First Year Budget Protec-
23 tion Balance and the Five Year Budget Protection Bal-
24 ance, or that fall within the last sentence of paragraph
25 (1).



1 “(4) The chairman of the Committee on the Budget
2 of the House and of the Senate shall each maintain a run-
3 ning tally of the amendments adopted reflecting increases
4 and decreases of budget authority in the bill as reported
5 to its House. This tally shall be available to Members or
6 Senators during consideration of any bill by that House.

7 “(d) CALCULATION OF LOCK-BOX SAVINGS IN
8 HOUSE AND SENATE.—For the purposes of enforcing sec-
9 tion 302(a), upon the engrossment of any bill, other than
10 an appropriation bill, by the House or Senate, as applica-
11 ble, the amount of budget authority and outlays calculated
12 pursuant to subsection (c) (3) shall be counted against the
13 302(a) allocation provided to the applicable committee or
14 committees of that House which reported the bill as if the
15 amount calculated pursuant to subsection (c) (3) was in-
16 cluded in the bill just engrossed.

17 “(e) DEFINITION.—As used in this section, the term
18 ‘appropriation bill’ means any general or special appro-
19 priation bill, and any bill or joint resolution making sup-
20 plemental, deficiency, or continuing appropriations
21 through the end of fiscal year 2005 or any subsequent fis-
22 cal year, as the case may be.”.



1 **Subtitle B—Discretionary**
2 **Spending Limits**

3 **SEC. 211. ENFORCING DISCRETIONARY SPENDING LIMITS.**

4 (a) DISCRETIONARY SPENDING LIMITS.—Sections
5 251(b) and (c) of the Balanced Budget and Emergency
6 Deficit Control of Act of 1985 are amended to read as
7 follows:

8 “(b) DISCRETIONARY SPENDING LIMIT.—As used in
9 this part, the term ‘discretionary spending limit’ means—

10 “(1) with respect to fiscal year 2005—

11 “(A) \$864,261,000,000 in new budget au-
12 thority of which no more than
13 \$400,625,000,000 shall be for the nondefense
14 category; and

15 “(B) \$850,495,800,000 in outlays of which
16 no more than \$433,158,400,000 shall be for the
17 nondefense category;

18 “(2) with respect to fiscal year 2006—

19 “(A) \$838,669,000,000 in new budget au-
20 thority of which no more than
21 \$409,038,100,000 shall be for the nondefense
22 category; and

23 “(B) \$872,471,400,000 in outlays of which
24 no more than \$448,440,900,000 shall be for the
25 nondefense category;



1 “(3) with respect to fiscal year 2007—

2 “(A) \$856,281,000,000 in new budget au-
3 thority of which no more than
4 \$417,627,900,000 shall be for the nondefense
5 category; and

6 “(B) \$886,373,800,000 in outlays of which
7 no more than \$458,828,900,000 shall be for the
8 nondefense category;

9 “(4) with respect to fiscal year 2008—

10 “(A) \$874,263,000,000 in new budget au-
11 thority of which no more than
12 \$426,398,100,000 shall be for the nondefense
13 category; and

14 “(B) \$907,923,200,000 in outlays of which
15 no more than \$466,518,700,000 shall be for the
16 nondefense category;

17 “(5) with respect to fiscal year 2009—

18 “(A) \$892,622,000,000 in new budget au-
19 thority of which no more than
20 \$435,352,500,000 shall be for the nondefense
21 category; and

22 “(B) \$922,436,600,000 in outlays of which
23 no more than \$472,403,700,000 shall be for the
24 nondefense category;

25 “(6) with respect to fiscal year 2010—



1 “(A) \$911,367,000,000 in new budget au-
2 thority of which no more than
3 \$444,494,900,000 shall be for the nondefense
4 category; and

5 “(B) \$942,949,400,000 in outlays of which
6 no more than \$483,388,200,000 shall be for the
7 nondefense category;

8 “(7) with respect to fiscal year 2011—

9 “(A) \$930,506,000,000 in new budget au-
10 thority of which no more than
11 \$453,829,300,000 shall be for the nondefense
12 category; and

13 “(B) \$966,467,600,000 in outlays of which
14 no more than \$492,649,700,000 shall be for the
15 nondefense category;

16 “(8) with respect to fiscal year 2012—

17 “(A) \$950,047,000,000 in new budget au-
18 thority of which no more than
19 \$463,359,700,000 shall be for the nondefense
20 category; and

21 “(B) \$977,831,100,000 in outlays of which
22 no more than \$502,049,800,000 shall be for the
23 nondefense category;

24 “(9) with respect to fiscal year 2013—



1 “(A) \$969,998,000,000 in new budget au-
 2 thority of which no more than
 3 \$473,090,200,000 shall be for the nondefense
 4 category; and

5 “(B) \$1,001,230,000,000 in outlays of
 6 which no more than \$511,597,600,000 shall be
 7 for the nondefense category;

8 “(10) with respect to fiscal year 2014—

9 “(A) \$990,368,000,000 in new budget au-
 10 thority of which no more than
 11 \$483,025,100,000 shall be for the nondefense
 12 category; and

13 “(B) \$1,020,567,000,000 in outlays of
 14 which no more than \$521,375,000,000 shall be
 15 for the nondefense category;”.

16 (b) DISCRETIONARY SPENDING LIMIT POINT OF
 17 ORDER.—Section 312 of the Congressional Budget Act of
 18 1974 (as amended by section 214(a)) is further amended
 19 by adding at the end the following new subsection:

20 “(h) DISCRETIONARY SPENDING LIMIT POINT OF
 21 ORDER.—It shall not be in order in the House of Rep-
 22 resentatives or the Senate to consider any bill, joint resolu-
 23 tion, amendment, or conference report that—

24 “(1) increases the discretionary spending limits
 25 for any ensuing fiscal year after the budget year; or



1 “(2) would cause the discretionary spending
2 limits for the budget year to be breached.”.

3 (c) ADVANCE APPROPRIATION POINT OF ORDER.—
4 Section 312 of the Congressional Budget Act of 1974 (as
5 amended by this section) is further amended by adding
6 at the end the following new subsection:

7 “(i) ADVANCE APPROPRIATION POINT OF ORDER.—
8 It shall not be in order in the House of Representatives
9 or the Senate to consider any appropriation bill or joint
10 resolution, or amendment thereto or conference report
11 thereon, that provides advance discretionary new budget
12 authority that first becomes available for any fiscal year
13 after the budget year at an amount for any program,
14 project, or activity above the amount of appropriations for
15 fiscal year 2004 for such program, project, or activity.”.

16 **SEC. 212. ESTABLISHMENT OF FAMILY BUDGET PROTEC-**
17 **TION DISCRETIONARY ACCOUNT.**

18 (a) BUDGET PROTECTION MANDATORY ACCOUNT.—
19 Title III of the Congressional Budget Act of 1974 is
20 amended by adding at the end the following new section:

21 “BUDGET PROTECTION MANDATORY ACCOUNT

22 “SEC. 321. (a) ESTABLISHMENT OF ACCOUNT.—The
23 chairman of the Committee on the Budget of the House
24 of Representatives and of the Senate shall each maintain
25 an account to be known as the ‘Budget Protection Manda-
26 tory Account’. The Account shall be divided into entries



1 corresponding to the House or Senate committees, as ap-
2 plicable, that received allocations under section 302(a) in
3 the most recently adopted concurrent resolution on the
4 budget, except that it shall not include the Committee on
5 Appropriations of that House and each entry shall consist
6 of the 'First Year Budget Protection Balance' and the
7 'Five Year Budget Protection Balance'.

8 “(b) COMPONENTS.—Each entry shall consist only of
9 amounts credited to it under subsection (c). No entry of
10 a negative amount shall be made.

11 “(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1)
12 Whenever a Member or Senator, as the case may be, offers
13 an amendment to a bill that reduces the amount of man-
14 datory budget authority provided either under current law
15 or proposed to be provided by the bill under consideration,
16 that Member or Senator may state the portion of such
17 reduction achieved in the first year covered by the most
18 recently adopted concurrent resolution on the budget and
19 in addition the portion of such reduction achieved in the
20 first five years covered by the most recently adopted con-
21 current resolution on the budget that shall be—

22 “(A) credited to the First Year Budget Protec-
23 tion Balance and the Five Year Budget Protection
24 Balance in the House or Senate, as applicable;



1 “(B) used to offset an increase in other new
2 budget authority;

3 “(C) allowed to remain within the applicable
4 section 302(a) allocation; or

5 “(D) used to offset a decrease in receipts.

6 If no such statement is made, the amount of reduction
7 in new budget authority resulting from the amendment
8 shall be credited to the First Year Budget Protection Bal-
9 ance and the Five Year Budget Protection Balance, as ap-
10 plicable, if the amendment is agreed to.

11 “(2) Except as provided by paragraph (3), the chair-
12 man of the Committee on the Budget of the House or Sen-
13 ate, as applicable, shall, upon the engrossment of any bill,
14 other than an appropriation bill, by the House or Senate,
15 as applicable, credit to the applicable entry balances
16 amounts of new budget authority and outlays equal to the
17 net amounts of reductions in budget authority and in out-
18 lays resulting from amendments agreed to by that House
19 to that bill.

20 “(3) When computing the net amounts of reductions
21 in budget authority and in outlays resulting from amend-
22 ments agreed to by the House or Senate, as applicable,
23 to a bill, the chairman of the Committee on the Budget
24 of that House shall only count those portions of such
25 amendments agreed to that were so designated by the



1 Members or Senators offering such amendments as
2 amounts to be credited to the First Year Budget Protec-
3 tion Balance and the Five Year Budget Protection Bal-
4 ance, or that fall within the last sentence of paragraph
5 (1).

6 “(4) The chairman of the Committee on the Budget
7 of the House and of the Senate shall each maintain a run-
8 ning tally of the amendments adopted reflecting increases
9 and decreases of budget authority in the bill as reported
10 to its House. This tally shall be available to Members or
11 Senators during consideration of any bill by that House.

12 “(d) CALCULATION OF LOCK-BOX SAVINGS IN
13 HOUSE AND SENATE.—For the purposes of enforcing sec-
14 tion 302(a), upon the engrossment of any bill, other than
15 an appropriation bill, by the House or Senate, as applica-
16 ble, the amount of budget authority and outlays calculated
17 pursuant to subsection (c)(3) shall be counted against the
18 302(a) allocation provided to the applicable committee or
19 committees of that House which reported the bill as if the
20 amount calculated pursuant to subsection (c)(3) was in-
21 cluded in the bill just engrossed.

22 “(e) DEFINITION.—As used in this section, the term
23 ‘appropriation bill’ means any general or special appro-
24 priation bill, and any bill or joint resolution making sup-
25 plemental, deficiency, or continuing appropriations



1 through the end of fiscal year 2005 or any subsequent fis-
2 cal year, as the case may be.”.

3 (b) CONFORMING AMENDMENT.—The table of con-
4 tents set forth in section 1(b) of the Congressional Budget
5 and Impoundment Control Act of 1974 is amended by in-
6 serting after the item relating to section 319 the following
7 new items:

“Sec. 320. Family budget protection mandatory account.

“Sec. 321. Family budget protection discretionary account.”.

8 **SEC. 213. REVENUE ADJUSTMENT.**

9 If an amendment is designated to be used to offset
10 a decrease in receipts for a fiscal year pursuant to section
11 320(c)(1)(D) or section 321(c)(1)(D) of the Congressional
12 Budget Act of 1974, then the applicable level of revenues
13 for such fiscal year for purposes of section 311(a) of such
14 Act shall be reduced by the amount of such amendment.

15 **Subtitle C—Long-term Unfunded**
16 **Obligations**

17 **SEC. 221. LONG-TERM UNFUNDED OBLIGATIONS.**

18 (a) IN GENERAL.—Title IV of the Congressional
19 Budget Act of 1974 is amended by adding at the end the
20 following:



1 **PART C—LONG-TERM UNFUNDED OBLIGATIONS**

2 **“SEC. 441. ANALYSIS OF LONG-TERM UNFUNDED OBLIGA-**
3 **TIONS.**

4 “Beginning in fiscal year 2006, the President’s budg-
5 et shall include an analysis of long-term unfunded obliga-
6 tions. This analysis shall include:

7 “(1) An analysis of the impact of long-term un-
8 funded obligations in applicable entitlement pro-
9 grams on the long-term level of unified budget out-
10 lays and the unified budget surplus or deficit, in re-
11 lation to the projected level of the Gross Domestic
12 Product.

13 “(2) A report on the impact of legislation en-
14 acted during the previous session of Congress that
15 increases the long-term unfunded obligation in any
16 applicable group of entitlement program.

