United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 108th CONGRESS, SECOND SESSION

Vol. 150 WASHINGTON, THURSDAY, JUNE 24, 2004 *No. 89—Part II*

House of Representatives

HONORING 40TH ANNIVERSARY OF PASSAGE OF CIVIL RIGHTS ACT OF 1964

The SPEAKER pro tempore (Mr. FOSSELLA). The unfinished business is the question of suspending the rules and agreeing to the resolution, H. Res. 676.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and agree to the resolution, H. Res. 676, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 414, nays 1, not voting 18, as follows:

[Roll No. 304]

YEAS—414

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Becerra
Bell
Berkley
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Clyburn
Coble
Cole
Collins
Conyers
Cooper
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Foley
Forbes
Ford
Fossella
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Hall
Harman
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McGovern
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (WA)
Snyder
Solis
Souder
Spratt
Stark
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—1

Paul

NOT VOTING—18

Barton (TX)
Bereuter
Berman
Brown (OH)
Carson (IN)
DeMint
Deutsch
Doolittle
Gephardt
Granger
Hastings (FL)
Jones (OH)
Linder
McDermott
Meeks (NY)
Quinn
Smith (TX)
Tauzin

□ 1415

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. BERMAN. Mr. Speaker, I was unavoidably detained and unable to cast a number of rollcall votes. Had I been present, I would have voted "no" on rollcall No. 293, "yes" on rollcall No. 294, "yes" on rollcall No. 295, "yes" on rollcall No. 296, "yes" on rollcall No. 299, "yes" on rollcall No. 300, "yes" on rollcall No. 301, "no" on rollcall No. 302, "no" on rollcall No. 303, and "yes" on rollcall No. 304.

CHILD NUTRITION AND WIC REAUTHORIZATION ACT OF 2004

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2507) to amend the Richard B. Russell National School Lunch Act and the Child Nutrition Act of 1966 to provide children with increased access to food and nutrition assistance, to simplify program operations and improve program management, to reauthorize child nutrition programs, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. SIMPSON). Is there objection to the request of the gentleman from Ohio?

Mr. GEORGE MILLER of California. Mr. Speaker, reserving the right to object, although I do not intend to object, I ask the gentleman to offer an explanation of his request.

Mr. BOEHNER. Mr. Speaker, will the gentleman yield?

Mr. GEORGE MILLER of California. I yield to the gentleman from Ohio.

Mr. BOEHNER. Mr. Speaker, I appreciate the gentleman yielding to me.

Mr. Speaker, I rise in support of this measure, which represents months of hard work and commitment to bipartisan cooperation.

In that spirit we have before us a bill that will extend the life of the Federal child nutrition programs while strengthening program integrity, ensuring effective use of Federal resources, and providing continued nutritional services for millions of American children. And I am pleased to have reached a bipartisan, bicameral consensus that finally will allow the President to sign these important reforms into law.

First and foremost, I want to recognize the gentleman from Delaware (Mr. CASTLE), chairman; and the gentlewoman from California (Ms. WOOLSEY), ranking member of the Education Reform Subcommittee, who deserve a great deal of credit for their hard work and cooperation that have brought this bill before us today. I also want to thank the gentleman from California (Mr. GEORGE MILLER), the ranking member of the committee, for his continued commitment to a bipartisan, cooperative process.

The Federal child nutrition programs ensure millions of needy children have access to nutritious meals. While we all know that a healthful diet is necessary for children to achieve full physical development and long-term health and is critical for academic success as well in school, for this reason the investment in these programs is considerable. And so is our obligation to ensure our Federal resources are being used effectively and efficiently. Children and families depend on Federal child nutrition programs, and they depend on us to ensure that these programs are being administered with integrity.

The Child Nutrition and WIC Reauthorization Act extends the National School Lunch and Breakfast programs; Child and Adult Care Food Program; After-School Snack Program; the Summer Food Service Program; and the Special Supplemental Nutrition Program for Women, Infants, and Children, the WIC program. Taken together, the reforms in this bill will help ensure we are making the most of Federal resources to improve the nutritional health of children while being mindful of program quality and integrity.

The bill before us strikes an important balance between our desire to promote healthy nutritional choices and physical activity among children and the need to preserve local control for our schools. The gentleman from Delaware (Mr. CASTLE), the author of the House version of this legislation, has been a leader in our efforts to reduce the epidemic of child obesity by promoting a comprehensive approach that includes nutrition education and physical activity. In particular, the establishment of a local wellness policy, written at the local level to reflect local needs, marks significant progress that will promote nutrition education and increased physical activity in schools while maintaining local control.

To improve integrity in the Federal child nutrition programs and ensure access for eligible children, the legislation makes a number of positive reforms. The bill allows children whose parents who are in the Armed Forces and living in privatized military housing to continue to receive free or reduced-price meals at school if they meet the eligibility requirements. It also helps parents by allowing them to submit a single application for multiple children and ensures enrollment of eligible children through the use of direct certification of school lunch eligibility for those children and families receiving food stamps.

The Child Nutrition and WIC Reauthorization Act also takes steps to reduce paperwork by allowing school lunch certifications to be valid for 1 full year, preventing situations in which schools are forced to repeatedly certify children within a single school year. The bill also includes a provision originally proposed by the gentleman from Florida (Mr. KELLER) to help reduce the stigma amongst children receiving free and reduced-priced lunches by helping schools make technological improvements, such as automated meal card systems that keep students' financial status confidential to increase the efficiency of program operations.

In recognition of the success and popularity of the Fruit and Vegetable Pilot program, which currently provides fresh and dried fruits and fresh vegetables to children in 25 schools in each of four States and one Indian reservation, I am pleased that the bill before us authorizes the continuation and expansion of this valuable pilot program.

And since this measure originally passed the House, we have worked closely with Members on both sides of the aisle and in both legislative bodies to reach a consensus, which is embodied in the bill that we have before us today. And through that process, we have reached an agreement on additional reforms that will further strengthen and improve child nutrition programs. We have included a demonstration program that will allow us to evaluate the impact of eliminating the reduced-price meal category, an initiative many of us are interested in exploring, and authorize six additional States, including my home State of Ohio, to participate in the Lugar pilot program under the Summer Feeding Program.

Additionally, I am pleased to have reached a commonsense solution to address concerns about the most efficient use of taxpayer resources particularly within the WIC program. The bill includes strong cost-containment measures to ensure that WIC food costs and voucher payments are consistent with competitive retail prices for supplemental foods. And this will ensure efficient use of taxpayer dollars while protecting our ability to serve the greatest number of eligible women, infants, and children.

The Child Nutrition and WIC Reauthorization Act will prevent important nutritional programs from expiring while ensuring that they continue to operate effectively and efficiently. And I am pleased to support this measure and would encourage my colleagues to do so.

There are a number of staff members from our committee who I believe deserve special recognition and thanks. And they include Stephanie Milburn, Krisann Pearce, Cindy Herrle, Julian Baer, Denise Forte, Linda Theif. And I also want to thank Tyson Redpath on my staff and Sarah Rittling on the gentleman from Delaware's (Mr. CASTLE) staff. And Kate Houston, she wrote it. Kate Houston spent hundreds and hundreds and hundreds of hours over this last year shepherding this and working with staff on both sides of the aisle. And I think all of our colleagues realize that we could not do the job that we do as Members without having terrific staff, and on our committee we have got terrific staff on both sides of the aisle. I want to thank all of them.

I include letters for the RECORD.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC, June 21, 2004.

Hon. JOHN BOEHNER,
Chairman, House Committee on Education and the Workforce, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN BOEHNER: As you are aware, the Senate Committee on Agriculture, Nutrition and Forestry reported S. 2507, the Child Nutrition and WIC Reauthorization Act of 2004, on June 7. As reported, S. 2507 contains matters within the jurisdiction of the Committee on Agriculture.

Section 104(b)(2) amends the Food Stamp Act of 1977, and section 301 amends the Commodity Distribution Reform Act and WIC Amendments of 1987. Both the Food Stamp Act and the Commodity Distribution Act are within the jurisdiction of the Committee on Agriculture. In the interest of expediting this matter, however, our committee will not seek referral of S. 2507. I do so with the understanding that by discharging the bill the Committee on Agriculture does not waive any future jurisdictional claim over this or similar measures. In addition, in the event a conference with the Senate is requested on this matter, the Committee on Agriculture reserves the right to seek appointment of conferees, if one should become necessary.

I also ask that you insert a copy of our exchange of letters in the Congressional Record during consideration of S. 2507 on the Floor.

Sincerely,

BOB GOODLATTE,
Chairman.

COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, June 22, 2004.

Hon. BOB GOODLATTE,
Chairman, Committee on Agriculture, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN GOODLATTE: This letter is to confirm our agreement regarding S. 2507, the Child Nutrition and WIC Reauthorization. I thank you for working with me, specifically regarding the amendments included in the Senate amendment specifically, Section 104(b)(2) *Agreement for Direct Certification and Cooperation* and Title III, *Commodity Distribution Programs,* which are within the jurisdiction of the Committee on Agriculture.

While these provisions are within the jurisdiction of the Committee on Agriculture, I appreciate your willingness to work with me in moving S. 2507 forward without the need for additional consideration in your Committee. I agree that this procedural route should not be construed to prejudice the jurisdictional interest and prerogatives of the Committee on Agriculture on this provision or any other similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to your Committee in the future.

I thank you for working with me regarding this matter. I will include a copy of your letter and this response in the Congressional Record during consideration of S. 2507 on the House floor.

Sincerely,

JOHN A. BOEHNER,
Chairman.

COMMITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, June 22, 2004.

Hon. JOE BARTON,
Chairman, Committee on Energy and Commerce, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN BARTON: This letter is to confirm our agreement regarding S. 2507, the Child Nutrition and WIC Reauthorization. I thank you for working with me, specifically regarding the amendments included in the Senate bill specifically, Section 105(b) Conforming Amendments and Title IV, Miscellaneous which are within the jurisdiction of the Committee on Energy and Commerce.

While these provisions are within the jurisdiction of the Committee on Energy and Commerce, I appreciate your willingness to work with me in moving S. 2507 forward without the need for additional consideration in your Committee. I agree that this procedural route should not be construed to prejudice the jurisdictional interest and prerogatives of the Committee on the Energy and Commerce on this provision or any other similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to your Committee in the future.

I thank you for working with me regarding this matter. I will include a copy of this letter in the Congressional Record during consideration of S. 2507 on the House floor.

Sincerely,

JOHN A. BOEHNER,
Chairman.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman for his explanation.

Continuing under my reservation of objection, I yield to the gentlewoman from California (Ms. WOOLSEY), ranking member of the committee.

Ms. WOOLSEY. Mr. Speaker, I thank the ranking member for yielding to me.

Mr. Speaker, I rise in support of S. 2507, the Child Nutrition and WIC Reauthorization Act of 2004. This reauthorizes the Federal child nutrition programs, one of the most important bills I think that we consider here in the House of Representatives. This has become, through considerable effort on all sides, a bipartisan, bicameral bill. And I thank my colleagues and staff on both sides of the aisle and in both Chambers who have worked so hard and in such good faith.

A lot of positive compromises were made to get to this point. I think that every Member who was involved in the negotiations, and even some who were not, gave up something while gaining in the long run. But we were determined all through the effort that the Federal child nutrition programs would continue to provide nutritious food for low-income infants and children at home, in child care centers, in family day care homes, at school, and when school is out for the day or the year. And that is what this bill before us today does.

While I would have liked to include a full expansion of the Free Breakfast Program for all kids and tighter restrictions on the junk food that is sold in schools, the Child Nutrition and WIC Reauthorization Act does improve the Federal child nutrition programs in many ways, and I am not going to list all those ways because we have other people that would like to speak. But I want the Members to know that those of us that are here support exactly what is in this bill, and we are glad that we are able to support it. What I hope and what I expect is that one of the most significant benefits to hungry children since the first Federal school lunch, and that is the pilot program that will allow five States to examine the impact of eliminating the reduced/free category in school meals, that this will be a huge success supported around the Nation so we will prove that children who have a nutritious meal, a nutritious breakfast learn better, they have better attendance, they have better scores on their tests, and they behave better in school. So that we will have learned something very significant by the end of this reauthorization. Our children will get nutritious meals. They will get snacks. They will develop better eating habits as a result of the Child Nutrition and WIC Reauthorization, and I urge all my colleagues to support it.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentlewoman for her explanation. And also I want to thank her for all of her hard work and her advocacy on behalf of children in this program and families in this program. She has very much made a difference in the outcome of this legislation by her efforts.

Mr. Speaker, continuing under my reservation of objection, I yield to the gentleman from Delaware (Mr. CASTLE) for his remarks.

Mr. CASTLE. Mr. Speaker, I thank the distinguished gentleman from California for yielding to me. I also want to thank him for all of his help and cooperation on this legislation; as well as the distinguished gentleman in Ohio (Mr. BOEHNER) for his work; and obviously my ranking member, with whom I worked closely on this; and particularly the staff, Kate Houston, and Sarah on my staff, as well as all the other staff people.

Obviously I rise in support of the legislation as well. The bill before us today does represent several months of hard work, cooperation, and dedication to strengthening nutritional services for vulnerable children. I am pleased to have the bill before us and to have an agreement that spans both sides of the aisle in addition to both sides of the Capitol.