17 “(3) An analysis of the impact of legislation
18 proposed in the President’s budget on the long-term
19 unfunded obligation in any applicable entitlement
20 program.

21 **“SEC. 442. POINT OF ORDER AGAINST LEGISLATION IN-**
22 **CREASING LONG-TERM UNFUNDED OBLIGA-**
23 **TIONS.**

24 “It shall not be in order in the House of Representa-
25 tives or in the Senate to consider any bill, joint resolution,
26 motion, amendment, or conference report that would in-



1 crease the long-term unfunded obligation in any applicable
2 group of entitlement programs.

3 **“SEC. 443. STANDARD FOR DETERMINING INCREASE IN**
4 **LONG-TERM UNFUNDED OBLIGATION.**

5 “For the purpose of this part, legislation shall be con-
6 sidered to increase the long-term unfunded obligation of
7 an applicable group of entitlement programs if it either—

8 “(1) increases the excess of the discounted
9 present value of the expenditures of programs in the
10 group above the discounted present value of the
11 dedicated receipts of programs in the group over a
12 long-term estimating period by more than an appli-
13 cable threshold; or

14 “(2) increases the dollar level of the expendi-
15 tures of programs in the group above the dedicated
16 receipts of programs in the group above the dedi-
17 cated receipts of programs in the group in the last
18 year of the estimating period by more than the ap-
19 plicable threshold.

20 **“SEC. 444. LONG-TERM UNFUNDED OBLIGATION ANALYSES**
21 **BY CONGRESSIONAL BUDGET OFFICE.**

22 The Director of the Congressional Budget Office
23 shall, to the extent practicable, prepare for each bill or
24 resolution of a public character reported by any committee
25 of the House of Representatives or the Senate (except the



1 Committee on Appropriations of each House), and submit
2 to such committee—

3 “(1) an estimate of any increase of the long-
4 term unfunded obligation of any applicable entitle-
5 ment program which would be incurred in carrying
6 out such bill or resolution as measured by the in-
7 crease of the excess of the discounted present value
8 of the expenditures of such program above the dis-
9 counted present value of the dedicated receipts of
10 such program over a long-term estimating period by
11 more than an applicable threshold; and

12 “(2) an estimate of any increase in the dollar
13 level of the expenditures of such program above the
14 dedicated receipts of such program above the dedi-
15 cated receipts of such program in the last year of
16 the estimating period by more than the applicable
17 threshold.

18 The estimates and description so submitted shall be in-
19 cluded in the report accompanying such bill or resolution
20 if timely submitted to such committee before such report
21 is filed.

22 **“SEC. 445. DEFINITIONS.**

23 “As used in this part—



1 “(1) the term ‘applicable entitlement program’
2 shall be defined as any one of the following pro-
3 grams:

4 “(A) Old Age, Survivors, and Disability In-
5 surance.

6 “(B) Medicare (combined hospital insur-
7 ance and supplemental medical insurance).

8 “(C) Civilian retirement and disability
9 (combined Civil Service Retirement System and
10 Federal Employees Retirement System).

11 “(D) Foreign Service Retirement and Dis-
12 ability (combined Foreign Service Retirement
13 and Disability System and Foreign Service Pen-
14 sion System).

15 “(E) Retired Employees Health Benefits.

16 “(F) Military Retirement System.

17 “(G) Uniformed Services Retiree Health
18 Care System.

19 “(H) Railroad Retirement System (com-
20 bined Rail Industry Pension Fund, Social Secu-
21 rity Equivalent Benefit Account, and National
22 Railroad Retirement Investment Trust).

23 “(I) Supplemental Security Income (SSI).

24 “(J) For estimates made on or after Janu-
25 ary 1, 2006, veterans disability compensation.



1 “(K) Any other entitlement program with
2 regularly available long-term estimates.

3 “(2) The term ‘entitlement program with regu-
4 larly available long-term estimates’ means a program
5 for which the Director of the Congressional Budget
6 Office, in consultation with the Committees on the
7 Budget of the House of Representatives and the
8 Senate and the Director of the Office of Manage-
9 ment and Budget, has determined that it is feasible
10 to make long-term estimates of expenditures and
11 dedicated receipts based on explicit demographic,
12 economic, and other estimating assumptions. The
13 Director shall notify the House and Senate Commit-
14 tees on the Budget in writing, whenever he or she
15 makes such a determination.

16 “(3) The term ‘applicable group of entitlement
17 programs’ shall be defined as any of the following:

18 “(A) Old Age, Survivors, and Disability In-
19 surance.

20 “(B) All applicable entitlement programs
21 except Old Age, Survivors, and Disability Insur-
22 ance.

23 “(4) The term ‘long-term estimating period’
24 shall be defined as 75 years, starting with the cur-
25 rent year, for all applicable entitlement programs ex-



1 cept for Old Age, Survivors, and Disability Insur-
2 ance. For Old Age, Survivors, and Disability Insur-
3 ance, the term shall be defined as the infinite period
4 of years utilized in the most recent annual report of
5 the Board of Trustees provided pursuant to section
6 201(c)(2) of the Social Security Act.

7 “(5) The term ‘last year of the estimating pe-
8 riod’ shall be defined as the 75th year of the long-
9 term estimating period.

10 “(6) The term ‘dedicated receipts’ shall be de-
11 fined, for all applicable entitlement programs other
12 than Medicare, as taxes and fees received from the
13 public, payments received from Federal agencies on
14 behalf of Federal agency employees who are partici-
15 pants in the program, transfers received by the pro-
16 gram under section 7(c)(2) of the Railroad Retire-
17 ment Act of 1974 (45 U.S.C. 231f(c)(2)), and trans-
18 fers from the general fund of amounts equivalent to
19 income tax receipts under section 86 of the Internal
20 Revenue Code. Dedicated receipts shall not include
21 payments from the general fund to amortize a pro-
22 gram’s unfunded liability or payments of interest on
23 a program’s trust fund holdings. For Medicare,
24 ‘dedicated receipts’ shall be defined according to sec-



1 tion 801(c)(3) of the Medicare Prescription Drug,
2 Improvement, and Modernization Act of 2003.

3 “(7) The term ‘expenditures’ shall be defined,
4 for all applicable entitlement programs other than
5 Medicare, to include benefit payments, administra-
6 tive expenses to the extent paid from a dedicated
7 fund, and transfers to other programs made under
8 section 7(c)(2) of the Railroad Retirement Act of
9 1974 (45 U.S.C. 231f(c)(2)). For Medicare, ‘expend-
10 itures’ shall be defined according to section
11 801(c)(4) of the Medicare prescription Drug, Im-
12 provement, and Modernization Act of 2003.

13 “(8) The term ‘applicable threshold’ shall be
14 defined as:

15 “(A) For a group of applicable entitlement
16 programs over a long-term estimating period—

17 “(i) 0.02 percent of the present value
18 of the taxable payroll of the group of pro-
19 grams over the estimating period, for legis-
20 lation affecting Old Age, Survivors, and
21 Disability Insurance or Medicare; and

22 “(ii) 1 percent of the present value of
23 the expenditures over the estimating period
24 of the programs in the group that are af-
25 fected by the legislation.



1 “(B) For a group of applicable entitlement
2 programs in the last year of the estimating
3 period—

4 “(i) 0.02 percent of the taxable pay-
5 roll of the group of programs in that year,
6 for legislation affecting Old Age, Survivors,
7 and Disability Insurance or Medicare;

8 “(ii) 0.01 percent of Gross Domestic
9 Product in that year; or

10 “(iii) 1 percent of the expenditures in
11 that year of the programs in the group
12 that are affected by the legislation.”.

13 (b) CONFORMING AMENDMENT.—The table of con-
14 tents set forth in section 1 (b) of the Congressional Budget
15 and Impoundment Control Act of 1974 is amended by
16 adding after the item relating to section 428 the following:

‘PART C—LONG-TERM UNFUNDED OBLIGATIONS

“Sec. 441. Analysis of long-term unfunded obligations.

“Sec. 442. Point of order against legislation increasing long-term unfunded obli-
gations.

“Sec. 443. Standard for determining increase in long-term unfunded obligation.

“Sec. 444. Long-term unfunded obligation analyses by congressional budget of-
fice.

“Sec. 445. Definitions.

17 **SEC. 222. POINTS OF ORDER.**

18 Section 904 of the Congressional Budget Act of 1974
19 is amended as follows:



1 (1) Subsection (c)(1) is amended by adding
2 "442," after "310(d)(2), 313,".

3 (2) Subsection (d)(2) is amended by adding
4 "442," after "310(d)(2), 313,".

5 **SEC. 223. SOCIAL SECURITY.**

6 Section 13302(a) of subtitle C of the Budget En-
7 forcement Act of 1990 is amended to read as follows:

8 "(a) IN GENERAL.—It shall be not be in order in the
9 House of Representatives to consider any bill, or joint res-
10 olution, as reported, or any amendment thereto or con-
11 ference report thereon, if, upon enactment, such legisla-
12 tion under consideration would increase the long-term un-
13 funded obligation of the OASDI program, as defined in
14 section 443 of the Congressional Budget Act of 1974.".

15 **TITLE III—COMBATING WASTE,**
16 **FRAUD, AND ABUSE.**
17 **Subtitle A—Sunsetting**

18 **SEC. 301. REAUTHORIZATION OF DISCRETIONARY PRO-**
19 **GRAMS AND UNEARNED ENTITLEMENTS.**

20 (a) FISCAL YEAR 2008.—Effective October 1, 2007,
21 spending authority for each unearned entitlement and
22 high-cost discretionary spending program is frozen at then
23 current levels unless such spending authority is reauthor-
24 ized after the date of enactment of this Act.



1 (b) FISCAL YEAR 2009.—Effective October 1, 2008,
2 spending authority for each discretionary spending pro-
3 gram (not including high-cost discretionary spending pro-
4 grams) is frozen at then current levels unless such spend-
5 ing authority is reauthorized after the date of enactment
6 of this Act.

7 (c) DEFINITIONS.—For purposes of this title—

8 (1) the term “unearned entitlement” means an
9 entitlement not earned by service or paid for in total
10 or in part by assessments or contributions such as
11 Social Security, veterans’ benefits, retirement pro-
12 grams, and medicare; and

13 (2) the term “high-cost discretionary program”
14 means the most expensive one-third of discretionary
15 program within each budget function account.

16 **SEC. 302. POINT OF ORDER.**

17 (a) IN GENERAL.—It shall not be in order in the
18 House of Representatives or the Senate to consider any
19 bill, joint resolution, amendment, or conference report that
20 includes any provision that appropriates funds above cur-
21 rent levels unless such appropriation has been previously
22 authorized by law.

23 (b) WAIVER OR SUSPENSION.—This section may be
24 waived or suspended in the House of Representatives or



1 the Senate only by the affirmative vote of two-thirds of
2 the Members, duly chosen and sworn.

3 **SEC. 303. DECENNIAL SUNSETTING.**

4 (a) FIRST DECENNIAL CENSUS YEAR.—Effective on
5 the first day of the fiscal year beginning in the first decen-
6 nial census year after the year 2010 and each 10 years
7 thereafter, the spending authority described in section
8 301(a) is terminated unless such spending authority is re-
9 authorized after the last date the spending authority was
10 required to be reauthorized under this title.

11 (b) FIRST DECENNIAL CENSUS YEAR.—Effective on
12 the first day of the fiscal year beginning in the year after
13 the first decennial census year after the year 2010 and
14 each 10 years thereafter, the spending authority described
15 in section 301(b) is terminated unless such spending au-
16 thority is reauthorized after the last date the spending au-
17 thority was required to be reauthorized under this title.

18 **Subtitle B—Enhanced Rescissions**
19 **of Budget Authority Identified**
20 **by the President as Wasteful**
21 **Spending**

22 **SEC. 311. ENHANCED CONSIDERATION OF CERTAIN PRO-**
23 **POSED RESCISSIONS.**

24 (a) IN GENERAL.—Part B of title X of the Congres-
25 sional Budget and Impoundment Control Act of 1974 (2



1 U.S.C. 681 et seq.) is amended by redesignating sections
2 1013 through 1017 as sections 1014 through 1018, re-
3 spectively, and by inserting after section 1012 the fol-
4 lowing new section:

5 “ENHANCED CONSIDERATION OF CERTAIN PROPOSED
6 RESCISSIONS

7 “SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET
8 AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The
9 President may propose, at the time and in the manner
10 provided in subsection (b), the rescission of any budget
11 authority provided in an appropriation Act that he identi-
12 fies as wasteful spending. If the President proposes a re-
13 scission of budget authority, he may also propose to reduce
14 the appropriate discretionary spending limits for new
15 budget authority and outlays flowing therefrom set forth
16 in section 251(b) of the Balanced Budget and Emergency
17 Deficit Control Act of 1985 by an amount that does not
18 exceed the amount of the proposed rescission. Funds made
19 available for obligation under this procedure may not be
20 proposed for rescission again under this section.