The Child Nutrition and WIC Reauthorization Act of 2004 makes a number of positive reforms focusing on reaching three main goals: ensuring eligible children have access to services, promoting comprehensive solutions to the health and nutrition of children, and strengthening program integrity to ensure Federal resources are being effectively leveraged to serve children who qualify. The bill reauthorizes the National School Lunch and Breakfast programs, Child and Adult Care Food Program, After-School Snack Program,

Summer Food Service Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children. I believe that in this bill we have gone a long way in strengthening these programs on behalf of disadvantaged children and their families.

While the bill includes a variety of important reforms, there are a few I would like to mention specifically. With little money to work with, we were able to increase access to child nutrition programs for eligible children. For example, the bill extends participation for eligible children whose parents are in the Armed Forces and living in privatized military housing so these children may continue receiving free or reduced-priced meals. This provision alone would benefit 250 children in my home State of Delaware and up to 100,000 children nationwide.

The Federal Government invests roughly $16 billion annually in child nutrition programs. Ensuring the effective use of these resources by enhancing program integrity has been a top priority during the reauthorization process. We have moved to ensure that children who deserve these services are receiving them and not being excluded by those who are not eligible. To this end, we have taken steps to reduce administrative error, improve accuracy, and enhance accountability for program administration.

Finally, I would like to highlight an issue of particular concern to me, the growing problem of childhood obesity. During visits to schools over the past several years, I have noticed a growing number of obese children. We all recognize the fact that obesity has reached epidemic proportions in our Nation. Defeating this crisis will require the work of many, including schools, parents, government, the health community, and industry.

The bill before us today also includes important steps to promote comprehensive solutions to child health and nutrition, including provisions to promote nutritional education and physical activity at the State and local level.

The Child Nutrition and WIC Reauthorization Act of 2004 is a result of cooperative bipartisan and bicameral efforts to strengthen nutritional services provided to needy children and families through the various child nutrition programs. I would like to thank my colleagues for their cooperation in bringing this bill forward, and I urge its passage.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman from Delaware for his explanation. I also want to thank him for all of his work and his participation. He is one of those individuals in this institution that makes a bipartisan agreement like this able to be brought up on unanimous consent because of his cooperation and his advocacy on behalf of our children. So I thank the gentleman from Delaware (Mr. CASTLE).

Mr. Speaker, continuing under my reservation of objection, I yield to the gentleman from New Jersey (Mr. ANDREWS), a member of the committee.

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from California for yielding to me.

I would like to thank the gentleman from Ohio (Chairman BOEHNER); the gentleman from Delaware (Chairman CASTLE); the gentleman from California (Mr. GEORGE MILLER), our ranking member; and the gentlewoman from California (Ms. WOOLSEY), ranking member of the subcommittee, for their outstanding work that will benefit my constituents and children throughout the country.

□ 1430

I thank the gentleman for his cooperation and comity, and for working with us on this.

I particularly want to thank the committee for incorporating three issues in this bill that I was involved in working on with members on both sides.

The first is a provision that will permit school districts to more easily automatically enroll children in the child nutrition programs if they are eligible for some other assistance program that has similar or the same eligibility requirements. There are a lot of children who do not get enrolled because their moms and dads do not send the forms back or because there is some kinds of bureaucratic problem. This will help many, many children, and it is greatly appreciated.

Secondly, I appreciate the committee's efforts to be sure that children who attend private for-profit pre-kindergarten programs are given full and equal opportunity to participate in this program.

Third, I salute the committee leadership for their very artful and fair compromise on the issue of soy milk, which is important medically and culturally for many children and many families. This will permit parents who wish to make the choice of soy milk to make that choice.

I also want to commend the staff on both sides of the aisle for their outstanding participation and help in this. I am proud to support this bill.

Mr. GEORGE MILLER of California. Mr. Speaker, continuing my reservation, I thank the gentleman for his remarks.

Mr. Speaker, I yield to my colleague the gentlewoman from California (Ms. LEE), and thank her for her participation in this legislation.

Ms. LEE. Mr. Speaker, first let me thank the chairman of the subcommittee, the gentleman from Delaware (Mr. CASTLE); the chairman of the full committee, the gentleman from Ohio (Mr. BOEHNER); my colleague, our ranking member, the gentleman from California (Mr. GEORGE MILLER); and the gentlewoman from California (Ms. WOOLSEY) for making sure that this is a bipartisan bill and for incorporating many of our new policies and ideas into this bill, and ensuring that one provision is included in the bill that I introduced actually back in September of 2003, the Right to Know School Nutrition Act.

Basically, today over 27 million low-income children throughout the nation have come to rely on the national school lunch program and the national breakfast program for a healthy and nutritious meal. Oftentimes this is the only source of nutrition that these kids will receive all day, so it is incredibly important that we provide healthy, nutritious meals to these students and we make sure we notify their parents about what they are eating.

But, believe it or not, when it comes to the issue of irradiated food, food that is bombarded with gamma rays or electrons, there is no requirement in law that schools must notify their parents or their children about what they are eating, or even that the irradiated food was being served in school. This provision of the bill basically notifies parents and children about irradiated food, while providing a possible alternative, if the schools can so provide for that.

So I am very delighted that both the House and the other body have seen fit to include a large part of my bill in this bill. I think it is very important for the health and safety of our children. It is very important that parents and children know that their food is irradiated and have some alternatives for their health. That is basically what it is about.

I just want to thank the chairman of the full committee, the chairman of the subcommittee, our ranking member and the gentlewoman from California (Ms. WOOLSEY), our ranking subcommittee member, for all of their assistance in this. I fully support the bill, and hope we have a bipartisan vote.

Mr. GEORGE MILLER of California. Mr. Speaker, continuing to reserve the right to object, I thank the gentlewoman for her remarks.

Mr. Speaker, I yield to the gentlewoman from Los Angeles, California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I rise in strong support of the Child Nutrition and WIC Reauthorization Act of 2004.

I am very pleased to commend my colleagues, the gentleman from Ohio (Chairman BOEHNER); the ranking member the gentleman from California (Mr. GEORGE MILLER); and my good friend the gentlewoman from California (Ms. WOOLSEY) on the wonderful work they have done, along with all of the other members of the committee.

I just want to give recognition to the fact that there was some controversy that developed around the WIC-only stores, but a good compromise has been worked out, and the compromise language in the bill is intended to make sure that the program serves the maximum number of eligible women, infants and children.

The language is not intended to eliminate WIC-only stores or to force the WIC-only stores to price their products less than the larger retail stores.

The WIC-only operators have agreed that they will make their prices more competitive, because that was one of the criticisms. I commend the WIC-only stores for providing special services to limited English speaking families and poor families that allows them to receive this valuable service with dignity and respect. The language in the bill also allows the WIC-only stores to use promotional items in the same way that the larger retail stores are allowed to do.

I would like to thank again all of my colleagues for working this out. The compromise language makes good sense, and this helps us to move forward in ways that serve the maximum number of women, infants and children.

Mr. GEORGE MILLER of California. Mr. Speaker, continuing my reservation of objection, I thank the gentlewoman for her comments and participation in the resolution of the issue concerning the WIC-only stores.

Mr. Speaker, I yield to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I want to thank the ranking member for yielding.

Mr. Speaker, I want to commend the gentleman from Ohio (Chairman BOEHNER) and the ranking member, the gentleman from California (Mr. GEORGE MILLER), as well as all of those who have actually been involved to make sure that we had a good, solid, bipartisan piece of legislation that affords the greatest opportunity for our school children to get nutritious meals and to make sure that those individuals who are in need of this kind of action on the part of our Congress do in fact receive it.

I think this is one of the greatest examples of bipartisanship, of the opportunity that people have to work cooperatively together. It has been a great process, and I think the results are going to be even greater.

So, again, I commend the chairman of the Committee on Education and the Workforce, our ranking member, and, of course the ranking member of my subcommittee, the gentlewoman from California (Ms. WOOLSEY). It has been a great process.

Mr. GEORGE MILLER of California. Mr. Speaker, continuing my reservation, I thank the gentleman for his comments.

Mr. Speaker, I again want to support this legislation. I want to thank the gentleman from Ohio (Chairman BOEHNER); the subcommittee chairman, the gentleman from Delaware (Mr. CASTLE); and the gentlewoman from California (Ms. WOOLSEY) for all of their work and cooperation. I know it continues to mystify some people in the House how the gentleman from Ohio (Mr. BOEHNER) and I can continue to work together, and that the gentleman from Delaware (Mr. CASTLE) can come to these bipartisan agreements with the gentlewoman from California (Ms. WOOLSEY) on my side.

We have serious philosophical differences on many issues, but we have been able to put them aside from time to time on behalf of the children of this Nation, and here I think we have made major improvements in this legislation to the benefit of the 27 million children who participate in this program every school day, to the 2 million children who will participate in the summer feeding and the child care programs in this country, and nearly 7.5 million poor women and children who participate in the Women, Infants and Children program, a program that has demonstrated that we get many, many, many times the return on the money we invest in the WIC program in the reduction of health care costs to the mother and the newborn child because we are able to interact with them and give them good advice about their pregnancy, about the birth of their child and about the care of their child in the early moments of life.

It was almost 30 years ago this year in this Congress when I stood here on a similar unanimous consent request to extend and make permanent the Women, Infants and Children program. It has returned billions of dollars in savings to this country, and, more importantly, it has provided for millions of newborn babies to be born healthy, to avoid the problems of low birth weight and their mothers the problems of troubled pregnancies and premature births.

For that, we are very grateful to the people who work so hard in this program to develop its nutritional benefits and its healthcare benefits.

I also want to thank my colleagues for working so hard to try to expand the efforts to eliminate and reduce paperwork and to make sure that we are coordinating these programs with other programs, such as the Medicaid agencies and food stamp offices, to make sure they know of the accessibility to these programs, to remove the barriers to migrant children and homeless and runaway youth and to expand the opportunities to military families.

It is unfortunate that in this country we have so many people in poverty or have such low wages, many of whom work the year-round, that are eligible for this program, but it is also very fortunate for those individuals and good for our country that we have this program to extend these nutritional and health benefits to them.

I wish we would have been able to make a better statement, a greater statement, and a better direction for this country on the problems of childhood obesity. These rates have doubled in children and tripled in adolescents in the last two decades. We cannot ignore the opportunity we have to work with these children on a whole range of solutions to the problems of obesity while we have them in school. One which is very important to be transmitted to them is the benefit of a good and healthy diet. This program should be compatible with those goals. I hope we have sent a message to the program that we want them to develop a healthier diet, a better diet, but we also want to send the message of exercise, of healthy living outside of school by those young people.

Finally, we have all thanked one another, but this is a rare moment in this session of Congress, in these 2 years, that stand here reporting under unanimous consent a bipartisan piece of legislation of this significance. So I do want to thank again the gentleman from Ohio (Chairman BOEHNER) for all of his cooperation in moving this legislation in a timely fashion, so we would have an opportunity to work with the Senate; to the gentleman from Delaware (Mr. CASTLE) and the gentlewoman from California (Ms. WOOLSEY) for developing the substance of this legislation, the changes in this legislation, the reforms in this legislation and the expansion of opportunity for these children and for their families.

I certainly want to thank Senator HARKIN, who I came to Congress with, for all of his hard and continuing work on child nutrition and food programs in this Nation and internationally, and Chairman COCHRAN, who I have had an opportunity to work with on so many programs affecting children in literacy and nutrition and other benefits such as that.

Finally, I want to thank the staff members of our committee. On our side of the aisle, Lynda Theil, Denise Forte and Joe Novotny; the people from CRS, Joe Richardson and Donna Porter, who provided us so much technical assistance and expertise; to Tyson Redpath on the staff of the gentleman from Ohio (Mr. BOEHNER), and Sarah Rittling on the staff of the gentleman from Delaware (Mr. CASTLE); and the Republican staff in the House, Kate Houston, Stephanie Milburn, Sally Lovejoy, Krisann Pearce and Julian Baer, for all of their work, for their consistence.

The fact of the matter is, it was the cooperation among the staffs that allowed this bill to be reported on a timely basis as we come toward the end of this session of Congress.

I would also like to thank Derek Miller of Senator HARKIN's staff and Dave Johnson of Senator COCHRAN's staff.

Mr. Speaker, I think the House and the Senate can be very proud of this legislation, and I know that those individuals, the American School Food Service Association, the Food Research and Action Center, the WIC directors, the United Fresh Fruit and Vegetable Association, the Center for Budget and Policy Priorities, and so many others that I will submit for the RECORD, were great advocates of the improvements made in this legislation and the expansion of nutritional and health opportunities for the participants.

Mr. Speaker, I include for the RECORD the list of supporters of this legislation.

American Association of School Administrators.