21 “(b) TRANSMITTAL OF SPECIAL MESSAGE.—

22 “(1) The President may transmit to Congress a
23 special message proposing to rescind amounts of
24 budget authority and include with that special mes-
25 sage a draft bill that, if enacted, would only rescind
26 that budget authority unless the President also pro-



1 poses a reduction in the appropriate discretionary
2 spending limits set forth in section 251(b) of the
3 Balanced Budget and Emergency Deficit Control
4 Act of 1985. That bill shall clearly identify the
5 amount of budget authority that is proposed to be
6 rescinded for each program, project, or activity to
7 which that budget authority relates.

8 “(2) In the case of an appropriation Act that
9 includes accounts within the jurisdiction of more
10 than one subcommittee of the Committee on Appro-
11 priations, the President in proposing to rescind
12 budget authority under this section shall send a sep-
13 arate special message and accompanying draft bill
14 for accounts within the jurisdiction of each sub-
15 committee.

16 “(3) Each special message shall specify, with
17 respect to the budget authority proposed to be re-
18 scinded, the following:

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

21 “(B) Any account, department, or estab-
22 lishment of the Government to which such
23 budget authority is available for obligation, and
24 the specific project or governmental functions
25 involved.



1 “(C) The reasons why the budget authority
 2 should be rescinded, including why he considers
 3 it to be wasteful spending.

4 “(D) To the maximum extent practicable,
 5 the estimated fiscal, economic, and budgetary
 6 effect (including the effect on outlays and re-
 7 ceipts in each fiscal year) of the proposed re-
 8 scission.

9 “(E) All facts, circumstances, and consid-
 10 erations relating to or bearing upon the pro-
 11 posed rescission and the decision to effect the
 12 proposed rescission, and to the maximum extent
 13 practicable, the estimated effect of the proposed
 14 rescission upon the objects, purposes, and pro-
 15 grams for which the budget authority is pro-
 16 vided.

17 “(F) A reduction in the appropriate discre-
 18 tionary spending limits set forth in section
 19 251(b) of the Balanced Budget and Emergency
 20 Deficit Control Act of 1985, if proposed by the
 21 President.

22 “(c) PROCEDURES FOR EXPEDITED CONSIDER-
 23 ATION.—

24 “(1)(A) Before the close of the second legisla-
 25 tive day of the House of Representatives after the



1 date of receipt of a special message transmitted to
2 Congress under subsection (b), the majority leader
3 or minority leader of the House of Representatives
4 shall introduce (by request) the draft bill accom-
5 panying that special message. If the bill is not intro-
6 duced as provided in the preceding sentence, then,
7 on the third legislative day of the House of Rep-
8 resentatives after the date of receipt of that special
9 message, any Member of that House may introduce
10 the bill.

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

21 “(C) A vote on final passage of the bill shall be
22 taken in the House of Representatives on or before
23 the close of the 10th legislative day of that House
24 after the date of the introduction of the bill in that
25 House. If the bill is passed, the Clerk of the House



1 of Representatives shall cause the bill to be en-
2 grossed, certified, and transmitted to the Senate
3 within one calendar day of the day on which the bill
4 is passed.

5 “(2) (A) A motion in the House of Representa-
6 tives to proceed to the consideration of a bill under
7 this section shall be highly privileged and not debat-
8 able. An amendment to the motion shall not be in
9 order, nor shall it be in order to move to reconsider
10 the vote by which the motion is agreed to or dis-
11 agreed to.

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

20 “(C) Appeals from decisions of the Chair relat-
21 ing to the application of the Rules of the House of
22 Representatives to the procedure relating to a bill
23 under this section shall be decided without debate.

24 “(D) Except to the extent specifically provided
25 in the preceding provisions of this subsection, con-



1 sideration of a bill under this section shall be gov-
2 erned by the Rules of the House of Representatives.
3 It shall not be in order in the House of Representa-
4 tives to consider any rescission bill introduced pursu-
5 ant to the provisions of this section under a suspen-
6 sion of the rules or under a special rule.

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

18 “(4)(A) A motion in the Senate to proceed to
19 the consideration of a bill under this section shall be
20 privileged and not debatable. An amendment to the
21 motion shall not be in order, nor shall it be in order
22 to move to reconsider the vote by which the motion
23 is agreed to or disagreed to.

24 “(B) Debate in the Senate on a bill under this
25 section, and all debatable motions and appeals in



1 connection therewith (including debate pursuant to
2 subparagraph (C)), shall not exceed 10 hours. The
3 time shall be equally divided between, and controlled
4 by, the majority leader and the minority leader or
5 their designees.

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

18 “(D) A motion in the Senate to further limit
19 debate on a bill under this section is not debatable.
20 A motion to recommit a bill under this section is not
21 in order.

22 “(d) AMENDMENT AND DIVISIONS PROHIBITED.—No
23 amendment to a bill considered under this section shall
24 be in order in either the House of Representatives or the
25 Senate. It shall not be in order to demand a division of



1 the question in the House of Representatives (or in a Com-
2 mittee of the Whole) or in the Senate. No motion to sus-
3 pend the application of this subsection shall be in order
4 in either House, nor shall it be in order in either House
5 to suspend the application of this subsection by unanimous
6 consent.

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

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

14 “(1) The term ‘appropriation Act’ means any
15 general or special appropriation Act, and any Act or
16 joint resolution making supplemental, deficiency, or
17 continuing appropriations.

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

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



1 (b) EXERCISE OF RULEMAKING POWERS.—Section
2 904 of the Congressional Budget Act of 1974 (2 U.S.C.
3 621 note) is amended—

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

6 (2) in subsection (d), by striking “section
7 1017” and inserting “sections 1012 and 1017”.

8 (c) CONFORMING AMENDMENTS.—

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

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

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

17 (B) in subsection (e)(1), by striking “or a
18 reservation” and by striking “or each such res-
19 ervation”.

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



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

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

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

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

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

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

20 (F) in subsection (d)(2)—

21 (i) by striking the first sentence;

22 (ii) by amending the second sentence
23 to read as follows: “Debate on any debat-
24 able motion or appeal in connection with
25 an impoundment resolution shall be limited



1 to 1 hour, to be equally divided between,
2 and controlled by, the mover and the man-
3 ager of the resolution, except that in the
4 event that the manager of the resolution is
5 in favor of any such motion or appeal, the
6 time in opposition thereto shall be con-
7 trolled by the minority leader or his des-
8 ignee.”;

9 (iii) by striking the third sentence;
10 and

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

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

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

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

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



1 **Subtitle C—Commission to**
2 **Eliminate Waste, Fraud, and Abuse**

3 **SEC. 331. ESTABLISHMENT OF COMMISSION.**

4 (a) ESTABLISHMENT.—There is established the Com-
5 mission to Eliminate Waste, Fraud, and Abuse (hereafter
6 in this subtitle referred to as the “Commission”).

7 (b) MEMBERSHIP.—

8 (1) IN GENERAL.—The Commission shall con-
9 sist of 12 members, all of whom shall be appointed
10 by the President not later than 90 days after the
11 date of enactment of this Act.

12 (2) CHAIRPERSON AND VICE CHAIRPERSON.—
13 The President shall designate a chairperson and vice
14 chairperson from among the members of the Com-
15 mission.

16 (c) PERIOD OF APPOINTMENT; VACANCIES.—Mem-
17 bers shall be appointed for the life of the Commission. Any
18 vacancy in the Commission shall not affect its powers, but
19 shall be filled in the same manner as the original appoint-
20 ment.

21 (d) MEETINGS.—

22 (1) INITIAL MEETING.—Not later than 30 days
23 after the date on which all members of the Commis-
24 sion have been appointed, the Commission shall hold
25 its first meeting.



1 (2) SUBSEQUENT MEETINGS.—The Commission
2 shall meet at the call of the chairperson.

3 (e) QUORUM.—A majority of the members of the
4 Commission shall constitute a quorum, but a lesser num-
5 ber of members may hold hearings.

6 **SEC. 332. DUTIES OF THE COMMISSION.**

7 (a) DEFINITIONS.—In this section, the following defi-
8 nitions shall apply:

9 (1) AGENCY.—The term “agency” has the
10 meaning given the term “Executive agency” under
11 section 105 of title 5, United States Code.

12 (2) PROGRAM.—The term “program” means
13 any activity or function of an agency.

14 (b) IN GENERAL.—The Commission shall—

15 (1) evaluate all agencies and programs within
16 those agencies, using the criteria under subsection
17 (c); and

18 (2) submit to Congress—

19 (A) a plan with recommendations of the
20 agencies and programs that should be realigned
21 or eliminated; and

22 (B) proposed legislation to implement the
23 plan described under subparagraph (A).

24 (c) CRITERIA.—



1 (1) DUPLICATIVE.—If 2 or more agencies or
 2 programs are performing the same essential function
 3 and the function can be consolidated or streamlined
 4 into a single agency or program, the Commission
 5 shall recommend that the agency or program be re-
 6 aligned.

7 (2) WASTEFUL OR INEFFICIENT.—The Com-
 8 mission shall recommend the realignment or elimi-
 9 nation of any agency or program that has wasted
 10 Federal funds by—

- 11 (A) egregious spending;
- 12 (B) mismanagement of resources and per-
 13 sonnel; or
- 14 (C) use of such funds for personal benefit
 15 or the benefit of a special interest group.

16 (3) OUTDATED, IRRELEVANT, OR FAILED.—The
 17 Commission shall recommend the elimination of any
 18 agency or program that—

- 19 (A) has completed its intended purpose;
- 20 (B) has become irrelevant; or
- 21 (C) has failed to meet its objectives.

22 (d) SYSTEMATIC ASSESSMENT OF PROGRAMS.—

23 (1) IN GENERAL.—Not later than 1 year after
 24 the date of enactment of this Act, the President
 25 shall—



1 (A) establish a systematic method for as-
2 ssuming the effectiveness and accountability of
3 agency programs; and

4 (B) submit, to the Commission, assess-
5 ments of not less than 1/2 of all programs cov-
6 ered under subsection (b)(1) that use the meth-
7 od established under subparagraph (A).

8 (2) METHOD OBJECTIVES.—The method estab-
9 lished under paragraph (1) shall—

10 (A) recognize different types of federal
11 programs;

12 (B) assess programs based primarily on
13 the achievement of performance goals (as de-
14 fined under section 1115(f)(4) of title 31,
15 United States Code); and

16 (C) assess programs based in part on the
17 adequacy of the program's performance meas-
18 ures, financial management, and other factors
19 determined by the President.

20 (3) DEVELOPMENT.—The method established
21 under paragraph (1) shall not be implemented until
22 it has been reviewed and accepted by the Commis-
23 sion.

24 (4) CONSIDERATION OF ASSESSMENTS.—The
25 Commission shall consider assessments submitted



1 under this subsection when evaluating programs
2 under subsection (b)(1).

3 (e) COMMON PERFORMANCE MEASURES.—Not later
4 than 1 year after the date of enactment of this Act, the
5 President shall identify common performance measures
6 for programs covered in subsection (b)(1) that have simi-
7 lar functions and, to the extent feasible, provide the Com-
8 mission with data on such performance measures.

9 (f) REPORT.—

10 (1) IN GENERAL.—Not later than 2 years after
11 the date of enactment of this Act, the Commission
12 shall submit to the President and Congress a report
13 that includes—

14 (A) the plan described under subsection
15 (b)(2)(A), with supporting documentation for
16 all recommendations; and

17 (B) the proposed legislation described
18 under subsection (b)(2)(B).

19 (2) RELOCATION OF FEDERAL EMPLOYEES.—

20 The proposed legislation under paragraph (1)(B)
21 shall provide that if the position of an employee of
22 an agency is eliminated as a result of the implemen-
23 tation of the plan under paragraph (1)(A), the af-
24 fected agency shall make reasonable efforts to relo-



1 cate such employee to another position within the
2 agency or within another Federal agency.

3 **SEC. 333. POWERS OF THE COMMISSION.**

4 (a) HEARINGS.—The Commission or, at its direction,
5 any subcommittee or member of the Commission, may, for
6 the purpose of carrying out this subtitle—

7 (1) hold such hearings, sit and act at such
8 times and places, take such testimony, receive such
9 evidence, and administer such oaths as any member
10 of the Commission considers advisable;

11 (2) require, by subpoena or otherwise, the at-
12 tendance and testimony of such witnesses as any
13 member of the Commission considers advisable; and

14 (3) require, by subpoena or otherwise, the pro-
15 duction of such books, records, correspondence,
16 memoranda, papers, documents, tapes, and other
17 evidentiary materials relating to any matter under
18 investigation by the Commission.

19 (b) SUBPOENAS.—

20 (1) ISSUANCE.—Subpoenas issued under sub-
21 section (a) shall bear the signature of the chair-
22 person of the Commission and shall be served by any
23 person or class of persons designated by the chair-
24 person for that purpose.



1 (2) ENFORCEMENT.—In the case of contumacy
2 or failure to obey a subpoena issued under sub-
3 section (a), the United States district court for the
4 judicial district in which the subpoenaed person re-
5 sides, is served, or may be found, may issue an order
6 requiring such person to appear at any designated
7 place to testify or to produce documentary or other
8 evidence. Any failure to obey the order of the court
9 may be punished by the court as a contempt of that
10 court.

11 (c) INFORMATION FROM FEDERAL AGENCIES.—The
12 Commission may secure directly from any Federal depart-
13 ment or agency such information as the Commission con-
14 siders necessary to carry out this Act. Upon request of
15 the chairperson of the Commission, the head of such de-
16 partment or agency shall furnish such information to the
17 Commission.

18 (d) POSTAL SERVICES.—The Commission may use
19 the United States mails in the same manner and under
20 the same conditions as other departments and agencies of
21 the Government.

22 (e) GIFTS.—The Commission may accept, use, and
23 dispose of gifts or donations of services or property.

24 **SEC. 334. COMMISSION PERSONNEL MATTERS.**

25 (a) COMPENSATION OF MEMBERS.—



1 (1) NON-FEDERAL MEMBERS.—Except as pro-
2 vided under subsection (b), each member of the
3 Commission who is not an officer or employee of the
4 Government shall not be compensated.

5 (2) FEDERAL OFFICERS OR EMPLOYEES.—All
6 members of the Commission who are officers or em-
7 ployees of the United States shall serve without com-
8 pensation in addition to that received for their serv-
9 ices as officers or employees of the United States.

10 (b) TRAVEL EXPENSES.—The members of the Com-
11 mission shall be allowed travel expenses, including per
12 diem in lieu of subsistence, at rates authorized for employ-
13 ees of agencies under subchapter I of chapter 57 of title
14 5, United States Code, while away from their homes or
15 regular places of business in the performance of services
16 for the Commission.

17 (c) STAFF.—

18 (1) IN GENERAL.—The chairperson of the Com-
19 mission may, without regard to the civil service laws
20 and regulations, appoint and terminate an executive
21 director and such other additional personnel as may
22 be necessary to enable the Commission to perform
23 its duties. The employment of an executive director
24 shall be subject to confirmation by the Commission.



1 (2) COMPENSATION.—Upon the approval of the
2 chairperson, the executive director may fix the com-
3 pensation of the executive director and other per-
4 sonnel without regard to chapter 51 and subchapter
5 III of chapter 53 of title 5, United States Code, re-
6 lating to classification of positions and General
7 Schedule pay rates, except that the rate of pay for
8 the executive director and other personnel may not
9 exceed the maximum rate payable for a position at
10 GS-15 of the General Schedule under section 5332
11 of such title.

12 (3) PERSONNEL AS FEDERAL EMPLOYEES.—

13 (A) IN GENERAL.—The executive director
14 and any personnel of the Commission who are
15 employees shall be employees under section
16 2105 of title 5, United States Code, for pur-
17 poses of chapters 63, 81, 83, 84, 85, 87, 89,
18 and 90 of that title.

19 (B) MEMBERS OF COMMISSION.—Subpara-
20 graph (A) shall not be construed to apply to
21 members of the Commission.

22 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any
23 Government employee may be detailed to the Commission
24 without reimbursement, and such detail shall be without
25 interruption or loss of civil service status or privilege.



1 (e) PROCUREMENT OF TEMPORARY AND INTERMIT-
2 TENT SERVICES.—The chairperson of the Commission
3 may procure temporary and intermittent services under
4 section 3109(b) of title 5, United States Code, at rates
5 for individuals which do not exceed the daily equivalent
6 of the annual rate of basic pay prescribed for level V of
7 the Executive Schedule under section 5316 of such title.

8 **SEC. 335. TERMINATION OF THE COMMISSION.**

9 The Commission shall terminate 90 days after the
10 date on which the Commission submits the report under
11 section 232(f).

12 **SEC. 336. CONGRESSIONAL CONSIDERATION OF REFORM**
13 **PROPOSALS.**

14 (a) DEFINITIONS.—In this section:

15 (1) IMPLEMENTATION BILL.—The term “imple-
16 mentation bill” means only a bill which is introduced
17 as provided under subsection (b), and contains the
18 proposed legislation included in the report submitted
19 to Congress under section 232, without modification.

20 (2) CALENDAR DAY.—The term “calendar day”
21 means a calendar day other than 1 on which either
22 House is not in session because of an adjournment
23 of more than 3 days to a date certain.

24 (b) INTRODUCTION; REFERRAL; AND REPORT OR
25 DISCHARGE.—



1 (1) INTRODUCTION.—On the first calendar day
2 on which both Houses are in session, on or imme-
3 diately following the date on which the report is sub-
4 mitted to Congress under section 232, a single im-
5 plementation bill shall be introduced (by request)—

6 (A) in the Senate by the Majority Leader
7 of the Senate, for himself and the Minority
8 Leader of the Senate, or by Members of the
9 Senate designated by the Majority Leader and
10 Minority Leader of the Senate; and

11 (B) in the House of Representatives by the
12 Speaker of the House of Representatives, for
13 himself and the Minority Leader of the House
14 of Representatives, or by Members of the House
15 of Representatives designated by the Speaker
16 and Minority Leader of the House of Rep-
17 resentatives.

18 (2) REFERRAL.—The implementation bills in-
19 troduced under paragraph (1) shall be referred to
20 any appropriate committee of jurisdiction in the
21 Senate and any appropriate committee of jurisdic-
22 tion in the House of Representatives. A committee
23 to which an implementation bill is referred under
24 this paragraph may report such bill to the respective
25 House without amendment.



1 (3) REPORT OR DISCHARGE.—If a committee to
2 which an implementation bill is referred has not re-
3 ported such bill by the end of the 15th calendar day
4 after the date of the introduction of such bill, such
5 committee shall be immediately discharged from fur-
6 ther consideration of such bill, and upon being re-
7 ported or discharged from the committee, such bill
8 shall be placed on the appropriate calendar.

9 (c) FLOOR CONSIDERATION.—

10 (1) IN GENERAL.—When the committee to
11 which an implementation bill is referred has re-
12 ported, or has been discharged under subsection
13 (b)(3), it is at any time thereafter in order (even
14 though a previous motion to the same effect has
15 been disagreed to) for any Member of the respective
16 House to move to proceed to the consideration of the
17 implementation bill, and all points of order against
18 the implementation bill (and against consideration of
19 the implementation bill) are waived. The motion is
20 highly privileged in the House of Representatives
21 and is privileged in the Senate and is not debatable.
22 The motion is not subject to amendment, or to a
23 motion to postpone, or to a motion to proceed to the
24 consideration of other business. A motion to recon-
25 sider the vote by which the motion is agreed to or



1 disagreed to shall not be in order. If a motion to
2 proceed to the consideration of the implementation
3 bill is agreed to, the implementation bill shall remain
4 the unfinished business of the respective House until
5 disposed of.

6 (2) AMENDMENTS.—An implementation bill
7 may not be amended in the Senate or the House of
8 Representatives.

9 (3) DEBATE.—Debate on the implementation
10 bill, and on all debatable motions and appeals in
11 connection therewith, shall be limited to not more
12 than 10 hours, which shall be divided equally be-
13 tween those favoring and those opposing the resolu-
14 tion. A motion further to limit debate is in order and
15 not debatable. An amendment to, or a motion to
16 postpone, or a motion to proceed to the consider-
17 ation of other business, or a motion to recommit the
18 implementation bill is not in order. A motion to re-
19 consider the vote by which the implementation bill is
20 agreed to or disagreed to is not in order.

21 (4) VOTE ON FINAL PASSAGE.—Immediately
22 following the conclusion of the debate on an imple-
23 mentation bill, and a single quorum call at the con-
24 clusion of the debate if requested in accordance with



1 the rules of the appropriate House, the vote on final
2 passage of the implementation bill shall occur.

3 (5) RULINGS OF THE CHAIR ON PROCEDURE.—

4 Appeals from the decisions of the Chair relating to
5 the application of the rules of the Senate or the
6 House of Representatives, as the case may be, to the
7 procedure relating to an implementation bill shall be
8 decided without debate.

9 (d) COORDINATION WITH ACTION BY OTHER
10 HOUSE.—If, before the passage by 1 House of an imple-
11 mentation bill of that House, that House receives from
12 the other House an implementation bill, then the following
13 procedures shall apply:

14 (1) NONREFERRAL.—The implementation bill
15 of the other House shall not be referred to a com-
16 mittee.

17 (2) VOTE ON BILL OF OTHER HOUSE.—With
18 respect to an implementation bill of the House re-
19 ceiving the implementation bill—

20 (A) the procedure in that House shall be
21 the same as if no implementation bill had been
22 received from the other House; but

23 (B) the vote on final passage shall be on
24 the implementation bill of the other House.



1 (e) RULES OF SENATE AND HOUSE OF REPRESENTA-
2 TIVES.—This section is enacted by Congress—

3 (1) as an exercise of the rulemaking power of
4 the Senate and House of Representatives, respec-
5 tively, and as such it is deemed a part of the rules
6 of each House, respectively, but applicable only with
7 respect to the procedure to be followed in that
8 House in the case of an implementation bill de-
9 scribed in subsection (a), and it supersedes other
10 rules only to the extent that it is inconsistent with
11 such rules; and

12 (2) with full recognition of the constitutional
13 right of either House to change the rules (so far as
14 relating to the procedure of that House) at any time,
15 in the same manner, and to the same extent as in
16 the case of any other rule of that House.

17 **SEC. 337. AUTHORIZATION OF APPROPRIATIONS.**

18 There are authorized to be appropriated such sums
19 as may be necessary for carrying out this subtitle for each
20 of the fiscal years 2006 through 2008.



1 **TITLE IV—TRUTH IN**
 2 **ACCOUNTING**
 3 **Subtitle A—Accrual Funding of**
 4 **Pensions and Retirement Pay**
 5 **for Federal Employees and Uni-**
 6 **formed Services Personnel**

7 **SEC. 401. CIVIL SERVICE RETIREMENT SYSTEM.**

8 (a) CIVIL SERVICE RETIREMENT AND DISABILITY
9 FUND.—Chapter 83 of title 5, United States Code, is
10 amended—

11 (1) in section 8331—

12 (A) in paragraph (17)—

13 (i) by striking “normal cost” and in-
14 serting “normal cost percentage”; and

15 (ii) by inserting “and standards
16 (using dynamic assumptions)” after “prac-
17 tice”;

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

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



1 “(A) the Federal Employees’ Retirement
2 System; or

3 “(B) contributions made under the Federal
4 Employees’ Retirement Contribution Temporary
5 Adjustment Act of 1983 by or on behalf of any
6 individual who became subject to the Federal
7 Employees’ Retirement System;”

8 (C) by amending paragraph (19) to read
9 as follows:

10 “(19) ‘accrued liability’ means the estimated ex-
11 cess of the present value of all benefits payable from
12 the Fund to employees and Members, and former
13 employees and Members, subject to this subchapter,
14 and their survivors, over the present value of deduc-
15 tions to be withheld from the future basic pay of em-
16 ployees and Members currently subject to this sub-
17 chapter and of future agency contributions to be
18 made in their behalf;”

19 (D) in paragraph (27) by striking “and”
20 at the end;

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

23 (F) by adding at the end the following
24 paragraphs:



1 “(29) ‘dynamic assumptions’ means economic
2 assumptions that are used in determining actuarial
3 costs and liabilities of a retirement system and in
4 anticipating the effects of long-term future—

5 “(A) investment yields;

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

7 “(C) rates of price inflation; and

8 “(30) ‘unfunded liability’ means the estimated
9 excess of—

10 “(A) the actuarial present value of all fu-
11 ture benefits payable from the Fund under this
12 subchapter based on the service of current or
13 former employees or Members, over

14 “(B) the sum of—

15 “(i) the actuarial present value of de-
16 ductions to be withheld from the future
17 basic pay of employees and Members cur-
18 rently subject to this chapter pursuant to
19 section 8334;

20 “(ii) the actuarial present value of the
21 future contributions to be made pursuant
22 to section 8334 with respect to employees
23 and Members currently subject to this sub-
24 chapter;



1 “(iii) the Fund balance, as defined in
 2 paragraph (18), as of the date the un-
 3 funded liability is determined; and

4 “(iv) any other appropriate amount,
 5 as determined by the Office of Personnel
 6 Management in accordance with generally
 7 accepted actuarial practices and prin-
 8 ciples.”;

9 (2) in section 8334—

10 (A) in subsection (a)(1)—

11 (i) by striking the last two sentences;

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

14 (iii) by adding at the end the fol-
 15 lowing new subparagraphs:

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

21 “(i) the product of—

22 “(I) the normal cost percentage, as deter-
 23 mined for employees (other than employees cov-
 24 ered by clause (ii)), multiplied by



1 “(II) the aggregate amount of basic pay
2 payable by the agency, for the period involved,
3 to employees (under subclause (I)) who are
4 within such agency; and

5 “(ii) the product of—

6 “(I) the normal cost percentage, as deter-
7 mined for Members, Congressional employees,
8 law enforcement officers, firefighters, air traffic
9 controllers, bankruptcy judges, Court of Fed-
10 eral Claims judges, United States magistrates,
11 judges of the United States Court of Appeals
12 for the Armed Forces, members of the Capitol
13 Police, nuclear materials couriers, and members
14 of the Supreme Court Police, multiplied by

15 “(II) the aggregate amount of basic pay
16 payable by the agency for the period involved,
17 to employees and Members (under subclause
18 (I)) who are within such agency.