American Commodity Distribution Association.
American Dietetic Association.
American Federation of State, County, and Municipal Employees (AFSCME).
American School Food Service Association (ASFSA).
America's Second Harvest.
Anti Hunger Action Committee.
Association of Farmworker Opportunity Programs.
Bread for the World.
Catholic Charities USA.
Central Coast Hunger Coalition.
Chicago Jobs Council.
Children's Defense Fund.
Children's Foundation.
Coalition of Labor Union Women.
Coalition of Religious Communities (Utah).
Coalition on Human Needs.
Colorado Anti-Hunger Network.
Colorado Center on Law and Policy.
Community Food Security Coalition.
Congressional Hunger Center.
Connecticut Association for Human Services.
Crossroads Urban Center.
Denver Urban Ministries.
EBT Industry Council of the Electronic Funds Transfer Association.
Evangelical Lutheran Church in America.
Food and Allied Service Trades Department (FAST), AFL–CIO.
Food Research and Action Center (FRAC).
FOOD Share, Inc.
Greater Upstate Law Project, NY.
Green Consulting Services, Miami, FL.
Hudson Valley Poverty Law Center, NY.
Human Services Coalition of Dade County.
Hunger Action Network of New York State.
I Am Your Child Foundation.
Indiana Coalition on Housing and Homeless Issues, Inc.
Institute Justice Team, Sisters of Mercy of the Americas.
Jewish Council for Public Affairs.
Just Harvest, Pittsburgh, PA.
Lutheran Advocacy Ministry—Colorado.
Migrant Legal Action Program.
Monterey County Farm to School Partnership.
National Advocacy Center of the Sisters of the Good Shepherd.
National Association for the Education of Young Children (NAEYC).
National Association of Protection and Advocacy Systems.
National Association of State Boards of Education.
National Coalition for the Homeless.
National Council of Churches of Christ in the USA.
National Council of Jewish Women.
National Farmers Union.
National Grange.
National Head Start Association.
National Priorities Project.
National PTA.
National Student Campaign Against Hunger and Homelessness.
National WIC Association (NWA).
National Women's Law Center.
Northeast Missouri Client Council for Human Needs, Inc.
Presbyterian Church (U.S.A.) Washington Office.
Public Children Services Association of Ohio.
Public Interest Law Office of Rochester, NY.
Public Justice Center.
RESULTS.
Sargent Shriver National Center on Poverty Law.
Second Harvest Food Bank of Santa Cruz and San Benito Counties.
Share Our Strength (SOS).
The Advocacy for the Poor, Inc., Winston-Salem, NC.
The Partnership Center, Ltd.
Union for Reform Judaism.
United Food and Commercial Workers International Union (UFCW).
United Fresh Fruit & Vegetable Association.
WHEAT, Phoenix, AZ.
Women of Reform Judaism.
World Hunger Year.

Mr. KENNEDY of Minnesota. Mr. Speaker, I rise today in strong support of S. 2507, the Child Nutrition and WIC Reauthorization Act. Federal child nutrition programs were conceived to offer wholesome meals and snacks to children in need, and to support the health of lower-income pregnant women, new mothers, and their young children. Federal child nutrition programs touch the lives of countless children. The National School Lunch Program alone serves an average of 29 million children each school day. Fifty-eight percent of these children receive a nutritious lunch each school day for free or at a reduced price. Nearly eleven million children also take part in school breakfast, after-school snacks, and summer meals. These programs provide an extraordinary opportunity to send a strong, consistent message to children about maintaining a healthy, active lifestyle.

Along with nutritional provisions, this legislation works to streamline the eligibility criteria and paperwork parents and guardians need to participate. For schools, lunch certifications will now be valid for a full year. Additionally, parents will be allowed to submit a single application for multiple children, and to file school lunch applications electronically. And, eligible children whose parents live in privatized military housing will continue to receive free- or reduced-price meals.

This bill also addresses the Women, Infant and Children program commonly know as WIC. This important program helps safeguard the health of nutritionally at-risk pregnant women and new mothers, infants, and children up to age five. It provides vital nutrient-dense foods to supplement diets, along with nutrition education and referrals for health care and other social services. WIC is based on the premise that early intervention programs can prevent future medical and developmental problems in at-risk individuals. The success of WIC is well documented. Participation in WIC has led to better pregnancy outcomes—fewer infant deaths, fewer premature births, and increased birth weights. Through this legislation, WIC is authorized through 2009 and a number of enhancements are made to program access and operations.

Finally, this bill also ensures that supplemental foods available through WIC are consistent with current nutritional science, a key link in fighting youth obesity. Mr. Speaker, The Child Nutrition and WIC Reauthorization Act will help strengthen and improve all these programs which are so valuable to children and their families. I urge my colleagues to support this important legislation and yield back the balance of my time.

Mr. GRIJALVA. Mr. Speaker, I rise today in support of S. 2507, the bipartisan bill to reauthorize the Child Nutrition and WIC Programs. In this hot political climate, I am pleased to see that members crossed the aisle to compromise in the interests of hungry children. There are a number of provisions in this bill which will improve the program through increased access and innovative programs.

Migrant and seasonal farm working families, the families that put food on our tables, face unique challenges in accessing this program. The average farm worker earns just $7,500 a year—leaving most of their families well below poverty level. The hardships that the children in these families face are only amplified by their migratory lifestyle. Their parents, who are poor, uneducated, and often with limited literacy in their native language, face many barriers helping their children apply for services every time they move. S. 2507 would make homeless, runaway and migrant children automatically eligible for free lunch and breakfast. It will extend automatic eligibility to children who qualify for migrant educational services under the Elementary and Secondary Education Act.

It will be easier for parents to apply for free or reduced price meals by requiring only one application for the household and making that application valid for the full school year. Additionally, children in Food Stamp and TANF households will be directly certified to participate in the program.

Common sense and scientific knowledge tells us that eating breakfast improves school performance. Yet a number of barriers keep schools from offering this service, ranging from cost, stigma, and transportation. This bill would encourage more schools to serve breakfast by studying the logistical impediments that make it difficult, and finding ways to reduce those impediments.

Children who are hungry during the school day suffer even more during the summer when the appropriate resources are not available. S. 2507 authorizes a new pilot project to examine ways to reduce transportation barriers and increase access to summer feeding programs in rural areas.

Childhood obesity has become a national epidemic. Nearly a quarter of Hispanic children are overweight, and at high risk for Type II Diabetes. This program is in the position to significantly impact this national health crisis. In addition to requiring schools to create a wellness policy, this bill would authorize grants for outreach and education on obesity prevention activities to communities with high Limited English Proficiency populations.

This bill would expand the Fruit and Vegetable Pilot program, allowing it to target high poverty areas. Additionally, it authorizes an evaluation of the impact of fruits and vegetables on childhood obesity through pilot programs in WIC.

I stand today in support of this reauthorization bill because it offers real solutions to families and children who are most in need of our help. S. 2507 is a comprehensive piece of legislation that increases access, simplifies the application process, offers outreach, creates innovative pilot programs for targeted communities, and promotes the health and well being of all children served in the program. I encourage my colleagues to support this important bipartisan reauthorization.

Mr. HINOJOSA. Mr. Speaker, I rise in strong support of S. 2507, The Child Nutrition and WIC Reauthorization Act of 2004. I would like to commend the leadership of the Education and the Workforce Committee and the Senate Agriculture Committee for negotiating a bipartisan bill that will improve access to the child nutrition programs.

I am pleased that this compromise bill contains a number of provisions that were supported by the Congressional Hispanic Caucus and national Hispanic organizations. S. 2507 will make a difference for Hispanic children and families.

Measures to allow for the direct certification of migrant students and the direct verification of eligibility will protect our most at risk students from being dropped from the program, not for lack of eligibility but for lack of understanding or fear.

The provisions to ensure that school lunch information—throughout the entire process—is in a language and form that the parents can understand will go a long way to building understanding and trust. These are significant improvements to the program.

Additionally, the bill strengthens nutrition education. Childhood obesity and diabetes are reaching epidemic proportions in the Hispanic community and across the Nation. We must do more to help young people develop healthy lifestyles. This legislation is a step in the right direction.

S. 2507 provides important resources to expand access through innovative programs. The bill expands the Lugar summer food program, establishes a pilot program for rural areas, and allows 5 states to examine the impact of replacing the reduced priced lunches with free lunches—a goal that has strong bipartisan support.

This legislation also takes steps to safeguard the integrity of the WIC program, ensuring that WIC food packages reach the maximum number of women, infants, and children.

I urge my colleagues to vote yes on S. 2507.

Ms. DELAURO. Mr. Speaker, I rise in support of the Child Nutrition and Women, Infants, and Children reauthorization bill. These vital programs—school lunch and breakfast programs, after-school snack programs, WIC—improve the day-to-day-lives of American families. WIC touches the lives of every 5 people in the United States, including over 37 million children and nearly 2 million lower-income and postpartum women. It guarantees young women and their children receive adequate nutrition and health advice—preventing future illnesses and other health problems.

Our experience with the WIC nutrition program shows that it is a sound and wise long-term investment that pays off by improving the health and development of the women and young children who participate in the program. Each dollar invested in WIC saves more than three dollars in other government spending on programs such as Medicaid. WIC helps young mothers and their children start off on the right foot and saves money at the same time.

As a member of the House Appropriations Subcommittee on Agriculture, I work every year with my colleagues to ensure sufficient funding for the WIC program and to enact measures to streamline and improve the integrity of the program. But while I am largely pleased with the bill the other body produced, it unfortunately did not expand the school lunch program to all children who are in need.

There is no more important measure of our nation's values than how we care for and ensure the health and nutrition of our children—none.

We still have a way to go with respect to the full funding of WIC this year. But I am encouraged by this reauthorization, Mr. Speaker, and will continue to work toward fully funding the program in the coming year.

Mr. HOLT. Mr. Speaker, I rise in support of this Child Nutrition Act. This bill is a step in the right direction of important reforms in federal child nutrition programs. I would like to thank Chairmen BOEHNER, and CASTLE and Ranking Members MILLER and WOOLSEY for their hard work on the bill. I would also like to thank the Chairman for taking my amendment during the committee process eliminating the cost-accounting requirement for severe need breakfast programs.

This paperwork problem was brought to my attention by the Director of the New Jersey Child Nutrition Programs, Kathy Kuser. Many states, such as New Jersey, Wisconsin and Illinois, are making significant efforts to improve their school breakfast participation rate, and reducing the paperwork requirements would help these efforts.

Under current law, schools would qualify for severe-need breakfast assistance if at least 40 percent of the lunches served during the second preceding school year were free or reduced price. They calculate their cost per breakfast by prorating their labor costs, and figuring out their food, supplies and other costs associated with the school breakfast program. They have to save their receipts and calculations and submit them in order to get the severe-need reimbursement. Removing the cost-accounting requirement would be a significant paperwork reduction for the schools without significantly increasing cost for the government.

I also want to commend the committee for including direct certification for children from food stamp households for free school meals. Many schools are not aware of this method to determine eligibility for free meals. Direct certification improves access to free school lunches and improves program integrity, according to a study done by Mathematica.

I am also pleased to see a bill authorizing grants for ''farm-to-cafeteria'' projects, including nutrition education activities. These activities incorporate the participation of school children in farm and agricultural education projects and procure local foods from small- and medium-sized farms for school meals.

The expansion of eligibility for Child and Adult Care Food Program (CACFP) for children in shelters from age 13 to 18 who live in domestic violence shelters and homeless shelters is a wonderful improvement to the previous child nutrition legislation. My constituents who participate in Mercer Street Friends, Anchor House, Triad House, Family Preservation Center (Homefront) and the Family Preservation House would benefit from this change to CACFP eligibility. These organizations depend on food donations to feed their clients who are nutritionally at risk and should be eligible for this important nutrition support program.

Finally, I am pleased to see that the bill we are considering today has some positive improvements to the bill that first passed in March. The bill now authorizes grants to states for comprehensive nutrition education and physical activity programs.

It also authorizes grants to schools for nutrition and physical activity projects. Today's bill provides training and technical assistance to schools to develop healthy school nutrition environments and local wellness policies.

The bill also expands from 5 to 8 the number of states participating in the successful Fruit and Vegetable Pilot.

Mr. Speaker, once again I want to thank my colleagues and their staffs on the for their hard work. I ask my colleagues to support this bill, which will eliminate barriers to participation for low-income children and families and ensure greater access to these critical nutrition programs.

Mr. KIND. Mr. Speaker, I rise today in strong support of the Child Nutrition and WIC Reauthorization Act. As a member of the Education and the Workforce or Committee, I am pleased with the process in which this bill has been considered; it is a critical bill that will greatly benefit our nation's children as well as family farmers.

Ensuring that our youth receive proper nutrition is a top priority for me in Congress. I have traveled across western Wisconsin, meeting with people both in and out of the schools who are active in administering child nutrition programs, and consistently I hear how important these programs are for our youth. I have also met with parents and children who participate, and I hear how many of these families depend on federal child nutrition programs for a healthy start in life and healthy meals as their children grow. Sadly, too often, a federally subsidized meal is the only complete meal some children eat in a day. This reality underscores the importance of this bill that will improve access to such important programs while also increasing the nutritional value of federal food programs.

Specifically, I am pleased that several provisions were included in the base bill, which I coauthored in previous legislation. H.R. 3250, the Child Nutrition Improvement Act of 2003, which I sponsored with Representatives BENNIE THOMPSON, GIL GUTKNECHT, and TOM PETRI, will combat the increasing problem of child obesity through increased child milk consumption by preventing commercial beverage companies from pressuring schools to remove milk vending machines. Another provision included in the base bill from H.R. 3250 will improve child nutrition by making it easier for schools to offer milk in a variety of flavors and fat contents to better meet students' varying tastes and needs. With 90 percent of teenage girls and 70 percent of teenage boys currently not getting enough calcium, it is imperative to provide increased availability of milk products in schools.

Additionally, S. 2507 includes legislation that I sponsored with Representative UPTON, H.R. 2626, The Farm-to-Cafeteria Projects Act of 2003. This provision focuses on connecting local agriculture to schools in every state through a competitive, one-time matching grant directly to local communities. This allows each locality to design a farm-to-cafeteria project tailored to specific farm and school community needs. Experience has shown that kids' food choices can be improved by connecting farms to the lunchroom.