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

22 “(D) Contributions under this paragraph shall be
23 paid—

24 “(i) in the case of law enforcement officers,
25 firefighters, air traffic controllers, bankruptcy



1 judges, Court of Federal Claims judges, United
2 States magistrates, judges of the United States
3 Court of Appeals for the Armed Forces, members of
4 the Supreme Court Police, nuclear materials couriers
5 and other employees, from the appropriations or
6 fund used to pay such law enforcement officers, fire-
7 fighters, air traffic controllers, bankruptcy judges,
8 Court of Federal Claims judges, United States mag-
9 istrates, judges of the United States Court of Ap-
10 peals for the Armed Forces, members of the Su-
11 preme Court Police, nuclear materials couriers and
12 other employees, respectively;

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

16 “(iii) in the case of employees of the legislative
17 branch paid by the Clerk of the House of Represent-
18 atives, from the contingent fund of the House.

19 “(E) In the case of the United States Postal Service,
20 the Metropolitan Washington Airports Authority, and the
21 government of the District of Columbia, an amount equal
22 to that withheld under subparagraph (A) shall be contrib-
23 uted from the appropriation or fund used to pay the em-
24 ployee.”; and

25 (B) in subsection (k)—



1 (i) in paragraph (1)—
2 (I) in subparagraph (A) by strik-
3 ing “the first sentence of subsection
4 (a)(1) of this section” and inserting
5 “subsection (a)(1)(A)”; and
6 (II) by amending subparagraph
7 (B) to read as follows:
8 “(B) the amount of the contribution under sub-
9 section (a)(1)(B) shall be the amount which would
10 have been contributed under such subsection if this
11 subsection had not been enacted.”; and
12 (ii) in paragraph (2)(C)(iii) by strik-
13 ing “the first sentence of subsection
14 (a)(1)” and inserting “subsection
15 (a)(1)(A)”; and
16 (3) in section 8348—
17 (A) by repealing subsection (f);
18 (B) by amending subsection (g) to read as
19 follows:
20 “(g)(1)(A) Not later than June 30, 2005, the Office
21 of the Actuary shall determine the unfunded liability of
22 the Fund, as of September 30, 2004, attributable to bene-
23 fits payable under this chapter and make recommenda-
24 tions regarding its liquidation. After considering such rec-
25 ommendations, the Office shall establish an amortization



1 schedule, including a series of annual installments com-
2 mencing October 1, 2005, which provides for the liquida-
3 tion of such liability by October 1, 2044.

4 “(B) The Office shall redetermine the unfunded li-
5 ability of the Fund as of the close of the fiscal year, for
6 each fiscal year beginning after September 30, 2004,
7 through the fiscal year ending September 30, 2039, and
8 shall establish a new amortization schedule, including a
9 series of annual installments commencing on October 1
10 of the second subsequent fiscal year, which provides for
11 the liquidation of such liability by October 1, 2044.

12 “(C) The Office shall redetermine the unfunded li-
13 ability of the Fund as of the close of the fiscal year for
14 each fiscal year beginning after September 30, 2039, and
15 shall establish a new amortization schedule, including a
16 series of annual installments commencing on October 1
17 of the second subsequent fiscal year, which provides for
18 the liquidation of such liability over five years.

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

24 “(2) At the beginning of each fiscal year, beginning
25 on October 1, 2005, the Office shall notify the Secretary



1 of the Treasury of the amount of the first installment
2 under the most recent amortization schedule established
3 under paragraph (1). The Secretary shall credit that
4 amount to the Fund, as a Government contribution, out
5 of any money in the Treasury of the United States not
6 otherwise appropriated.

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

9 “(A) require the Board of Actuaries of the Civil
10 Service Retirement System to make actuarial deter-
11 minations and valuations, make recommendations,
12 and maintain records in accordance with section
13 8347(f); and

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

16 (C) in subsections (h), (i), and (m) by
17 striking “unfunded” and inserting “accrued”
18 each place it appears; and

19 (D) by adding at the end the following new
20 subsection:

21 “(n) Under regulations prescribed by the Office, the
22 head of an agency may request reconsideration of any
23 amount determined to be payable with respect to such
24 agency under section 8334(a)(1)(B)–(D). Any such re-
25 quest shall be referred to the Board of Actuaries of the



1 Civil Service Retirement System. The Board of Actuaries
 2 shall review the computations of the Office and may make
 3 any adjustment with respect to any such amount which
 4 the Board determines appropriate. A determination by the
 5 Board of Actuaries under this subsection shall be final.”.

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

8 (1) in subsection (a)(2) by striking “section
 9 8422” and inserting “section 8422(a)”; and

10 (2) in subsection (b)(2) by striking “equal an-
 11 nual installments” and inserting “annual install-
 12 ments set in accordance with generally accepted ac-
 13 tuarial practices and principles”.

14 **SEC. 402. CENTRAL INTELLIGENCE AGENCY RETIREMENT**
 15 **AND DISABILITY SYSTEM.**

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

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

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

21 “(A) the actuarial present value of all fu-
 22 ture benefits payable from the Fund under title
 23 II of this Act based on the service of current
 24 or former participants, 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 participants currently subject
4 to title II of this Act pursuant to section
5 211;

6 “(ii) the actuarial present value of the
7 future contributions to be made pursuant
8 to section 211 with respect to participants
9 currently subject to title II of this Act;

10 “(iii) the Fund balance, as defined in
11 paragraph (4), as of the date the unfunded
12 liability is determined; and

13 “(iv) any other appropriate amount,
14 as determined by the Director in accord-
15 ance with generally accepted actuarial
16 practices and principles.”;

17 (2) in paragraph (6)—

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

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

22 (3) by adding at the end the following para-
23 graph:

24 “(10) DYNAMIC ASSUMPTIONS.—The term ‘dy-
25 namic assumptions’ means economic assumptions



1 that are used in determining actuarial costs and li-
2 abilities of a retirement system and in anticipating
3 the effects of long-term future—

4 “(A) investment yields;

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

6 “(C) rates of price inflation.”;

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

11 (c) Section 211(a)(2) of such Act (50 U.S.C.
12 2021(a)(2)) is amended to read as follows:

13 “(2) AGENCY CONTRIBUTIONS.—The Agency
14 shall contribute to the Fund the amount computed
15 in a manner similar to that used under section
16 8334(a) of title 5, United States Code, pursuant to
17 determinations of the normal cost percentage of the
18 Central Intelligence Agency Retirement and Dis-
19 ability System by the Director. Contributions under
20 this paragraph shall be paid from amounts available
21 for salaries and expenses.”; and

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

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



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

3 “(c)(1) Not later than June 30, 2005, the Director
4 shall cause to be made actuarial valuations of the Fund
5 that determine the unfunded liability of the Fund, as of
6 September 30, 2004, attributable to benefits payable
7 under this title and make recommendations regarding its
8 liquidation. After considering such recommendations, the
9 Director shall establish an amortization schedule, includ-
10 ing a series of annual installments commencing October
11 1, 2005, which provides for the liquidation of such liability
12 by October 1, 2044.

13 “(2) The Director shall redetermine the unfunded li-
14 ability of the Fund as of the close of the fiscal year, for
15 each fiscal year beginning after September 30, 2004,
16 through the fiscal year ending September 30, 2039, and
17 shall establish a new amortization schedule, including a
18 series of annual installments commencing on October 1
19 of the second subsequent fiscal year, which provides for
20 the liquidation of such liability by October 1, 2044.

21 “(3) The Director shall redetermine the unfunded li-
22 ability of the Fund as of the close of the fiscal year for
23 each fiscal year beginning after September 30, 2039, and
24 shall establish a new amortization schedule, including a
25 series of annual installments commencing on October 1



1 of the second subsequent fiscal year, which provides for
2 the liquidation of such liability over five years.

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

8 “(d) At the beginning of each fiscal year, beginning
9 on October 1, 2005, the Director shall notify the Secretary
10 of the Treasury of the amount of the first installment
11 under the most recent amortization schedule established
12 under subsection (c). The Secretary shall credit that
13 amount to the Fund, as a Government contribution, out
14 of any money in the Treasury of the United States not
15 otherwise appropriated. For the purposes of Section 504
16 of the National Security Act of 1947, this amount shall
17 be considered authorized.”.

18 (e)(1) Title III of such Act (50 U.S.C. 2151 et seq.)
19 is amended by adding at the end the following new section:

20 **“SEC. 308. FULL FUNDING OF RETIREE COSTS FOR EM-**
21 **PLOYEES DESIGNATED UNDER SECTION 302.**

22 “(a) In addition to other government contributions
23 required by law, the Agency shall contribute to the Civil
24 Service Retirement and Disability fund (hereinafter in this
25 section referred to as the ‘Fund’) amounts calculated in



1 accordance with section 8423 of title 5, United States
2 Code, based on the projected number of employees to be
3 designated pursuant to section 302 of this Act. In addi-
4 tion, the Agency, in a manner similar to that established
5 for employee contributions to the Fund by section 8422
6 of title 5, United States Code, will contribute an amount
7 equal to the difference between that which would be con-
8 tributed by the number of employees projected to be des-
9 igned under section 302 and the amounts that are actu-
10 ally being deducted and contributed from the basic pay
11 of an equal number of employees pursuant to section
12 8422. The amounts of the Agency's contributions under
13 this subsection shall be determined by the Director of the
14 Office of Personnel Management, in consultation with the
15 Director, and shall be paid by the Agency from funds
16 available for salaries and expenses. Agency employees des-
17 igned pursuant to section 302 of this Act shall, com-
18 mencing with such designation, have deducted from their
19 basic pay the full amount required by section 8422 of title
20 5, United States Code, and such deductions shall be con-
21 tributed to the Fund.

22 “(b)(1) The Director of the Office of Personnel Man-
23 agement, in consultation with the Director, shall deter-
24 mine the total amount of unpaid contributions (govern-
25 ment and employee contributions) and interest attrib-



1 utable to the number of individuals employed with the
2 Agency on September 30, 2005, who are projected to be
3 designated under section 302 of this Act, but are not yet
4 designated under that section as of that date. The amount
5 shall be referred to as the section 302 unfunded liability.

6 “(2) Not later than June 30, 2006, the Director of
7 the Office of Personnel Management, in consultation with
8 the Director, shall establish an amortization schedule, set-
9 ting forth a series of annual installments commencing
10 September 30, 2006, which provides for the liquidation of
11 the section 302 unfunded liability by September 30, 2013.

12 “(3) At the end of each fiscal year, beginning on Sep-
13 tember 30, 2006, the Director shall notify the Secretary
14 of the Treasury of the amount of the annual installment
15 under the amortization schedule established under para-
16 graph (2) of this subsection. Before closing the accounts
17 for that fiscal year, the Secretary shall credit that amount
18 to the Fund, out of any money in the Treasury of the
19 United States not otherwise appropriated.

20 “(c) Amounts paid by the Agency pursuant to this
21 section are deemed to be specifically authorized by the
22 Congress for the purposes of section 504 of the National
23 Security Act of 1947.”.