Mr. Speaker, again, I am proud to support this bill on the Floor today. Our goal in the 21st century should be to ensure that every child receives proper nutrition needed to succeed in school. It is a simple fact: good nutrition is an educational tool that improves children's performance in school.

Mr. SHAYS. Mr. Speaker, I rise in support of the Child Nutrition and WIC Reauthorization Act today.

I support child nutrition programs. The link between child nutrition and academic performance is a strong one, and I believe we need

to do everything we can to make sure these programs are available to the children who need them most.

Under current law, reduced-price school meals are offered only to children with family incomes between 130 percent and 185 percent of the poverty level. Many families in the reduced-price income category find it difficult to pay the fee. As a result, many children who could benefit from the program do not.

I am pleased the Child Nutrition and WIC Reauthorization Act incorporates a pilot program to evaluate the effect of legislation I introduced which provides free meals under the Richard B. Russell National School Lunch Act to all children whose family incomes are less than 185 percent of the poverty line.

Under my legislation, each year the income eligibility threshold for free meals would rise, so that by the beginning of the school year that begins July 1, 2008, all children who are currently eligible for a reduced-price meal would be eligible for a free meal.

For Connecticut's Fourth Congressional District, this means 3,943 more children would be eligible for free meals, an increase of 13 percent.

S. 2507 would authorize a demonstration program in five States or parts of States to evaluate the impact of eliminating the reduced-price meal category.

The bottom line is reducing school hunger will increase academic performance.

Children cannot learn on an empty stomach. We need to ensure all children who can't afford lunches have guaranteed access to free meals. With the bounty of food we have in America, there is no reason for a child to be hungry in school. I urge support of this legislation.

Mr. CARTER. Mr. Speaker. I rise in support of S. 2507, Child Nutrition and WIC Reauthorization Act of 2004, which includes language that I offered to stop infant formula theft.

Stolen infant formula is a major problem throughout the country, including the State of Texas.

In 2003, international crime rings stole as much as $2.5 million worth of baby formula a month in Texas, and testimony before Congress revealed that some of the proceeds may go to fund terrorism.

After being stolen, the formula was stored and sometimes repackaged with phony expiration dates, then it was sold to small convenience stores in the United States.

This legislation requires State agencies to license and maintain a list of infant formula manufacturers, wholesalers, distributors, and retailers approved to provide infant formula to vendors.

This section closes a loophole that would allow crime rings to steal infant formula and resell this formula to retailers, who often are unaware that the formula was stolen.

This list would include food manufacturers, wholesalers, distributors, and retailers licensed in the State to distribute infant formula and food manufacturers registered with the U.S. Food and Drug Administration that provide infant formula, with vendors required to purchase infant formula from the list.

The stolen formula is often resold to customers using vouchers from the federally funded Women, Infants, and Children program.

I want to thank Education and the Workforce Chairman JOHN BOEHNER and the Subcommittee on Education Reform Chairman MICHAEL CASTLE, along with this staff, Kate Howston and Stephanie Milburn for their important work on this legislation.

Thank you, Mr. Speaker. I urge that my colleagues support this important legislation.

Mr. OSBORNE. Mr. Speaker, I rise in strong support of this legislation, which will do so much to assist children across the county.

I would like to point out a few things specifically that I believe make this an excellent reauthorization. We all know that childhood obesity has grown to epidemic proportions. The Centers for Disease Control and Prevention estimates that over 15 percent of children ages 6 to 11 were overweight in 1999 and 2000, more than triple the average of 4.2 percent from 1962 to 1970.

While this bill does not dictate to a school how to set priorities on nutrition and exercise, it does require schools to set locally determined wellness policies that encourage nutrition and physical activity. Although this language does not go as far as I would personally like to see, I believe it is a strong step in the right direction and I applaud the Chairman of the Education and the Workforce Committee Mr. BOEHNER, and especially Chairman of the Subcommittee on Education Reform, Mr. CASTLE for their efforts in this area.

In addition, the bill authorizes and expands the fresh fruit and vegetable pilot program, which is currently operating in a number of schools around the country with tremendous success. The bill also strengthens partnerships between local schools and local farmers in an effort to see more locally grown produce on school lunch tables.

I think this is a fair bill, a good bill, and our Nation's children will benefit from the commonsense reforms in this legislation. I urge passage of S. 2507.

Mr. EHLERS. Mr. Speaker, I rise today in support of S. 2507. I thank Chairman BOEHNER and Mr. CASTLE for work on this legislation. I particularly thank them for their willingness to retain direct certification of migrant children and policies promoting wellness during negotiations with the Senate.

This legislation works to protect eligible children's access to the child nutrition programs by extending automatic eligibility to children who qualify for migrant educational services under Title 1, part C of the No Child Left Behind Act. It allows for direct certification of migrant children if they are identified by the district's migrant education coordinator. Such a change makes it easier for migrant children to receive school meals as soon as they enter a new school.

In addition, this legislation promotes nutritional education and physical activity. I am very pleased that this legislation promotes such education and physical activity at the state and local levels to prevent childhood obesity. I am hopeful that the local school wellness policies, which will be established by schools participating in the school nutrition programs, will promote health and prevent childhood obesity throughout schools in Michigan and throughout the Nation.

Finally, I support strengthening partnerships between local agriculture and schools. I cosponsored Representative UPTON and Representative KIND's Farm-To-Cafeteria Projects Act, and I am pleased to see these provisions included. This legislation will promote partnerships between local Michigan farms and the child nutrition programs to ensure that children receive fresh and local produce.

In closing, I urge my colleagues to vote in favor of the Child Nutrition and WIC Reauthorization Act of 2004.

Mr. KELLER. Mr. Speaker, I rise today in strong support of S. 2507, the Child Nutrition and WIC Reauthorization Act of 2004.

I support this legislation not only because it strengthens the current school lunch program, but more specifically, it will reduce the stigma among children receiving free and reduced-priced lunches by helping schools make technological improvements, such as automated ''meal card'' systems, that keep students' financial status confidential so that children aren't embarrassed or singled out in the lunch line in front of their peers as participants in the free or reduced lunch program.

I am pleased that yesterday the Senate passed this legislation, and followed the House in incorporating my ''Pride in the Lunch Line Act'' legislation to allow schools access to existing Federal funds to purchase technology that will allow low-income children to go through the lunch line without the stigma or embarrassment of being identified as recipients of the free or reduced lunch program.

I modeled my legislation after a program in one of my local school districts, Lake County, Florida, that uses technology to enable every child to go through the school lunch line without being identified as a free or reduced lunch program recipient. Regardless of family income, every child has the same debit card which either their parents deposit money into or is funded by the program.

This legislation will expand existing Federal funds to allow more schools across the Nation to implement similar technology programs as Lake County did, reduce the stigma for students, and reduce the paperwork for schools.

I encourage my colleagues to vote for the Child Nutrition and WIC Reauthorization Act of 2004. Let's help children eat their lunch with pride.

Mr. GEORGE MILLER of California. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. SIMPSON). Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2507

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Child Nutrition and WIC Reauthorization Act of 2004''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; Table of contents.

TITLE I—AMENDMENTS TO RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT

Sec. 101. Nutrition promotion.
Sec. 102. Nutrition requirements.
Sec. 103. Provision of information.
Sec. 104. Direct certification.
Sec. 105. Household applications.
Sec. 106. Duration of eligibility for free or reduced price meals.
Sec. 107. Runaway, homeless, and migrant youth.
Sec. 108. Certification by local educational agencies.
Sec. 109. Exclusion of military housing allowances.
Sec. 110. Waiver of requirement for weighted averages for nutrient analysis.

Sec. 111. Food safety.
Sec. 112. Purchases of locally produced foods.
Sec. 113. Special assistance.
Sec. 114. Food and nutrition projects integrated with elementary school curricula.
Sec. 115. Procurement training.
Sec. 116. Summer food service program for children.
Sec. 117. Commodity distribution program.
Sec. 118. Notice of irradiated food products.
Sec. 119. Child and adult care food program.
Sec. 120. Fresh fruit and vegetable program.
Sec. 121. Summer food service residential camp eligibility.
Sec. 122. Access to local foods and school gardens.
Sec. 123. Year-round services for eligible entities.
Sec. 124. Free lunch and breakfast eligibility.
Sec. 125. Training, technical assistance, and food service management institute.
Sec. 126. Administrative error reduction.
Sec. 127. Compliance and accountability.
Sec. 128. Information clearinghouse.
Sec. 129. Program evaluation.

TITLE II—AMENDMENTS TO CHILD NUTRITION ACT OF 1966

Sec. 201. Severe need assistance.
Sec. 202. State administrative expenses.
Sec. 203. Special supplemental nutrition program for women, infants, and children.
Sec. 204. Local wellness policy.
Sec. 205. Team nutrition network.
Sec. 206. Review of best practices in the breakfast program.

TITLE III—COMMODITY DISTRIBUTION PROGRAMS

Sec. 301. Commodity distribution programs.

TITLE IV—MISCELLANEOUS

Sec. 401. Sense of Congress regarding efforts to prevent and reduce childhood obesity.

TITLE V—IMPLEMENTATION

Sec. 501. Guidance and regulations.
Sec. 502. Effective dates.

TITLE I—AMENDMENTS TO RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT

SEC. 101. NUTRITION PROMOTION.

The Richard B. Russell National School Lunch Act is amended by inserting after section 4 (42 U.S.C. 1753) the following:

''SEC. 5. NUTRITION PROMOTION.

''(a) IN GENERAL.—Subject to the availability of funds made available under subsection (g), the Secretary shall make payments to State agencies for each fiscal year, in accordance with this section, to promote nutrition in food service programs under this Act and the school breakfast program established under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

''(b) TOTAL AMOUNT FOR EACH FISCAL YEAR.—The total amount of funds available for a fiscal year for payments under this section shall equal not more than the product obtained by multiplying—

''(1) ½ cent; by

''(2) the number of lunches reimbursed through food service programs under this Act during the second preceding fiscal year in schools, institutions, and service institutions that participate in the food service programs.

''(c) PAYMENTS TO STATES.—

''(1) ALLOCATION.—Subject to paragraph (2), from the amount of funds available under subsection (g) for a fiscal year, the Secretary shall allocate to each State agency an amount equal to the greater of—

''(A) a uniform base amount established by the Secretary; or

''(B) an amount determined by the Secretary, based on the ratio that—

''(i) the number of lunches reimbursed through food service programs under this Act in schools, institutions, and service institutions in the State that participate in the food service programs; bears to

''(ii) the number of lunches reimbursed through the food service programs in schools, institutions, and service institutions in all States that participate in the food service programs.

''(2) REDUCTIONS.—The Secretary shall reduce allocations to State agencies qualifying for an allocation under paragraph (1)(B), in a manner determined by the Secretary, to the extent necessary to ensure that the total amount of funds allocated under paragraph (1) is not greater than the amount appropriated under subsection (g).

''(d) USE OF PAYMENTS.—

''(1) USE BY STATE AGENCIES.—A State agency may reserve, to support dissemination and use of nutrition messages and material developed by the Secretary, up to—

''(A) 5 percent of the payment received by the State for a fiscal year under subsection (c); or

''(B) in the case of a small State (as determined by the Secretary), a higher percentage (as determined by the Secretary) of the payment.

''(2) DISBURSEMENT TO SCHOOLS AND INSTITUTIONS.—Subject to paragraph (3), the State agency shall disburse any remaining amount of the payment to school food authorities and institutions participating in food service programs described in subsection (a) to disseminate and use nutrition messages and material developed by the Secretary.

''(3) SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.—In addition to any amounts reserved under paragraph (1), in the case of the summer food service program for children established under section 13, the State agency may—

''(A) retain a portion of the funds made available under subsection (c) (as determined by the Secretary); and

''(B) use the funds, in connection with the program, to disseminate and use nutrition messages and material developed by the Secretary.

''(e) DOCUMENTATION.—A State agency, school food authority, and institution receiving funds under this section shall maintain documentation of nutrition promotion activities conducted under this section.

''(f) REALLOCATION.—The Secretary may reallocate, to carry out this section, any amounts made available to carry out this section that are not obligated or expended, as determined by the Secretary.

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section, to remain available until expended.''.

SEC. 102. NUTRITION REQUIREMENTS.

Section 9(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(a)) is amended by striking paragraph (2) and inserting the following:

''(2) FLUID MILK.—

''(A) IN GENERAL.—Lunches served by schools participating in the school lunch program under this Act—

''(i) shall offer students fluid milk in a variety of fat contents;

''(ii) may offer students flavored and unflavored fluid milk and lactose-free fluid milk; and

''(iii) shall provide a substitute for fluid milk for students whose disability restricts their diet, on receipt of a written statement from a licensed physician that identifies the disability that restricts the student's diet and that specifies the substitute for fluid milk.

''(B) SUBSTITUTES.—

''(i) STANDARDS FOR SUBSTITUTION.—A school may substitute for the fluid milk provided under subparagraph (A), a nondairy beverage that is nutritionally equivalent to fluid milk and meets nutritional standards established by the Secretary (which shall, among other requirements to be determined by the Secretary, include fortification of calcium, protein, vitamin A, and vitamin D to levels found in cow's milk) for students who cannot consume fluid milk because of a medical or other special dietary need other than a disability described in subparagraph (A)(iii).

''(ii) NOTICE.—The substitutions may be made if the school notifies the State agency that the school is implementing a variation allowed under this subparagraph, and if the substitution is requested by written statement of a medical authority or by a student's parent or legal guardian that identifies the medical or other special dietary need that restricts the student's diet, except that the school shall not be required to provide beverages other than beverages the school has identified as acceptable substitutes.