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

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

4 **SEC. 403. FOREIGN SERVICE RETIREMENT AND DISABILITY**
 5 **SYSTEM.**

6 (a) Chapter 8 of Title I of the Foreign Service Act
 7 of 1980, Public Law 96-465, (22 U.S.C. 4041 et seq.)
 8 94 Stat. 2071, as amended, is further amended in section
 9 804 (22 U.S.C. 4044)—

10 (1) by amending paragraph (5) to read as fol-
 11 lows:

12 “(5) ‘normal cost percentage’ means the entry-
 13 age normal cost computed in accordance with gen-
 14 erally accepted actuarial practice and standards
 15 (using dynamic assumptions) and expressed as a
 16 level percentage of aggregate basic pay;”;

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

19 “(14) ‘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 part based on the service of current or former
 24 participants, over



1 “(B) the sum of—
2 “(i) the actuarial present value of de-
3 ductions to be withheld from the future
4 basic pay of participants currently subject
5 to this part pursuant to section 805;
6 “(ii) the actuarial present value of the
7 future contributions to be made pursuant
8 to section 805 with respect to participants
9 currently subject to this part;
10 “(iii) the Fund balance, as defined in
11 paragraph (7), as of the date the unfunded
12 liability is determined, excluding any
13 amount attributable to the Foreign Service
14 Pension System, or contributions made
15 under the Federal Employees’ Retirement
16 Contribution Temporary Adjustment Act
17 of 1983 by or on behalf of any individual
18 who became subject to the Foreign Service
19 Pension System; and
20 “(iv) any other appropriate amount,
21 as determined by the Secretary of the
22 Treasury in accordance with generally ac-
23 cepted actuarial practices and principles.”;
24 and



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

3 (B) by adding at the end the following new
4 paragraph:

5 “(16) ‘dynamic assumptions’ means economic
6 assumptions that are used in determining actuarial
7 costs and liabilities of a retirement system and in
8 anticipating the effects of long-term future—

9 “(A) investment yields;

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

11 “(C) rates of price inflation.”;

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

13 (1) in paragraph (4)—

14 (A) by striking “normal cost” and insert-
15 ing “normal cost percentage”; and

16 (B) by striking “by the Secretary of
17 State”;

18 (2) in paragraph (7)—

19 (A) by striking “supplemental” and insert-
20 ing “unfunded”;

21 (B) in subparagraph (B)(i) by striking
22 “(I)” and “and (II) contributions for past civil-
23 ian and military service”; and



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

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

6 (B) at the end of paragraph (9) by striking the
7 period and inserting “; and”; and

8 (C) by adding at the end the following new
9 paragraph:

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

14 “(A) investment yields;

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

16 “(C) rates of price inflation.”;

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

18 (1) by striking the second sentence;

19 (2) (by redesignating that subsection, as so
20 amended, as (a)(1)(A);

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

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



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

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

20 (6) in subsection (a)(2)(B) by striking “An
21 equal amount shall be contributed by the Depart-
22 ment” and inserting in its place “Each employing
23 agency having participants shall contribute to the
24 Fund from amounts available for salaries and ex-
25 penses the amount computed in a manner similar to



1 that used under section 8334(a) of title 5, United
2 States Code, pursuant to determinations of the nor-
3 mal cost percentage of the Foreign Service Retire-
4 ment and Disability System”;

5 (d) by repealing sections 821 and 822 (22 U.S.C.
6 4061 and 4062) and by adding the following new section:

7 “SEC. 821. UNFUNDED LIABILITY.—(a) (1) Not later
8 than June 30, 2005, the Secretary of State shall cause
9 to be made actuarial valuations of the Fund that deter-
10 mine the unfunded liability of the Fund, as of September
11 30, 2004, attributable to benefits payable under this sub-
12 chapter and make recommendations regarding its liquida-
13 tion. After considering such recommendations, the Sec-
14 retary of State shall establish an amortization schedule,
15 including a series of annual installments commencing Oc-
16 tober 1, 2004, which provides for the liquidation of such
17 liability by October 1, 2044.

18 “(2) The Secretary of State shall redetermine the un-
19 funded liability of the Fund as of the close of the fiscal
20 year, for each fiscal year beginning after September 30,
21 2004, through the fiscal year ending September 30, 2039,
22 and shall establish a new amortization schedule, including
23 a series of annual installments commencing on October 1
24 of the second subsequent fiscal year, which provides for
25 the liquidation of such liability by October 1, 2044.



1 “(3) The Secretary of State shall redetermine the un-
2 funded liability of the Fund as of the close of the fiscal
3 year for each fiscal year beginning after September 30,
4 2039, and shall establish a new amortization schedule, in-
5 cluding a series of annual installments commencing on Oc-
6 tober 1 of the second subsequent fiscal year, which pro-
7 vides for the liquidation of such liability over five years.

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

13 “(b) At the beginning of each fiscal year, beginning
14 on October 1, 2005, the Secretary of State shall notify
15 the Secretary of the Treasury of the amount of the first
16 installment under the most recent amortization schedule
17 established under paragraph (1). The Secretary of the
18 Treasury shall credit that amount to the Fund, as a Gov-
19 ernment contribution, out of any money in the Treasury
20 of the United States not otherwise appropriated.”;

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



1 (f) in section 859 (22 U.S.C. 4071h) by adding "per-
2 centage" after "normal cost";

3 (g) in section 802 (22 U.S.C. 4042) by adding at the
4 end the following: "The Fund is appropriated for the pay-
5 ment of benefits as provided by this subchapter."; and

6 (h) in section 818 (22 U.S.C. 4058) by striking "Sys-
7 tem" and inserting "Systems under this subchapter".

8 **SEC. 404. PUBLIC HEALTH SERVICE COMMISSIONED CORPS**
9 **RETIREMENT SYSTEM.**

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

13 **"PART C—PUBLIC HEALTH SERVICE**
14 **COMMISSIONED CORPS RETIREMENT SYSTEM**

15 "ESTABLISHMENT AND PURPOSE OF FUND

16 "SEC. 251. There is established on the books of the
17 Treasury a fund to be known as the Public Health Service
18 Commissioned Corps Retirement Fund (hereinafter in this
19 part referred to as the 'Fund'), which shall be adminis-
20 tered by the Secretary. The Fund shall be used for the
21 accumulation of funds in order to finance on an actuarially
22 sound basis liabilities of the Department of Health and
23 Human Services for benefits payable on account of retire-
24 ment, disability, or death to commissioned officers of the



1 Public Health Service and to their survivors pursuant to
2 part A of this title.

3 "ASSETS OF THE FUND

4 "SEC. 252. There shall be deposited into the Fund
5 the following, which shall constitute the assets of the
6 Fund:

7 "(1) Amounts paid into the Fund under section
8 255.

9 "(2) Any return on investment of the assets of
10 the Fund.

11 "(3) Amounts transferred into the Fund pursu-
12 ant to section 404(c) of the Family Budget Protec-
13 tion Act of 2004.

14 "PAYMENT FROM THE FUND

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

19 "DETERMINATION OF CONTRIBUTIONS TO THE FUND

20 "SEC. 254. (a) (1) Not later than June 30, 2005, the
21 Secretary shall determine the unfunded liability of the
22 Fund attributable to service performed as of September
23 30, 2004, which is 'active service' for the purpose of sec-
24 tion 212. The Secretary shall establish an amortization
25 schedule, including a series of annual installments com-



1 mencing October 1, 2005, which provides for the liquida-
2 tion of such liability by October 1, 2044.

3 “(2) The Secretary shall redetermine the unfunded
4 liability of the Fund as of the close of the fiscal year, for
5 each fiscal year beginning after September 30, 2004,
6 through the fiscal year ending September 30, 2039, and
7 shall establish a new amortization schedule, including a
8 series of annual installments commencing on October 1
9 of the second subsequent fiscal year, which provides for
10 the liquidation of such liability by October 1, 2044.

11 “(3) The Secretary shall redetermine the unfunded
12 liability of the Fund as of the close of the fiscal year for
13 each fiscal year beginning after September 30, 2039, and
14 shall establish a new amortization schedule, including a
15 series of annual installments commencing on October 1
16 of the second subsequent fiscal year, which provides for
17 the liquidation of such liability over 5 years.

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

23 That amount shall be the sum of—

24 “(1) the product of—



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

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

11 “(2) the product of—

12 “(A) the current estimate of the value of
13 the single level percentage of basic pay and of
14 compensation (paid pursuant to section 206 of
15 title 37, United States Code) to be determined
16 under subsection (c)(2) at the time of the most
17 recent actuarial valuation under subsection (c);
18 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) expected to be
22 paid during the fiscal year to commissioned of-
23 ficers of the Reserve Corps of the Public Health
24 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, 2005, 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 exec-
15 utive 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) SEQUESTRATION RULE.—Section 256(f) of
22 the Balanced Budget and Emergency Deficit Control
23 Act of 1985 (2 U.S.C. 906(f)) is amended—

24 (A) by inserting after the item relating to
25 “payment to the foreign service retirement and



1 disability fund” the following item: “Payment
 2 to the Public Health Service Commissioned
 3 Corps Retirement Fund (75-0380-0-1-551);”;
 4 and

5 (B) by inserting after the item relating to
 6 the “Pensions for former Presidents” the fol-
 7 lowing item: “Public Health Service Commis-
 8 sioned Corps Retirement Fund (75-8274-0-7-
 9 602);”.

10 (c) TRANSFER OF APPROPRIATIONS.—There shall be
 11 transferred on October 1, 2006, into the fund established
 12 under section 251 of the Public Health Service Act, as
 13 added by subsection (a), any obligated or unobligated bal-
 14 ances of appropriations made to the Department of Health
 15 and Human Services that are currently available for bene-
 16 fits payable on account of retirement, disability, or death
 17 to commissioned officers of the Public Health Service and
 18 to their survivors pursuant to part A of title II of the Pub-
 19 lic Health Service Act, and amounts so transferred shall
 20 be part of the assets of the Fund.

21 **SEC. 405. NATIONAL OCEANIC AND ATMOSPHERIC ADMIN-**
 22 **ISTRATION COMMISSIONED OFFICER CORPS**
 23 **RETIREMENT SYSTEM.**

24 (a) IN GENERAL.—The National Oceanic and Atmos-
 25 pheric Administration Commissioned Officer Corps Act of



1 2002 (title II of Public Law 107-372) is amended by in-
2 serting after section 246 (33 U.S.C. 3046) the following
3 new section:

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

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

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

21 “(B) the programs under the jurisdiction of the
22 Department of Defense providing annuities for sur-
23 vivors and members and former members of the
24 Armed Forces, including chapter 73 of title 10, sec-
25 tion 4 of Public Law 92-425, and section 5 of Pub-



1 lic Law 96-202, as made applicable to the commis-
2 sioned officer corps by section 261.

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

6 “(1) Amounts paid into the Fund under sub-
7 section (e).

8 “(2) Any return on investment of the assets of
9 the Fund.

10 “(3) Amounts transferred into the Fund pursu-
11 ant to section 405(c) of the Family Budget Protec-
12 tion Act of 2004.

13 “(c) PAYMENTS FROM THE FUND.—There shall be
14 paid from the Fund benefits payable on account of mili-
15 tary retirement and survivor benefit programs to commis-
16 sioned officers of the commissioned officer corps and their
17 survivors.

18 “(d) DETERMINATION OF CONTRIBUTIONS TO THE
19 FUND.—(1)(A) Not later than June 30, 2004, the Sec-
20 retary shall determine the unfunded liability of the Fund
21 attributable to service performed as of September 30,
22 2004, which is ‘active service’ for the purpose of this title.
23 The Secretary shall establish an amortization schedule, in-
24 cluding a series of annual installments commencing Octo-



ber 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(B) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(C) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new authorization schedule, including series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over 5 years.

“(2) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Commerce contributions to be made to the Fund during that fiscal year under (e). The amount shall be the product of—

“(A) the current estimate of the value of the single level percentage of basic pay to be determined



1 under subsection (e) at the time of the most recent
2 actuarial valuation under paragraph (3); and

3 "(B) the total amount of basic pay expected to
4 be paid during that fiscal year to commissioned offi-
5 cers of NOAA on active duty.

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

18 "(4) All determinations under this section shall be in
19 accordance with generally accepted actuarial principles
20 and practices, and, where appropriate, shall follow the
21 general pattern of methods and assumptions approved by
22 the Department of Defense Retirement Board of Actu-
23 aries.



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

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

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

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

22 “(2) (A) At the beginning of each fiscal year, the Sec-
23 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) SEQUESTRATION RULE.—Section 256(f) of the
22 Balanced Budget and Emergency Deficit Control Act of
23 1985 (2 U.S.C. 906(f)) is amended by striking “National
24 Oceanic and Atmospheric Administration retirement (13-
25 1450-0-1-306);” and inserting “National Oceanic and



1 Atmospheric Administration Commissioned Officer Corps
2 Retirement Fund;”.

3 (c) TRANSFER OF APPROPRIATIONS.—There shall be
4 transferred on October 1, 2006, 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, 2006.

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 2006.

23 **SEC. 406. 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 406(d) of the Family Budget Protec-
20 tion Act of 2004.

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, 2005, the Secretary shall determine the un-
17 funded liability of the Fund attributable to service per-
18 formed as of September 30, 2004, 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, 2005, which provides
22 for the liquidation of such liability by October 1, 2044.

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, 2004, through the fis-



1 cal year ending September 30, 2039, 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, 2044.

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, 2039, 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, 2005, 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.—Section 256(f) of
10 the Balanced Budget and Emergency Deficit Control Act
11 of 1985 (2 U.S.C. 906(f)) is amended by striking “Retired
12 Pay, Coast Guard (69-0241-0-1-403)” and inserting
13 “Coast Guard Military Retirement Fund (69-0241-01-
14 403)”.

15 (d) TRANSFER OF EXISTING BALANCES.—

16 (1) TRANSFER.—There shall be transferred into
17 the Fund on October 1, 2005, 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, 2005.

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

10 **SEC. 411. 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, 2006, 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, 2006.
24 The Office shall establish an amortization schedule, in-
25 cluding a series of annual installments commencing Sep-



1 tember 30, 2006, which provides for the liquidation of
2 such liability by September 30, 2043.

3 “(2) At the close of each fiscal year, for fiscal years
4 beginning after September 30, 2005, 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, 2006, 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. 412. 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, 2004, 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, 2004,
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. 413. EFFECTIVE DATE.**

10 Except as otherwise provided, this title shall take ef-
11 fect upon enactment with respect to fiscal years beginning
12 after 2005.

13 **Subtitle C—Limit on the Public**
14 **Debt**

15 **SEC. 421. FINDINGS.**

16 The Congress finds the following:

17 (1) Since 1997, Congress has paid down and
18 retired approximately \$450,000,000,000 of the Gov-
19 ernment’s debt which was previously held by the
20 public.

21 (2) This reduction in the Government’s debt to
22 the public should permit a lowering of the statutory
23 debt ceiling. However, the statutory definition min-
24 gles both the public debt and intragovernment liabil-



1 ities, the latter of which do not represent resource
2 withdrawals for the economy.

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

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

16 **SEC. 422. PURPOSE.**

17 It is the purpose of this subtitle to properly define
18 the public debt to exclude intragovernment obligations.

19 **SEC. 423. LIMIT ON PUBLIC DEBT.**

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

22 **“§ 3101. Public debt limit**

23 “(a) In this section, the current redemption value of
24 an obligation issued on a discount basis and redeemable



1 before maturity at the option of its holder is deemed to
2 be the face amount of the obligation.

3 “(b) The face amount of obligations issued under this
4 chapter and the face amount of obligations whose prin-
5 cipal and interest are guaranteed by the United States
6 Government (except guaranteed obligations held by the
7 Secretary of the Treasury and intragovernmental hold-
8 ings) may not be more than \$4,393,000,000,000 out-
9 standing at one time, subject to changes periodically made
10 in that amount as provided by law.

11 “(c) For purposes of this section, the face amount,
12 for any month, of any obligation issued on a discount basis
13 that is not redeemable before maturity at the option of
14 the holder of the obligation is an amount equal to the sum
15 of—

16 “(1) the original issue price of the obligation,
17 plus

18 “(2) the portion of the discount on the obliga-
19 tion attributable to periods before the beginning of
20 such month (as determined under the principles of
21 section 1272(a) of the Internal Revenue Code of
22 1986 without regard to any exceptions contained in
23 paragraph (2) of such section).

24 “(d) For purposes of this section, the term
25 ‘intragovernment holding’ is any obligation issued by the



1 Secretary of the Treasury to any Federal trust fund or
2 Government account, whether in respect of public money,
3 money otherwise required to be deposited in the Treasury,
4 or amounts appropriated.”.

5 **Subtitle D—Risk-assumed**
6 **Budgeting**

7 **SEC. 431. FEDERAL INSURANCE PROGRAMS.**

8 (a) IN GENERAL.—The Congressional Budget Act of
9 1974 is amended by adding after title V the following new
10 title:

11 **“TITLE VI—BUDGETARY TREAT-**
12 **MENT OF FEDERAL INSUR-**
13 **ANCE PROGRAMS**

14 **“SEC. 602. BUDGETARY TREATMENT.**

15 “(a) PRESIDENT’S BUDGET.—Beginning with fiscal
16 year 2011, the budget of the Government pursuant to sec-
17 tion 1105(a) of title 31, United States Code, shall be
18 based on the risk-assumed cost of Federal insurance pro-
19 grams.

20 “(b) BUDGET ACCOUNTING.—For any Federal insur-
21 ance program—

22 “(1) the program account shall—

23 “(A) pay the risk-assumed cost borne by
24 the taxpayer to the financing account, and



1 “(B) pay actual insurance program admin-
2 istrative costs;

3 “(2) the financing account shall—

4 “(A) receive premiums and other income,

5 “(B) pay all claims for insurance and re-
6 ceive all recoveries,

7 “(C) transfer to the program account on
8 not less than an annual basis amounts nec-
9 essary to pay insurance program administrative
10 costs;

11 “(3) a negative risk-assumed cost shall be
12 transferred from the financing account to the pro-
13 gram account, and shall be transferred from the pro-
14 gram account to the general fund; and

15 “(4) all payments by or receipts of the financ-
16 ing accounts shall be treated in the budget as a
17 means of financing.

18 “(c) APPROPRIATIONS REQUIRED.—(1) Notwith-
19 standing any other provision of law, insurance commit-
20 ments may be made for fiscal year 2011 and thereafter
21 only to the extent that new budget authority to cover their
22 risk-assumed cost is provided in advance in an appropria-
23 tion Act.

24 “(2) An outstanding insurance commitment shall not
25 be modified in a manner that increases its risk-assumed



1 cost unless budget authority for the additional cost has
2 been provided in advance.

3 “(3) Paragraph (1) shall not apply to Federal insur-
4 ance programs that constitute entitlements.

5 “(d) REESTIMATES.—The risk-assumed cost for a
6 fiscal year shall be reestimated in each subsequent year.
7 Such reestimate can equal zero. In the case of a positive
8 reestimate, the amount of the reestimate shall be paid
9 from the program account to the financing account. In
10 the case of a negative reestimate, the amount of the reesti-
11 mate shall be paid from the financing account to the pro-
12 gram account, and shall be transferred from the program
13 account to the general fund. Reestimates shall be dis-
14 played as a distinct and separately identified subaccount
15 in the program account.

16 “(e) ADMINISTRATIVE EXPENSES.—All funding for
17 an agency’s administration of a Federal insurance pro-
18 gram shall be displayed as a distinct and separately identi-
19 fied subaccount in the program account.

20 **“SEC. 603. TIMETABLE FOR IMPLEMENTATION OF ACCRUAL**
21 **BUDGETING FOR FEDERAL INSURANCE PRO-**
22 **GRAMS.**

23 “(a) AGENCY REQUIREMENTS.—Agencies with re-
24 sponsibility for Federal insurance programs shall develop
25 models to estimate their risk-assumed cost by year



1 through the budget horizon and shall submit those models,
2 all relevant data, a justification for critical assumptions,
3 and the annual projected risk-assumed costs to OMB with
4 their budget requests each year starting with the request
5 for fiscal year 2007. Agencies will likewise provide OMB
6 with annual estimates of modifications, if any, and reesti-
7 mates of program costs.

8 “(b) DISCLOSURE.—When the President submits a
9 budget of the Government pursuant to section 1105(a) of
10 title 31, United States Code, for fiscal year 2007, OMB
11 shall publish a notice in the Federal Register advising in-
12 terested persons of the availability of information describ-
13 ing the models, data (including sources), and critical as-
14 sumptions (including explicit or implicit discount rate as-
15 sumptions) that it or other executive branch entities would
16 use to estimate the risk-assumed cost of Federal insurance
17 programs and giving such persons an opportunity to sub-
18 mit comments. At the same time, the chairman of the
19 Committee on the Budget shall publish a notice for CBO
20 in the Federal Register advising interested persons of the
21 availability of information describing the models, data (in-
22 cluding sources), and critical assumptions (including ex-
23 plicit or implicit discount rate assumptions) that it would
24 use to estimate the risk-assumed cost of Federal insurance



1 programs and giving such interested persons an oppor-
2 tunity to submit comments.

3 “(c) REVISION.—(1) After consideration of comments
4 pursuant to subsection (b), and in consultation with the
5 Committees on the Budget of the House of Representa-
6 tives and the Senate, OMB and CBO shall revise the mod-
7 els, data, and major assumptions they would use to esti-
8 mate the risk-assumed cost of Federal insurance pro-
9 grams.

10 “(2) When the President submits a budget of the
11 Government pursuant to section 1105(a) of title 31,
12 United States Code, for fiscal year 2008, OMB shall pub-
13 lish a notice in the Federal Register advising interested
14 persons of the availability of information describing the
15 models, data (including sources), and critical assumptions
16 (including explicit or implicit discount rate assumptions)
17 that it or other executive branch entities used to estimate
18 the risk-assumed cost of Federal insurance programs.

19 “(d) DISPLAY.—

20 “(1) IN GENERAL.—For fiscal years 2008,
21 2009, and 2010 the budget submissions of the Presi-
22 dent pursuant to section 1105(a) of title 31, United
23 States Code, and CBO’s reports on the economic
24 and budget outlook pursuant to section 202(e)(1)
25 and the President’s budgets, shall for display pur-



1 poses only, estimate the risk-assumed cost of exist-
2 ing or proposed Federal insurance programs.

3 “(2) OMB.—The display in the budget submis-
4 sions of the President for fiscal years 2008, 2009,
5 and 2010 shall include—

6 “(A) a presentation for each Federal insur-
7 ance program in budget-account level detail of
8 estimates of risk-assumed cost;

9 “(B) a summary table of the risk-assumed
10 costs of Federal insurance programs; and

11 “(C) an alternate summary table of budget
12 functions and aggregates using risk-assumed
13 rather than cash-based cost estimates for Fed-
14 eral insurance programs.

15 “(3) CBO.—In the second session of the 109th
16 Congress and the 110th Congress, CBO shall in-
17 clude in its estimates under section 308, for display
18 purposes only, the risk-assumed cost of existing Fed-
19 eral insurance programs, or legislation that CBO, in
20 consultation with the Committees on the Budget of
21 the House of Representatives and the Senate, deter-
22 mines would create a new Federal insurance pro-
23 gram.

24 “(e) OMB, CBO, AND GAO EVALUATIONS.—(1) Not
25 later than 6 months after the budget submission of the



1 President pursuant to section 1105(a) of title 31, United
2 States Code, for fiscal year 2010, OMB, CBO, and GAO
3 shall each submit to the Committees on the Budget of the
4 House of Representatives and the Senate a report that
5 evaluates the advisability and appropriate implementation
6 of this title.

7 “(2) Each report made pursuant to paragraph (1)
8 shall address the following:

9 “(A) The adequacy of risk-assumed estimation
10 models used and alternative modeling methods.

11 “(B) The availability and reliability of data or
12 information necessary to carry out this title.

13 “(C) The appropriateness of the explicit or im-
14 plicit discount rate used in the various risk-assumed
15 estimation models.

16 “(D) The advisability of specifying a statutory
17 discount rate (such as the Treasury rate) for use in
18 risk-assumed estimation models.

19 “(E) The ability of OMB, CBO, or GAO, as ap-
20 plicable, to secure any data or information directly
21 from any Federal agency necessary to enable it to
22 carry out this title.

23 “(F) The relationship between risk-assumed ac-
24 crual budgeting for Federal insurance programs and



1 the specific requirements of the Balanced Budget
2 and Emergency Deficit Control Act of 1985.

3 "(G) Whether Federal budgeting is improved by
4 the inclusion of risk-assumed cost estimates for Fed-
5 eral insurance programs.

6 "(H) The advisability of including each of the
7 programs currently estimated on a risk-assumed cost
8 basis in the Federal budget on that basis.

9 **"SEC. 604. DEFINITIONS.**

10 "For purposes of this title:

11 "(1) The term 'Federal insurance program'
12 means a program that makes insurance commit-
13 ments and includes the list of such programs in-
14 cluded in the joint explanatory statement of man-
15 agers accompanying the conference report on the
16 Comprehensive Budget Process Reform Act of 1999.