''(iii) EXCESS EXPENSES BORNE BY SCHOOL FOOD AUTHORITY.—Expenses incurred in providing substitutions under this subparagraph that are in excess of expenses covered by reimbursements under this Act shall be paid by the school food authority.

''(C) RESTRICTIONS ON SALE OF MILK PROHIBITED.—A school that participates in the school lunch program under this Act shall not directly or indirectly restrict the sale or marketing of fluid milk products by the school (or by a person approved by the school) at any time or any place—

''(i) on the school premises; or

''(ii) at any school-sponsored event.''.

SEC. 103. PROVISION OF INFORMATION.

Section 9(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(a)) is amended by adding at the end the following:

''(4) PROVISION OF INFORMATION.—

''(A) GUIDANCE.—Prior to the beginning of the school year beginning July 2004, the Secretary shall issue guidance to States and school food authorities to increase the consumption of foods and food ingredients that are recommended for increased serving consumption in the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341).

''(B) RULES.—Not later than 2 years after the date of enactment of this paragraph, the Secretary shall promulgate rules, based on the most recent Dietary Guidelines for Americans, that reflect specific recommendations, expressed in serving recommendations, for increased consumption of foods and food ingredients offered in school nutrition programs under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).''.

SEC. 104. DIRECT CERTIFICATION.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (9) through (13), respectively; and

(2) in paragraph (2)—

(A) in subparagraph (B)—

(i) by striking ''(B) Applications'' and inserting the following:

''(B) APPLICATIONS AND DESCRIPTIVE MATERIAL.—

''(i) IN GENERAL.—Applications'';

(ii) in the second sentence, by striking ''Such forms and descriptive material'' and inserting the following:

''(ii) INCOME ELIGIBILITY GUIDELINES.—Forms and descriptive material distributed in accordance with clause (i)''; and

(iii) by adding at the end the following:

''(iii) CONTENTS OF DESCRIPTIVE MATERIAL.—

''(I) IN GENERAL.—Descriptive material distributed in accordance with clause (i) shall contain a notification that—

''(aa) participants in the programs listed in subclause (II) may be eligible for free or reduced price meals; and

''(bb) documentation may be requested for verification of eligibility for free or reduced price meals.

''(II) PROGRAMS.—The programs referred to in subclause (I)(aa) are—

''(aa) the special supplemental nutrition program for women, infants, and children established by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786);

''(bb) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

''(cc) the food distribution program on Indian reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)); and

''(dd) a State program funded under the program of block grants to States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).'';

(B) by striking ''(C)(i)'' and inserting ''(3)''; and

(C) by striking clause (ii) of subparagraph (C) (as it existed before the amendment made by subparagraph (B)) and all that follows through the end of subparagraph (D) and inserting the following:

''(4) DIRECT CERTIFICATION FOR CHILDREN IN FOOD STAMP HOUSEHOLDS.—

''(A) IN GENERAL.—Subject to subparagraph (D), each State agency shall enter into an agreement with the State agency conducting eligibility determinations for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

''(B) PROCEDURES.—Subject to paragraph (6), the agreement shall establish procedures under which a child who is a member of a household receiving assistance under the food stamp program shall be certified as eligible for free lunches under this Act and free breakfasts under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), without further application.

''(C) CERTIFICATION.—Subject to paragraph (6), under the agreement, the local educational agency conducting eligibility determinations for a school lunch program under this Act and a school breakfast program under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall certify a child who is a member of a household receiving assistance under the food stamp program as eligible for free lunches under this Act and free breakfasts under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), without further application.

''(D) APPLICABILITY.—This paragraph applies to—

''(i) in the case of the school year beginning July 2006, a school district that had an enrollment of 25,000 students or more in the preceding school year;

''(ii) in the case of the school year beginning July 2007, a school district that had an enrollment of 10,000 students or more in the preceding school year; and

''(iii) in the case of the school year beginning July 2008 and each subsequent school year, each local educational agency.''.

(b) ADMINISTRATION.—

(1) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) (as amended by subsection (a)) is amended by inserting after paragraph (4) the following:

''(5) DISCRETIONARY CERTIFICATION.—

''(A) IN GENERAL.—Subject to paragraph (6), any local educational agency may certify any child as eligible for free lunches or breakfasts, without further application, by directly communicating with the appropriate State or local agency to obtain documentation of the status of the child as—

''(i) a member of a family that is receiving assistance under the temporary assistance for needy families program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995;

''(ii) a homeless child or youth (defined as 1 of the individuals described in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2));

''(iii) served by the runaway and homeless youth grant program established under the Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.); or

''(iv) a migratory child (as defined in section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6399)).''.

''(B) CHILDREN OF HOUSEHOLDS RECEIVING FOOD STAMPS.—Subject to paragraph (6), any local educational agency may certify any child as eligible for free lunches or breakfasts, without further application, by directly communicating with the appropriate State or local agency to obtain documentation of the status of the child as a member of a household that is receiving food stamps under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

''(6) USE OR DISCLOSURE OF INFORMATION.—

''(A) IN GENERAL.—The use or disclosure of any information obtained from an application for free or reduced price meals, or from a State or local agency referred to in paragraph (3)(F), (4), or (5), shall be limited to—

''(i) a person directly connected with the administration or enforcement of this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) (including a regulation promulgated under either Act);

''(ii) a person directly connected with the administration or enforcement of—

''(I) a Federal education program;

''(II) a State health or education program administered by the State or local educational agency (other than a program carried out under title XIX or XXI of the Social Security Act (42 U.S.C. 1396 et seq.; 42 U.S.C. 1397aa et seq.)); or

''(III) a Federal, State, or local means-tested nutrition program with eligibility standards comparable to the school lunch program under this Act;

''(iii)(I) the Comptroller General of the United States for audit and examination authorized by any other provision of law; and

''(II) notwithstanding any other provision of law, a Federal, State, or local law enforcement official for the purpose of investigating an alleged violation of any program covered by this paragraph or paragraph (3)(F), (4), or (5);

''(iv) a person directly connected with the administration of the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) or the State children's health insurance program under title XXI of that Act (42 U.S.C. 1397aa et seq.) solely for the purposes of—

''(I) identifying children eligible for benefits under, and enrolling children in, those programs, except that this subclause shall apply only to the extent that the State and the local educational agency or school food authority so elect; and

''(II) verifying the eligibility of children for programs under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.); and

''(v) a third party contractor described in paragraph (3)(G)(iv).

''(B) LIMITATION ON INFORMATION PROVIDED.—Information provided under clause (ii) or (v) of subparagraph (A) shall be limited to the income eligibility status of the child for whom application for free or reduced price meal benefits is made or for whom eligibility information is provided under paragraph (3)(F), (4), or (5), unless the consent of the parent or guardian of the child for whom application for benefits was made is obtained.

''(C) CRIMINAL PENALTY.—A person described in subparagraph (A) who publishes, divulges, discloses, or makes known in any manner, or to any extent not authorized by Federal law (including a regulation), any information obtained under this subsection shall be fined not more than $1,000 or imprisoned not more than 1 year, or both.

''(D) REQUIREMENTS FOR WAIVER OF CONFIDENTIALITY.—A State that elects to exercise the option described in subparagraph (A)(iv)(I) shall ensure that any local educational agency or school food authority acting in accordance with that option—

''(i) has a written agreement with 1 or more State or local agencies administering health programs for children under titles XIX and XXI of the Social Security Act (42 U.S.C. 1396 et seq. and 1397aa et seq.) that requires the health agencies to use the information obtained under subparagraph (A) to seek to enroll children in those health programs; and

''(ii)(I) notifies each household, the information of which shall be disclosed under subparagraph (A), that the information disclosed will be used only to enroll children in health programs referred to in subparagraph (A)(iv); and

''(II) provides each parent or guardian of a child in the household with an opportunity to elect not to have the information disclosed.

''(E) USE OF DISCLOSED INFORMATION.—A person to which information is disclosed under subparagraph (A)(iv)(I) shall use or disclose the information only as necessary for the purpose of enrolling children in health programs referred to in subparagraph (A)(iv).

''(7) FREE AND REDUCED PRICE POLICY STATEMENT.—

''(A) IN GENERAL.—After the initial submission, a local educational agency shall not be required to submit a free and reduced price policy statement to a State educational agency under this Act unless there is a substantive change in the free and reduced price policy of the local educational agency.

''(B) ROUTINE CHANGE.—A routine change in the policy of a local educational agency (such as an annual adjustment of the income eligibility guidelines for free and reduced price meals) shall not be sufficient cause for requiring the local educational agency to submit a policy statement.

''(8) COMMUNICATIONS.—

''(A) IN GENERAL.—Any communication with a household under this subsection or subsection (d) shall be in an understandable and uniform format and, to the maximum extent practicable, in a language that parents and legal guardians can understand.

''(B) ELECTRONIC AVAILABILITY.—In addition to the distribution of applications and descriptive material in paper form as provided for in this paragraph, the applications and material may be made available electronically via the Internet.''.

(2) AGREEMENT FOR DIRECT CERTIFICATION AND COOPERATION.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

''(u) AGREEMENT FOR DIRECT CERTIFICATION AND COOPERATION.—

''(1) IN GENERAL.—Each State agency shall enter into an agreement with the State agency administering the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

''(2) CONTENTS.—The agreement shall establish procedures that ensure that—

''(A) any child receiving benefits under this Act shall be certified as eligible for free lunches under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) and free breakfasts under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), without further application; and

''(B) each State agency shall cooperate in carrying out paragraphs (3)(F) and (4) of section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)).''.

(c) FUNDING.—

(1) IN GENERAL.—On October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to assist States in carrying out the amendments contained in this section and the provisions of section 9(b)(3) of the Richard B. Russell National School Lunch Act (as amended by section 105(a)) $9,000,000, to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to assist States in carrying out the amendments made by this section and the provisions of section 9(b)(3) of the Richard B. Russell National School Lunch Act (as amended by section 105(a)) the funds transferred under paragraph (1), without further appropriation.

(d) CONFORMING AMENDMENTS.—

(1) Effective July 1, 2008, paragraph (5) of section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) (as added by subsection (b)(1)) is amended—

(A) by striking subparagraph (B);

(B) by striking ''CERTIFICATION.—'' and all that follows through ''IN GENERAL.—'' and inserting ''CERTIFICATION.—''; and

(C) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively, and indenting appropriately.

(2) Section 9 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758) (as amended by subsection (a)(1)) is amended—

(A) in subsection (b)(12)(B), by striking ''paragraph (2)(C)'' and inserting ''this subsection''; and

(B) in the second sentence of subsection (d)(1), by striking ''subsection (b)(2)(C)'' and inserting ''subsection (b)(3)(G)''.

(3) Section 11(e) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(e)) is amended in the first sentence by striking ''section 9(b)(3)'' and inserting ''section 9(b)(9)''.

SEC. 105. HOUSEHOLD APPLICATIONS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) (as amended by section 104(a)(2)(B)) is amended by striking paragraph (3) and inserting the following:

''(3) HOUSEHOLD APPLICATIONS.—

''(A) DEFINITION OF HOUSEHOLD APPLICATION.—In this paragraph, the term 'household application' means an application for a child of a household to receive free or reduced price school lunches under this Act, or free or reduced price school breakfasts under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), for which an eligibility determination is made other than under paragraph (4) or (5).

''(B) ELIGIBILITY DETERMINATION.—

''(i) IN GENERAL.—An eligibility determination shall be made on the basis of a complete household application executed by an adult member of the household or in accordance with guidance issued by the Secretary.

''(ii) ELECTRONIC SIGNATURES AND APPLICATIONS.—A household application may be executed using an electronic signature if—

''(I) the application is submitted electronically; and

''(II) the electronic application filing system meets confidentiality standards established by the Secretary.

''(C) CHILDREN IN HOUSEHOLD.—

''(i) IN GENERAL.—The household application shall identify the names of each child in the household for whom meal benefits are requested.

''(ii) SEPARATE APPLICATIONS.—A State educational agency or local educational agency may not request a separate application for each child in the household that attends schools under the same local educational agency.

''(D) VERIFICATION OF SAMPLE.—

''(i) DEFINITIONS.—In this subparagraph:

''(I) ERROR PRONE APPLICATION.—The term 'error prone application' means an approved household application that—

''(aa) indicates monthly income that is within $100, or an annual income that is within $1,200, of the income eligibility limitation for free or reduced price meals; or

''(bb) in lieu of the criteria established under item (aa), meets criteria established by the Secretary.

''(II) NON-RESPONSE RATE.—The term 'non-response rate' means (in accordance with guidelines established by the Secretary) the percentage of approved household applications for which verification information has not been obtained by a local educational agency after attempted verification under subparagraphs (F) and (G).

''(ii) VERIFICATION OF SAMPLE.—Each school year, a local educational agency shall verify eligibility of the children in a sample of household applications approved for the school year by the local educational agency, as determined by the Secretary in accordance with this subsection.

''(iii) SAMPLE SIZE.—Except as otherwise provided in this paragraph, the sample for a local educational agency for a school year shall equal the lesser of—

''(I) 3 percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or

''(II) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year.

''(iv) ALTERNATIVE SAMPLE SIZE.—

''(I) IN GENERAL.—If the conditions described in subclause (IV) are met, the verification sample size for a local educational agency shall be the sample size described in subclause (II) or (III), as determined by the local educational agency.

''(II) 3,000/3 PERCENT OPTION.—The sample size described in this subclause shall be the lesser of 3,000, or 3 percent of, applications selected at random from applications approved by the local educational agency for the school year, as of October 1 of the school year.

''(III) 1,000/1 PERCENT PLUS OPTION.—

''(aa) IN GENERAL.—The sample size described in this subclause shall be the sum of—

''(AA) the lesser of 1,000, or 1 percent of, all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; and

''(BB) the lesser of 500, or ½ of 1 percent of, applications approved by the local educational agency for the school year, as of October 1 of the school year, that provide a case number (in lieu of income information) showing participation in a program described in item (bb) selected from those approved applications that provide a case number (in lieu of income information) verifying the participation.

''(bb) PROGRAMS.—The programs described in this item are—

''(AA) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

''(BB) the food distribution program on Indian reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)); and

''(CC) a State program funded under the program of block grants to States for temporary assistance for needy families established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that the Secretary determines complies with standards established by the Secretary that ensure that the standards under the State program are comparable to or more restrictive than those in effect on June 1, 1995.

''(IV) CONDITIONS.—The conditions referred to in subclause (I) shall be met for a local educational agency for a school year if—

''(aa) the nonresponse rate for the local educational agency for the preceding school year is less than 20 percent; or

''(bb) the local educational agency has more than 20,000 children approved by application by the local educational agency as eligible for free or reduced price meals for the school year, as of October 1 of the school year, and—

''(AA) the nonresponse rate for the preceding school year is at least 10 percent below the nonresponse rate for the second preceding school year; or

''(BB) in the case of the school year beginning July 2005, the local educational agency attempts to verify all approved household applications selected for verification through use of public agency records from at least 2 of the programs or sources of information described in subparagraph (F)(i).

''(v) ADDITIONAL SELECTED APPLICATIONS.—A sample for a local educational agency for a school year under clauses (iii) and (iv)(III)(AA) shall include the number of additional randomly selected approved household applications that are required to comply with the sample size requirements in those clauses.

''(E) PRELIMINARY REVIEW.—

''(i) REVIEW FOR ACCURACY.—

''(I) IN GENERAL.—Prior to conducting any other verification activity for approved household applications selected for verification, the local educational agency shall ensure that the initial eligibility determination for each approved household application is reviewed for accuracy by an individual other than the individual making the initial eligibility determination, unless otherwise determined by the Secretary.

''(II) WAIVER.—The requirements of subclause (I) shall be waived for a local educational agency if the local educational agency is using a technology-based solution that demonstrates a high level of accuracy, to the satisfaction of the Secretary, in processing an initial eligibility determination in accordance with the income eligibility guidelines of the school lunch program.

''(ii) CORRECT ELIGIBILITY DETERMINATION.—If the review indicates that the initial eligibility determination is correct, the local educational agency shall verify the approved household application.

''(iii) INCORRECT ELIGIBILITY DETERMINATION.—If the review indicates that the initial eligibility determination is incorrect, the local educational agency shall (as determined by the Secretary)—

''(I) correct the eligibility status of the household;

''(II) notify the household of the change;

''(III) in any case in which the review indicates that the household is not eligible for free or reduced-price meals, notify the household of the reason for the ineligibility and that the household may reapply with income documentation for free or reduced-price meals; and

''(IV) in any case in which the review indicates that the household is eligible for free or reduced-price meals, verify the approved household application.

''(F) DIRECT VERIFICATION.—

''(i) IN GENERAL.—Subject to clauses (ii) and (iii), to verify eligibility for free or reduced price meals for approved household applications selected for verification, the local educational agency may (in accordance with criteria established by the Secretary) first obtain and use income and program participation information from a public agency administering—

''(I) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

''(II) the food distribution program on Indian reservations established under section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b));

''(III) the temporary assistance for needy families program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

''(IV) the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.); or

''(V) a similar income-tested program or other source of information, as determined by the Secretary.

''(ii) FREE MEALS.—Public agency records that may be obtained and used under clause (i) to verify eligibility for free meals for approved household applications selected for verification shall include the most recent available information (other than information reflecting program participation or income before the 180-day period ending on the date of application for free meals) that is relied on to administer—

''(I) a program or source of information described in clause (i) (other than clause (i)(IV)); or

''(II) the State plan for medical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) in—

''(aa) a State in which the income eligibility limit applied under section 1902(l)(2)(C) of that Act (42 U.S.C. 1396a(l)(2)(C)) is not more than 133 percent of the official poverty line described in section 1902(l)(2)(A) of that Act (42 U.S.C. 1396a(l)(2)(A)); or

''(bb) a State that otherwise identifies households that have income that is not more than 133 percent of the official poverty line described in section 1902(l)(2)(A) of that Act (42 U.S.C. 1396a(l)(2)(A)).

''(iii) REDUCED PRICE MEALS.—Public agency records that may be obtained and used under clause (i) to verify eligibility for reduced price meals for approved household applications selected for verification shall include the most recent available information (other than information reflecting program participation or income before the 180-day period ending on the date of application for reduced price meals) that is relied on to administer—

''(I) a program or source of information described in clause (i) (other than clause (i)(IV)); or

''(II) the State plan for medical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) in—

''(aa) a State in which the income eligibility limit applied under section 1902(l)(2)(C) of that Act (42 U.S.C. 1396a(l)(2)(C)) is not more than 185 percent of the official poverty line described in section 1902(l)(2)(A) of that Act (42 U.S.C. 1396a(l)(2)(A)); or

''(bb) a State that otherwise identifies households that have income that is not more than 185 percent of the official poverty line described in section 1902(l)(2)(A) of that Act (42 U.S.C. 1396a(l)(2)(A)).

''(iv) EVALUATION.—Not later than 3 years after the date of enactment of this subparagraph, the Secretary shall complete an evaluation of—

''(I) the effectiveness of direct verification carried out under this subparagraph in decreasing the portion of the verification sample that must be verified under subparagraph (G) while ensuring that adequate verification information is obtained; and

''(II) the feasibility of direct verification by State agencies and local educational agencies.

''(v) EXPANDED USE OF DIRECT VERIFICATION.—If the Secretary determines that direct verification significantly decreases the portion of the verification sample that must be verified under subparagraph (G), while ensuring that adequate verification information is obtained, and can be conducted by most State agencies and local educational agencies, the Secretary may require a State agency or local educational agency to implement direct verification through 1 or more of the programs described in clause (i), as determined by the Secretary, unless the State agency or local educational agency demonstrates (under criteria established by the Secretary) that the State agency or local educational agency lacks the capacity to conduct, or is unable to implement, direct verification.

''(G) HOUSEHOLD VERIFICATION.—

''(i) IN GENERAL.—If an approved household application is not verified through the use of public agency records, a local educational agency shall provide to the household written notice that—

''(I) the approved household application has been selected for verification; and

''(II) the household is required to submit verification information to confirm eligibility for free or reduced price meals.

''(ii) PHONE NUMBER.—The written notice in clause (i) shall include a toll-free phone number that parents and legal guardians in households selected for verification can call for assistance with the verification process.

''(iii) FOLLOWUP ACTIVITIES.—If a household does not respond to a verification request, a local educational agency shall make at least 1 attempt to obtain the necessary verification from the household in accordance with guidelines and regulations promulgated by the Secretary.

''(iv) CONTRACT AUTHORITY FOR SCHOOL FOOD AUTHORITIES.—A local educational agency may contract (under standards established by the Secretary) with a third party to assist the local educational agency in carrying out clause (iii).

''(H) VERIFICATION DEADLINE.—

''(i) GENERAL DEADLINE.—

''(I) IN GENERAL.—Subject to subclause (II), not later than November 15 of each school year, a local educational agency shall complete the verification activities required for the school year (including followup activities).

''(II) EXTENSION.—Under criteria established by the Secretary, a State may extend the deadline established under subclause (I) for a school year for a local educational agency to December 15 of the school year.

''(ii) ELIGIBILITY CHANGES.—Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made for household applications in accordance with criteria established by the Secretary.

''(I) LOCAL CONDITIONS.—In the case of a natural disaster, civil disorder, strike, or other local condition (as determined by the Secretary), the Secretary may substitute alternatives for—

''(i) the sample size and sample selection criteria established under subparagraph (D); and

''(ii) the verification deadline established under subparagraph (H).

''(J) INDIVIDUAL REVIEW.—In accordance with criteria established by the Secretary, the local educational agency may, on individual review—

''(i) decline to verify no more than 5 percent of approved household applications selected under subparagraph (D); and

''(ii) replace the approved household applications with other approved household applications to be verified.

''(K) FEASIBILITY STUDY.—

''(i) IN GENERAL.—The Secretary shall conduct a study of the feasibility of using computer technology (including data mining) to reduce—

''(I) overcertification errors in the school lunch program under this Act;

''(II) waste, fraud, and abuse in connection with this paragraph; and

''(III) errors, waste, fraud, and abuse in other nutrition programs, as determined to be appropriate by the Secretary.

''(ii) REPORT.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing—

''(I) the results of the feasibility study conducted under this subsection;

''(II) how a computer system using technology described in clause (i) could be implemented;

''(III) a plan for implementation; and

''(IV) proposed legislation, if necessary, to implement the system.''.

(b) CONFORMING AMENDMENTS.—Section 1902(a)(7) of the Social Security Act (42 U.S.C. 1396a(a)(7)) is amended—

(1) by striking ''connected with the'' and inserting ''connected with—

''(A) the'';

(2) by adding ''and'' after the semicolon; and

(3) by adding at the end the following:

''(B) at State option, the exchange of information necessary to verify the certification of eligibility of children for free or reduced price breakfasts under the Child Nutrition Act of 1966 and free or reduced price lunches under the Richard B. Russell National School Lunch Act, in accordance with section 9(b) of that Act, using data standards and formats established by the State agency;''.

(c) EVALUATION FUNDING.—

(1) IN GENERAL.—On October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to conduct the evaluation required by section 9(b)(3)(F)(iv) of the Richard B. Russell National School Lunch Act (as amended by subsection (a)) $2,000,000, to remain available until expended.

(2) RECEIPT AND ACCEPTANCE.—The Secretary of Agriculture shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

SEC. 106. DURATION OF ELIGIBILITY FOR FREE OR REDUCED PRICE MEALS.

Paragraph (9) of section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C.1758(b)) (as redesignated by section 104(a)(1)) is amended—

(1) by striking ''(9) Any'' and inserting the following:

''(9) ELIGIBILITY FOR FREE AND REDUCED PRICE LUNCHES.—

''(A) FREE LUNCHES.—Any'';

(2) by striking ''Any'' in the second sentence and inserting the following:

''(B) REDUCED PRICE LUNCHES.—

''(i) IN GENERAL.—Any'';

(3) by striking ''The'' in the last sentence and inserting the following:

''(ii) MAXIMUM PRICE.—The''; and

(4) by adding at the end the following:

''(C) DURATION.—Except as otherwise specified in paragraph (3)(E), (3)(H)(ii), and section 11(a), eligibility for free or reduced price meals for any school year shall remain in effect—

''(i) beginning on the date of eligibility approval for the current school year; and

''(ii) ending on a date during the subsequent school year determined by the Secretary.''.

SEC. 107. RUNAWAY, HOMELESS, AND MIGRANT YOUTH.

(a) CATEGORICAL ELIGIBILITY FOR FREE LUNCHES AND BREAKFASTS.—Section 9(b)(12)(A) of the Richard B. Russell National School Lunch Act (as redesignated by section 104(a)(1) of this Act) is amended—

(1) in clause (ii), by striking ''or'' at the end;

(2) in clause (iii), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(iv) a homeless child or youth (defined as 1 of the individuals described in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2));

''(v) served by the runaway and homeless youth grant program established under the Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.); or

''(vi) a migratory child (as defined in section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6399)).''.

(b) DOCUMENTATION.—Section 9(d)(2) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(d)(2)) is amended—

(1) in subparagraph (B), by striking ''or'';

(2) in subparagraph (C), by striking the period at the end and inserting a semicolon; and

(3) by inserting after subparagraph (C) the following:

''(D) documentation has been provided to the appropriate local educational agency showing that the child meets the criteria specified in clauses (iv) or (v) of subsection (b)(12)(A); or

''(E) documentation has been provided to the appropriate local educational agency showing the status of the child as a migratory child (as defined in section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6399)).''.

SEC. 108. CERTIFICATION BY LOCAL EDUCATIONAL AGENCIES.

(a) CERTIFICATION BY LOCAL EDUCATIONAL AGENCY.—Section 9 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758) is amended—

(1) in the second sentence of subsection (b)(11) (as redesignated by section 104(a)(1)), by striking ''Local school authorities'' and inserting ''Local educational agencies''; and

(2) in subsection (d)(2)—

(A) by striking ''local school food authority'' each place it appears and inserting ''local educational agency''; and

(B) in subparagraph (A), by striking ''such authority'' and inserting ''the local educational agency''.

(b) DEFINITION OF LOCAL EDUCATIONAL AGENCY.—Section 12(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760(d)) is amended—

(1) by redesignating paragraph (8) as paragraph (3) and moving the paragraph to appear after paragraph (2);

(2) by redesignating paragraphs (3) through (7) (as those paragraphs existed before the amendment made by paragraph (1)) as paragraphs (5) through (9), respectively; and

(3) by inserting after paragraph (3) (as redesignated by paragraph (1)) the following:

''(4) LOCAL EDUCATIONAL AGENCY.—

''(A) IN GENERAL.—The term 'local educational agency' has the meaning given the term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

''(B) INCLUSION.—The term 'local educational agency' includes, in the case of a private nonprofit school, an appropriate entity determined by the Secretary.''.