17 "(2) The term 'insurance commitment' means
18 an agreement in advance by a Federal agency to in-
19 demnify a nonfederal entity against specified losses.
20 This term does not include loan guarantees as de-
21 fined in title V or benefit programs such as social
22 security, medicare, and similar existing social insur-
23 ance programs.

24 "(3) (A) The term 'risk-assumed cost' means the
25 net present value of the estimated cash flows to and



1 from the Government resulting from an insurance
2 commitment or modification thereof.

3 “(B) The cash flows associated with an insur-
4 ance commitment include—

5 “(i) expected claims payments inherent in
6 the Government’s commitment;

7 “(ii) net premiums (expected premium col-
8 lections received from or on behalf of the in-
9 sured less expected administrative expenses);

10 “(iii) expected recoveries; and

11 “(iv) expected changes in claims, pre-
12 miums, or recoveries resulting from the exercise
13 by the insured of any option included in the in-
14 surance commitment.

15 “(C) The cost of a modification is the difference
16 between the current estimate of the net present
17 value of the remaining cash flows under the terms
18 of the insurance commitment, and the current esti-
19 mate of the net present value of the remaining cash
20 flows under the terms of the insurance commitment
21 as modified.

22 “(D) The cost of a reestimate is the difference
23 between the net present value of the amount cur-
24 rently required by the financing account to pay esti-
25 mated claims and other expenditures and the



1 amount currently available in the financing account.
2 The cost of a reestimate shall be accounted for in
3 the current year in the budget of the Government
4 pursuant to section 1105(a) of title 31, United
5 States Code.

6 “(E) For purposes of this definition, expected
7 administrative expenses shall be construed as the
8 amount estimated to be necessary for the proper ad-
9 ministration of the insurance program. This amount
10 may differ from amounts actually appropriated or
11 otherwise made available for the administration of
12 the program.

13 “(4) The term ‘program account’ means the
14 budget account for the risk-assumed cost, and for
15 paying all costs of administering the insurance pro-
16 gram, and is the account from which the risk-as-
17 sumed cost is disbursed to the financing account.

18 “(5) The term ‘financing account’ means the
19 nonbudget account that is associated with each pro-
20 gram account which receives payments from or
21 makes payments to the program account, receives
22 premiums and other payments from the public, pays
23 insurance claims, and holds balances.

24 “(6) The term ‘modification’ means any Gov-
25 ernment action that alters the risk-assumed cost of



1 an existing insurance commitment from the current
2 estimate of cash flows. This includes any action re-
3 sulting from new legislation, or from the exercise of
4 administrative discretion under existing law, that di-
5 rectly or indirectly alters the estimated cost of exist-
6 ing insurance commitments.

7 “(7) The term ‘model’ means any actuarial, fi-
8 nancial, econometric, probabilistic, or other method-
9 ology used to estimate the expected frequency and
10 magnitude of loss-producing events, expected pre-
11 miums or collections from or on behalf of the in-
12 sured, expected recoveries, and administrative ex-
13 penses.

14 “(8) The term ‘current’ has the same meaning
15 as in section 250(c)(9) of the Balanced Budget and
16 Emergency Deficit Control Act of 1985.

17 “(9) The term ‘OMB’ means the Director of
18 the Office of Management and Budget.

19 “(10) The term ‘CBO’ means the Director of
20 the Congressional Budget Office.

21 “(11) The term ‘GAO’ means the Comptroller
22 General of the United States.



1 **"SEC. 605. AUTHORIZATIONS TO ENTER INTO CONTRACTS;**
2 **ACTUARIAL COST ACCOUNT.**

3 "(a) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated \$600,000 for each of fis-
5 cal years 2005 through 2010 to the Director of the Office
6 of Management and Budget and each agency responsible
7 for administering a Federal program to carry out this
8 title.

9 "(b) TREASURY TRANSACTIONS WITH THE FINANC-
10 ING ACCOUNTS.—The Secretary of the Treasury shall bor-
11 row from, receive from, lend to, or pay the insurance fi-
12 nancing accounts such amounts as may be appropriate.
13 The Secretary of the Treasury may prescribe forms and
14 denominations, maturities, and terms and conditions for
15 the transactions described above. The authorities de-
16 scribed above shall not be construed to supersede or over-
17 ride the authority of the head of a Federal agency to ad-
18 minister and operate an insurance program. All the trans-
19 actions provided in this subsection shall be subject to the
20 provisions of subchapter II of chapter 15 of title 31,
21 United States Code. Cash balances of the financing ac-
22 counts in excess of current requirements shall be main-
23 tained in a form of uninvested funds, and the Secretary
24 of the Treasury shall pay interest on these funds.

25 "(c) APPROPRIATION OF AMOUNT NECESSARY TO
26 COVER RISK-ASSUMED COST OF INSURANCE COMMIT-



1 MENTS AT TRANSITION DATE.—(1) A financing account
2 is established on September 30, 2010, for each Federal
3 insurance program.

4 “(2) There is appropriated to each financing account
5 the amount of the risk-assumed cost of Federal insurance
6 commitments outstanding for that program as of the close
7 of September 30, 2010.

8 “(3) These financing accounts shall be used in imple-
9 menting the budget accounting required by this title.

10 **“SEC. 606. EFFECTIVE DATE.**

11 “(a) IN GENERAL.—This title shall take effect imme-
12 diately and shall expire on September 30, 2012.

13 “(b) SPECIAL RULE.—If this title is not reauthorized
14 by September 30, 2012, then the accounting structure and
15 budgetary treatment of Federal insurance programs shall
16 revert to the accounting structure and budgetary treat-
17 ment in effect immediately before the date of enactment
18 of this title.”.

19 (b) CONFORMING AMENDMENT.—The table of con-
20 tents set forth in section 1(b) of the Congressional Budget
21 and Impoundment Control Act of 1974 is amended by in-
22 serting after the item relating to section 507 the following
23 new items:

“TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE
PROGRAMS

“Sec. 601. Short title.

“Sec. 602. Budgetary treatment.



"Sec. 603. Timetable for implementation of accrual budgeting for Federal insurance programs.

"Sec. 604. Definitions.

"Sec. 605. Authorizations to enter into contracts; actuarial cost account.

"Sec. 606. Effective date."

1 **TITLE V—MAINTAINING A COM-**
2 **MITMENT TO THE FAMILY**
3 **BUDGET**

4 **Subtitle A—Further Enforcement**
5 **Amendments**

6 **SEC. 501. SUPER-MAJORITY POINTS OF ORDER IN THE**
7 **HOUSE OF REPRESENTATIVES AND THE SEN-**
8 **ATE.**

9 (a) Section 904 of the Congressional Budget Act of
10 1974 is amended as follows:

11 (1) In subsection 904(c) (1), insert "312(g), (h),
12 (i), and (j)," before "313," and insert "316, 318,"
13 before "904(c),".

14 (2) In subsection (c) strike "three-fifths" each
15 place it appears and insert "two-thirds".

16 (3) (A) In subsection (d) (2), insert "312(g), (h),
17 (i), and (j)," before "313," and insert "316, 318,"
18 before "904(c),".

19 (B) In subsection (d), strike "three-fifths" each
20 place it appears and insert "two-thirds".

21 (4) (A) In subsections (c) (2) and (d) (3), strike
22 "311(a),".



1 (B) In subsections (c)(1) and (d)(2) insert
2 "311(a)," after "310(d)(2),".

3 (5) In subsections (c)(1), (c)(2), (d)(2), and
4 (d)(3) by inserting "or the House of Representa-
5 tives" after "Senate" each place it appears.

6 (6) In subsection (e), strike "2002" and insert
7 "2010".

8 **SEC. 502. BUDGET RESOLUTION ENFORCEMENT POINT OF**
9 **ORDER.**

10 (a) ENTITLEMENT POINT OF ORDER.—Section 312
11 of the Congressional Budget Act of 1974 (as amended by
12 section 221(d)) is further amended by adding at the end
13 the following new subsection:

14 "(j) BUDGET RESOLUTION ENFORCEMENT POINT OF
15 ORDER.—It shall not be in order in the House of Rep-
16 resentatives or the Senate to consider any joint resolution
17 on the budget for a fiscal year, or amendment thereto or
18 conference report thereon, that—

19 "(1) is not consistent with the discretionary
20 spending limits set forth in section 251(b) of the
21 Balanced Budget and Emergency Deficit Control
22 Act of 1985; or

23 "(2) provides for an increase in the aggregate
24 level of direct spending for the fiscal year of the res-



1 olution or any ensuing fiscal year included in such
2 resolution.”.

3 **SEC. 503. POINT OF ORDER WAIVER PROTECTION.**

4 Rule XIII of the Rules of the House of Representa-
5 tives is amended by adding at the end the following new
6 clause:

7 “8. (a) It shall not be in order to consider a rule or
8 order that would waive waive the provisions of any section
9 of the Congressional Budget Act of 1974 referred to in
10 section 904(c)(1) of such Act or of section 302 of the
11 Family Budget Protection Act of 2004.

12 “(b) As disposition of a point of order under para-
13 graph (a), the Chair shall put the question of consider-
14 ation with respect to the proposition that is the subject
15 of the point of order. A question of consideration under
16 this clause shall be debatable for 10 minutes by the Mem-
17 ber initiating the point of order and for 10 minutes by
18 an opponent of the point of order, but shall otherwise be
19 decided without intervening motion except one that the
20 House adjourn or that the Committee of the Whole rise,
21 as the case may be.

22 “(c) The disposition of the question of consideration
23 under this clause with respect to a bill or joint resolution
24 shall be considered also to determine the question of con-



1 sideration under this clause with respect to an amendment
2 made in order as original text.”.

3 **Subtitle B—The Byrd Rule**

4 **SEC. 511. LIMITATION ON BYRD RULE.**

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

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

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

15 (3) by striking subsection (d);

16 (4) by redesignating subsection (e) as sub-
17 section (d); and

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

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

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



1 (b) CONFORMING AMENDMENT.—The first sentence
2 of section 312(e) of the Congressional Budget Act of 1974
3 is amended by inserting “, except for section 313,” after
4 “Act”.

5 **Subtitle C—Treatment of Extra-**
6 **neous Appropriations in Omni-**
7 **bus Appropriation Measures**

8 **SEC. 521. TREATMENT OF EXTRANEOUS APPROPRIATIONS.**

9 (a) IN GENERAL.—Title III of the Congressional
10 Budget Act of 1974 (as amended by section 127(a)) is
11 further amended by adding at the end the following new
12 section:

13 “TREATMENT OF EXTRANEOUS APPROPRIATIONS IN
14 OMNIBUS APPROPRIATION MEASURES

15 “SEC. 319. (a) POINT OF ORDER.—It shall not be
16 in order in the House of Representatives or the Senate
17 to consider an omnibus appropriation measure, or any
18 amendment thereto or conference report thereon, that ap-
19 propriates funds for any program, project, or activity that
20 is not within the subject-matter jurisdiction of any sub-
21 committee of the Committee on Appropriations of the
22 House of Representatives or Senate, as applicable, with
23 jurisdiction over any regular appropriation bill contained
24 in such measure.

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



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

5 “(2) The term ‘regular appropriation bill’
6 means any annual appropriation bill making appro-
7 priations, otherwise making funds available, or
8 granting authority, for any of the following cat-
9 egories of projects and activities:

10 “(A) Agriculture, rural development, Food
11 and Drug Administration, and related agencies
12 programs.

13 “(B) The Departments of Commerce, Jus-
14 tice, and State, the Judiciary, and related agen-
15 cies.

16 “(C) The Department of Defense.

17 “(D) The government of the District of
18 Columbia and other activities chargeable in
19 whole or in part against the revenues of the
20 District.

21 “(E) Energy and water development.

22 “(F) Foreign operations, export financing,
23 and related programs.

24 “(G) The Department of Homeland Secu-
25 rity.



1 “(H) The Department of the Interior and
2 related agencies.

3 “(I) The Departments of Labor, Health
4 and Human Services, and Education, and re-
5 lated agencies.

6 “(J) The Legislative Branch.

7 “(K) Military construction, family housing,
8 and base realignment and closure for the De-
9 partment of Defense.

10 “(L) The Departments of Transportation
11 and Treasury, and independent agencies.

12 “(M) The Departments of Veterans Affairs
13 and Housing and Urban Development, and sun-
14 dry independent agencies, boards, commissions,
15 corporations, and offices.”.

16 (b) CONFORMING AMENDMENT.—The table of con-
17 tents set forth in section 1 (b) of the Congressional Budget
18 and Impoundment Control Act of 1974 is amended by in-
19 serting after the item relating to section 318 the following
20 new item:

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