(c) SCHOOL BREAKFAST PROGRAM.—Section 4(b)(1)(E)) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(b)(1)(E)) is amended by striking ''school food authority'' each place it appears and inserting ''local educational agency''.

SEC. 109. EXCLUSION OF MILITARY HOUSING ALLOWANCES.

Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) (as amended by section 104(a)(1)) is amended in paragraph (13) by striking ''For each of fiscal years 2002 and 2003 and through June 30, 2004, the'' and inserting ''The''.

SEC. 110. WAIVER OF REQUIREMENT FOR WEIGHTED AVERAGES FOR NUTRIENT ANALYSIS.

Section 9(f)(5) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(f)(5)) is amended by striking ''September 30, 2003'' and inserting ''September 30, 2009''.

SEC. 111. FOOD SAFETY.

Section 9(h) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(h)) is amended—

(1) in the subsection heading, by striking ''INSPECTIONS'';

(2) in paragraph (1)—

(A) by striking ''Except as provided in paragraph (2), a'' and inserting ''A'';

(B) by striking ''shall, at least once'' and inserting: ''shall—

''(A) at least twice'';

(C) by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

''(B) post in a publicly visible location a report on the most recent inspection conducted under subparagraph (A); and

''(C) on request, provide a copy of the report to a member of the public.''; and

(3) by striking paragraph (2) and inserting the following:

''(2) STATE AND LOCAL GOVERNMENT INSPECTIONS.—Nothing in paragraph (1) prevents any State or local government from adopting or enforcing any requirement for more frequent food safety inspections of schools.

''(3) AUDITS AND REPORTS BY STATES.—For each of fiscal years 2006 through 2009, each State shall annually—

''(A) audit food safety inspections of schools conducted under paragraphs (1) and (2); and

''(B) submit to the Secretary a report of the results of the audit.

''(4) AUDIT BY THE SECRETARY.—For each of fiscal years 2006 through 2009, the Secretary shall annually audit State reports of food safety inspections of schools submitted under paragraph (3).

''(5) SCHOOL FOOD SAFETY PROGRAM.—Each school food authority shall implement a school food safety program, in the preparation and service of each meal served to children, that complies with any hazard analysis and critical control point system established by the Secretary.''.

SEC. 112. PURCHASES OF LOCALLY PRODUCED FOODS.

Section 9(j)(2)(A) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)(2)(A)) is amended by striking ''2007'' and inserting ''2009''.

SEC. 113. SPECIAL ASSISTANCE.

Section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759a(a)(1)) is amended by inserting ''or school district'' after ''school'' each place it appears in subparagraphs (C) through (E) (other than as part of ''school year'', ''school years'', ''school lunch'', ''school breakfast'', and ''4-school-year period'').

SEC. 114. FOOD AND NUTRITION PROJECTS INTEGRATED WITH ELEMENTARY SCHOOL CURRICULA.

Section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) is amended by striking subsection (m).

SEC. 115. PROCUREMENT TRAINING.

Section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) (as amended by section 114) is amended by inserting after subsection (l) the following:

''(m) PROCUREMENT TRAINING.—

''(1) IN GENERAL.—Subject to the availability of funds made available under paragraph (4), the Secretary shall provide technical assistance and training to States, State agencies, schools, and school food authorities in the procurement of goods and services for programs under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) (other than section 17 of that Act (42 U.S.C. 1786)).

''(2) BUY AMERICAN TRAINING.—Activities carried out under paragraph (1) shall include technical assistance and training to ensure compliance with subsection (n).

''(3) PROCURING SAFE FOODS.—Activities carried out under paragraph (1) shall include technical assistance and training on procuring safe foods, including the use of model specifications for procuring safe foods.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $1,000,000 for each of fiscal years 2005 through 2009, to remain available until expended.''.

SEC. 116. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

(a) SEAMLESS SUMMER OPTION.—Section 13(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(a)) is amended by adding at the end the following:

''(8) SEAMLESS SUMMER OPTION.—Except as otherwise determined by the Secretary, a service institution that is a public or private nonprofit school food authority may provide summer or school vacation food service in accordance with applicable provisions of law governing the school lunch program established under this Act or the school breakfast program established under the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).''.

(b) SEAMLESS SUMMER REIMBURSEMENTS.—Section 13(b)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(b)(1)) is amended by adding at the end the following:

''(D) SEAMLESS SUMMER REIMBURSEMENTS.—A service institution described in subsection (a)(8) shall be reimbursed for meals and meal supplements in accordance with the applicable provisions under this Act (other than subparagraphs (A), (B), and (C) of this paragraph and paragraph (4)) and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), as determined by the Secretary.''.

(c) SUMMER FOOD SERVICE ELIGIBILITY CRITERIA.—Section 13(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(a)) (as amended by subsection (a)) is amended by adding at the end the following—

''(9) EXEMPTION.—

''(A) IN GENERAL.—For each of calendar years 2005 and 2006 in rural areas of the State of Pennsylvania (as determined by the Secretary), the threshold for determining 'areas in which poor economic conditions exist' under paragraph (1)(C) shall be 40 percent.

''(B) EVALUATION.—

''(i) IN GENERAL.—The Secretary, acting through the Administrator of the Food and Nutrition Service, shall evaluate the impact of the eligibility criteria described in subparagraph (A) as compared to the eligibility criteria described in paragraph (1)(C).

''(ii) IMPACT.—The evaluation shall assess the impact of the threshold in subparagraph (A) on—

''(I) the number of sponsors offering meals through the summer food service program;

''(II) the number of sites offering meals through the summer food service program;

''(III) the geographic location of the sites;

''(IV) services provided to eligible children; and

''(V) other factors determined by the Secretary.

''(iii) REPORT.—Not later than January 1, 2008, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation under this subparagraph.

''(iv) FUNDING.—

''(I) IN GENERAL.—On January 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subparagraph $400,000, to remain available until expended.

''(II) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subparagraph the funds transferred under subclause (I), without further appropriation.''.

(d) SUMMER FOOD SERVICE RURAL TRANSPORTATION.—Section 13(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(a)) (as amended by subsection (c)) is amended by adding at the end the following:

''(10) SUMMER FOOD SERVICE RURAL TRANSPORTATION.—

''(A) IN GENERAL.—The Secretary shall provide grants, through not more than 5 eligible State agencies selected by the Secretary, to not more than 60 eligible service institutions selected by the Secretary to increase participation at congregate feeding sites in the summer food service program for children authorized by this section through innovative approaches to limited transportation in rural areas.

''(B) ELIGIBILITY.—To be eligible to receive a grant under this paragraph—

''(i) a State agency shall submit an application to the Secretary, in such manner as the Secretary shall establish, and meet criteria established by the Secretary; and

''(ii) a service institution shall agree to the terms and conditions of the grant, as established by the Secretary.

''(C) DURATION.—A service institution that receives a grant under this paragraph may use the grant funds during the 3-fiscal year period beginning in fiscal year 2005.

''(D) REPORTS.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate—

''(i) not later than January 1, 2007, an interim report that describes—

''(I) the use of funds made available under this paragraph; and

''(II) any progress made by using funds from each grant provided under this paragraph; and

''(ii) not later than January 1, 2008, a final report that describes—

''(I) the use of funds made available under this paragraph;

''(II) any progress made by using funds from each grant provided under this paragraph;

''(III) the impact of this paragraph on participation in the summer food service program for children authorized by this section; and

''(IV) any recommendations by the Secretary concerning the activities of the service institutions receiving grants under this paragraph.

''(E) FUNDING.—

''(i) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this paragraph—

''(I) on October 1, 2005, $2,000,000; and

''(II) on October 1, 2006, and October 1, 2007, $1,000,000.

''(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this paragraph the funds transferred under clause (i), without further appropriation.

''(iii) AVAILABILITY OF FUNDS.—Funds transferred under clause (i) shall remain available until expended.

''(iv) REALLOCATION.—The Secretary may reallocate any amounts made available to carry out this paragraph that are not obligated or expended, as determined by the Secretary.''.

(e) REAUTHORIZATION.—Section 13(q) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1761(q)) is amended by striking ''June 30, 2004'' and inserting ''September 30, 2009''.

(f) SIMPLIFIED SUMMER FOOD PROGRAMS.—

(1) DEFINITION OF ELIGIBLE STATE.—Section 18(f) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(f)) is amended by striking paragraph (1) and inserting the following:

''(1) DEFINITION OF ELIGIBLE STATE.—In this subsection, the term 'eligible State' means—

''(A) a State participating in the program under this subsection as of May 1, 2004; and

''(B) a State in which (based on data available in April 2004)—

''(i) the percentage obtained by dividing—

''(I) the sum of—

''(aa) the average daily number of children attending the summer food service program in the State in July 2003; and

''(bb) the average daily number of children receiving free or reduced price meals under the school lunch program in the State in July 2003; by

''(II) the average daily number of children receiving free or reduced price meals under the school lunch program in the State in March 2003; is less than

''(ii) 66.67 percent of the percentage obtained by dividing—

''(I) the sum of—

''(aa) the average daily number of children attending the summer food service program in all States in July 2003; and

''(bb) the average daily number of children receiving free or reduced price meals under the school lunch program in all States in July 2003; by

''(II) the average daily number of children receiving free or reduced price meals under the school lunch program in all States in March 2003.''.

(2) DURATION.—Section 18(f)(2) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(f)(2)) is amended by striking ''During the period beginning October 1, 2000, and ending June 30, 2004, the'' and inserting ''The''.

(3) PRIVATE NONPROFIT ORGANIZATIONS.—Section 18(f)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(f)(3)) is amended in subparagraphs (A) and (B) by striking ''(other than a service institution described in section 13(a)(7))'' both places it appears.

(4) REPORT.—Section 18(f) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(f)) is amended by striking paragraph (6) and inserting the following:

''(6) REPORT.—Not later than April 30, 2007, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that includes—

''(A) the evaluations completed by the Secretary under paragraph (5); and

''(B) any recommendations of the Secretary concerning the programs.''.

(5) CONFORMING AMENDMENTS.—Section 18(f) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(f)) is amended—

(A) by striking the subsection heading and inserting the following:

''(f) SIMPLIFIED SUMMER FOOD PROGRAMS.—'';

(B) in paragraph (2)—

(i) by striking the paragraph heading and inserting the following:

''(2) PROGRAMS.—''; and

(ii) by striking ''pilot project'' and inserting ''program'';

(C) in subparagraph (A) and (B) of paragraph (3), by striking ''pilot project'' both places it appears and inserting ''program''; and

(D) in paragraph (5)—

(i) in the paragraph heading by striking ''PILOT PROJECTS'' and inserting ''PROGRAMS''; and

(ii) by striking ''pilot project'' each place it appears and inserting ''program''.

SEC. 117. COMMODITY DISTRIBUTION PROGRAM.

Section 14(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking '', during the period beginning July 1, 1974, and ending June 30, 2004,''.

SEC. 118. NOTICE OF IRRADIATED FOOD PRODUCTS.

Section 14 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1762a) is amended by adding at the end the following:

''(h) NOTICE OF IRRADIATED FOOD PRODUCTS.—

''(1) IN GENERAL.—The Secretary shall develop a policy and establish procedures for the purchase and distribution of irradiated food products in school meals programs under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

''(2) MINIMUM REQUIREMENTS.—The policy and procedures shall ensure, at a minimum, that—

''(A) irradiated food products are made available only at the request of States and school food authorities;

''(B) reimbursements to schools for irradiated food products are equal to reimbursements to schools for food products that are not irradiated;

''(C) States and school food authorities are provided factual information on the science and evidence regarding irradiation technology, including—

''(i) notice that irradiation is not a substitute for safe food handling techniques; and

''(ii) any other similar information determined by the Secretary to be necessary to promote food safety in school meals programs;

''(D) States and school food authorities are provided model procedures for providing to school food authorities, parents, and students—

''(i) factual information on the science and evidence regarding irradiation technology; and

''(ii) any other similar information determined by the Secretary to be necessary to promote food safety in school meals;

''(E) irradiated food products distributed to the Federal school meals program under this

Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) are labeled with a symbol or other printed notice that—

''(i) indicates that the product was irradiated; and

''(ii) is prominently displayed in a clear and understandable format on the container;

''(F) irradiated food products are not commingled in containers with food products that are not irradiated; and

''(G) schools that offer irradiated food products are encouraged to offer alternatives to irradiated food products as part of the meal plan used by the schools.''.

SEC. 119. CHILD AND ADULT CARE FOOD PROGRAM.

(a) DEFINITION OF INSTITUTION.—

(1) IN GENERAL.—Section 17(a)(2)(B)(i) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(a)(2)(B)(i)) is amended by striking ''during'' and all that follows through ''2004,''.

(2) CONFORMING AMENDMENT.—Section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) is amended by striking subsection (p).

(b) DURATION OF DETERMINATION AS TIER I FAMILY OR GROUP DAY CARE HOME.—Section 17(f)(3)(E)(iii) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(f)(3)(E)(iii)) is amended by striking ''3 years'' and inserting ''5 years''.

(c) AUDITS.—Section 17(i) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(i)) is amended by striking ''(i) The'' and inserting the following:

''(i) AUDITS.—

''(1) DISREGARDS.—

''(A) IN GENERAL.—Subject to subparagraph (B), in conducting management evaluations, reviews, or audits under this section, the Secretary or a State agency may disregard any overpayment to an institution for a fiscal year if the total overpayment to the institution for the fiscal year does not exceed an amount that is consistent with the disregards allowed in other programs under this Act and recognizes the cost of collecting small claims, as determined by the Secretary.

''(B) CRIMINAL OR FRAUD VIOLATIONS.—In carrying out this paragraph, the Secretary and a State agency shall not disregard any overpayment for which there is evidence of a violation of a criminal law or civil fraud law.

''(2) FUNDING.—The''.

(d) DURATION OF AGREEMENTS.—Section 17(j) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(j)) is amended—

(1) by striking ''(j) The'' and inserting the following:

''(j) AGREEMENTS.—

''(1) IN GENERAL.—The''; and

(2) by adding at the end the following:

''(2) DURATION.—An agreement under paragraph (1) shall remain in effect until terminated by either party to the agreement.''.

(e) RURAL AREA ELIGIBILITY DETERMINATION FOR DAY CARE HOMES.—Section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) (as amended by subsection (a)(2)) is amended by inserting after subsection (o) the following:

''(p) RURAL AREA ELIGIBILITY DETERMINATION FOR DAY CARE HOMES.—

''(1) DEFINITION OF SELECTED TIER I FAMILY OR GROUP DAY CARE HOME.—In this subsection, the term 'selected tier I family or group day care home' means a family or group day home that meets the definition of tier I family or group day care home under subclause (I) of subsection (f)(3)(A)(ii) except that items (aa) and (bb) of that subclause shall be applied by substituting '40 percent' for '50 percent'.

''(2) ELIGIBILITY.—For each of fiscal years 2006 and 2007, in rural areas of the State of Nebraska (as determined by the Secretary), the Secretary shall provide reimbursement to selected tier I family or group day care homes (as defined in paragraph (1)) under subsection (f)(3) in the same manner as tier I family or group day care homes (as defined in subsection (f)(3)(A)(ii)(I)).

''(3) EVALUATION.—

''(A) IN GENERAL.—The Secretary, acting through the Administrator of the Food and Nutrition Service, shall evaluate the impact of the eligibility criteria described in paragraph (2) as compared to the eligibility criteria described in subsection (f)(3)(A)(ii)(I).

''(B) IMPACT.—The evaluation shall assess the impact of the change in eligibility requirements on—

''(i) the number of family or group day care homes offering meals under this section;

''(ii) the number of family or group day care homes offering meals under this section that are defined as tier I family or group day care homes as a result of paragraph (1) that otherwise would be defined as tier II family or group day care homes under subsection (f)(3)(A)(iii);

''(iii) the geographic location of the family or group day care homes;

''(iv) services provided to eligible children; and

''(v) other factors determined by the Secretary.

''(C) REPORT.—Not later than March 31, 2008, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation under this subsection.

''(D) FUNDING.—

''(i) IN GENERAL.—On October 1, 2005, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this paragraph $400,000, to remain available until expended.

''(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this paragraph the funds transferred under clause (i), without further appropriation.''.

(f) MANAGEMENT SUPPORT.—Section 17(q)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(q)(3)) is amended by striking ''1999 through 2003'' and inserting ''2005 and 2006''.

(g) AGE LIMITS.—Section 17(t)(5)(A)(i) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766(t)(5)(A)(i) is amended—

(1) in subclause (I)—

(A) by striking ''12'' and inserting ''18''; and

(B) by inserting ''or'' after the semicolon;

(2) by striking subclause (II); and

(3) by redesignating subclause (III) as subclause (II).

(h) TECHNICAL AMENDMENTS.—Section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in subsection (a)(6)(B), by inserting ''and adult'' after ''child''; and

(2) in subsection (t)(3), by striking ''subsection (a)(1)'' and inserting ''subsection (a)(5)''.

(i) PAPERWORK REDUCTION.—The Secretary of Agriculture, in conjunction with States and participating institutions, shall examine the feasibility of reducing paperwork resulting from regulations and recordkeeping requirements for State agencies, family child care homes, child care centers, and sponsoring organizations participating in the child and adult care food program established under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766).

(j) EARLY CHILD NUTRITION EDUCATION.—

(1) IN GENERAL.—Subject to the availability of funds made available under paragraph (6), for a period of 4 successive years, the Secretary of Agriculture shall award to 1 or more entities with expertise in designing and implementing health education programs for limited-English-proficient individuals 1 or more grants to enhance obesity prevention activities for child care centers and sponsoring organizations providing services to limited-English-proficient individuals through the child and adult care food program under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) in each of 4 States selected by the Secretary in accordance with paragraph (2).

(2) STATES.—The Secretary shall provide grants under this subsection in States that have experienced a growth in the limited-English-proficient population of the States of at least 100 percent between the years 1990 and 2000, as measured by the census.

(3) REQUIRED ACTIVITIES.—Activities carried out under paragraph (1) shall include—

(A) developing an interactive and comprehensive tool kit for use by lay health educators and training activities;

(B) conducting training and providing ongoing technical assistance for lay health educators; and

(C) establishing collaborations with child care centers and sponsoring organizations participating in the child and adult care food program under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766) to—

(i) identify limited-English-proficient children and families; and

(ii) enhance the capacity of the child care centers and sponsoring organizations to use appropriate obesity prevention strategies.

(4) EVALUATION.—Each grant recipient shall identify an institution of higher education to conduct an independent evaluation of the effectiveness of the grant.

(5) REPORT.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Health, Education, Labor, and Pensions, of the Senate a report that includes—

(A) the evaluation completed by the institution of higher education under paragraph (4);

(B) the effectiveness of lay health educators in reducing childhood obesity; and

(C) any recommendations of the Secretary concerning the grants.

(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $250,000 for each of fiscal years 2005 through 2009.

SEC. 120. FRESH FRUIT AND VEGETABLE PROGRAM.

Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) is amended by striking subsection (g) and inserting the following:

''(g) FRESH FRUIT AND VEGETABLE PROGRAM.—

''(1) IN GENERAL.—For the school year beginning July 2004 and each subsequent school year, the Secretary shall carry out a program to make free fresh fruits and vegetables available, to the maximum extent practicable, to—

''(A) 25 elementary or secondary schools in each of the 4 States authorized to participate in the program under this subsection on May 1, 2004;

''(B) 25 elementary or secondary schools (as selected by the Secretary in accordance with paragraph (3)) in each of 4 States (including a State for which funds were allocated under the program described in paragraph (3)(B)(ii)) that are not participating in

the program under this subsection on May 1, 2004; and

''(C) 25 elementary or secondary schools operated on 3 Indian reservations (including the reservation authorized to participate in the program under this subsection on May 1, 2004), as selected by the Secretary.

''(2) PROGRAM.—A school participating in the program shall make free fresh fruits and vegetables available to students throughout the school day in 1 or more areas designated by the school.

''(3) SELECTION OF SCHOOLS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), in selecting additional schools to participate in the program under paragraph (1)(B), the Secretary shall—

''(i) to the maximum extent practicable, ensure that the majority of schools selected are those in which not less than 50 percent of students are eligible for free or reduced price meals under this Act;

''(ii) solicit applications from interested schools that include—

''(I) information pertaining to the percentage of students enrolled in the school submitting the application who are eligible for free or reduced price school lunches under this Act;

''(II) a certification of support for participation in the program signed by the school food manager, the school principal, and the district superintendent (or equivalent positions, as determined by the school); and

''(III) such other information as may be requested by the Secretary;

''(iii) for each application received, determine whether the application is from a school in which not less than 50 percent of students are eligible for free or reduced price meals under this Act; and

''(iv) give priority to schools that submit a plan for implementation of the program that includes a partnership with 1 or more entities that provide non-Federal resources (including entities representing the fruit and vegetable industry) for—

''(I) the acquisition, handling, promotion, or distribution of fresh and dried fruits and fresh vegetables; or

''(II) other support that contributes to the purposes of the program.

''(B) NONAPPLICABILITY TO EXISTING PARTICIPANTS.—Subparagraph (A) shall not apply to a school, State, or Indian reservation authorized—

''(i) to participate in the program on May 1, 2004; or

''(ii) to receive funding for free fruits and vegetables under funds provided for public health improvement under the heading 'DISEASE CONTROL, RESEARCH, AND TRAINING' under the heading 'CENTERS FOR DISEASE CONTROL AND PREVENTION' in title II of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2004 (Division E of Public Law 108–199; 118 Stat. 238).

''(4) NOTICE OF AVAILABILITY.—To be eligible to participate in the program under this subsection, a school shall widely publicize within the school the availability of free fresh fruits and vegetables under the program.

''(5) REPORTS.—

''(A) INTERIM REPORTS.—Not later than September 30 of each of fiscal years 2005 through 2008, the Secretary, acting through the Administrator of the Food and Nutrition Service, shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an interim report that describes the activities carried out under this subsection during the fiscal year covered by the report.

''(B) FINAL REPORT.—Not later than December 31, 2008, the Secretary, acting through the Administrator of the Food and Nutrition Service, shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a final report that describes the results of the program under this subsection.

''(6) FUNDING.—

''(A) EXISTING FUNDS.—The Secretary shall use to carry out this subsection any funds that remain under this subsection on the day before the date of enactment of this subparagraph.

''(B) MANDATORY FUNDS.—

''(i) IN GENERAL.—On October 1, 2004, and on each October 1 thereafter, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subsection $9,000,000, to remain available until expended.

''(ii) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds made available under this subparagraph, without further appropriation.

''(C) AUTHORIZATION OF APPROPRIATIONS.—In addition to any amounts made available under subparagraphs (A) and (B), there are authorized to be appropriated such sums as are necessary to expand the program carried out under this subsection.

''(D) REALLOCATION.—The Secretary may reallocate any amounts made available to carry out this subsection that are not obligated or expended, as determined by the Secretary.''.

SEC. 121. SUMMER FOOD SERVICE RESIDENTIAL CAMP ELIGIBILITY.

Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) is amended by adding at the end the following:

''(h) SUMMER FOOD SERVICE RESIDENTIAL CAMP ELIGIBILITY.—

''(1) IN GENERAL.—During the month after the date of enactment of this subsection through September, 2004, and the months of May through September, 2005, the Secretary shall modify eligibility criteria, at not more than 1 private nonprofit residential camp in each of not more than 2 States, as determined by the Secretary, for the purpose of identifying and evaluating alternative methods of determining the eligibility of residential private nonprofit camps to participate in the summer food service program for children established under section 13.

''(2) ELIGIBILITY.—To be eligible for the criteria modified under paragraph (1), a residential camp—

''(A) shall be a service institution (as defined in section 13(a)(1));

''(B) may not charge a fee to any child in residence at the camp; and

''(C) shall serve children who reside in an area in which poor economic conditions exist (as defined in section 13(a)(1)).

''(3) PAYMENTS.—

''(A) IN GENERAL.—Under this subsection, the Secretary shall provide reimbursement for meals served to all children at a residential camp at the payment rates specified in section 13(b)(1).

''(B) REIMBURSABLE MEALS.—A residential camp selected by the Secretary may receive reimbursement for not more than 3 meals, or 2 meals and 1 supplement, during each day of operation.

''(4) EVALUATION.—

''(A) INFORMATION FROM RESIDENTIAL CAMPS.—Not later than December 31, 2005, a residential camp selected under paragraph (1) shall report to the Secretary such information as is required by the Secretary concerning the requirements of this subsection.

''(B) REPORT TO CONGRESS.—Not later than March 31, 2006, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that evaluates the effect of this subsection on program participation and other factors, as determined by the Secretary.''.

SEC. 122. ACCESS TO LOCAL FOODS AND SCHOOL GARDENS.

Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) (as amended by section 121) is amended by adding at the end the following:

''(i) ACCESS TO LOCAL FOODS AND SCHOOL GARDENS.—

''(1) IN GENERAL.—The Secretary may provide assistance, through competitive matching grants and technical assistance, to schools and nonprofit entities for projects that—

''(A) improve access to local foods in schools and institutions participating in programs under this Act and section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) through farm-to-cafeteria activities, including school gardens, that may include the acquisition of food and appropriate equipment and the provision of training and education;

''(B) are, at a minimum, designed to—

''(i) procure local foods from small- and medium-sized farms for school meals; and

''(ii) support school garden programs;

''(C) support nutrition education activities or curriculum planning that incorporates the participation of school children in farm-based agricultural education activities, that may include school gardens;

''(D) develop a sustained commitment to farm-to-cafeteria projects in the community by linking schools, State departments of agriculture, agricultural producers, parents, and other community stakeholders;

''(E) require $100,000 or less in Federal contributions;

''(F) require a Federal share of costs not to exceed 75 percent;

''(G) provide matching support in the form of cash or in-kind contributions (including facilities, equipment, or services provided by State and local governments and private sources); and

''(H) cooperate in an evaluation carried out by the Secretary.

''(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2004 through 2009.''.

SEC. 123. YEAR-ROUND SERVICES FOR ELIGIBLE ENTITIES.

Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) (as amended by section 122) is amended by adding at the end the following:

''(j) YEAR-ROUND SERVICES FOR ELIGIBLE ENTITIES.—

''(1) IN GENERAL.—A service institution that is described in section 13(a)(6) (excluding a public school), or a private nonprofit organization described in section 13(a)(7), and that is located in the State of California may be reimbursed—

''(A) for up to 2 meals during each day of operation served—

''(i) during the months of May through September;

''(ii) in the case of a service institution that operates a food service program for children on school vacation, at anytime under a continuous school calendar; and

''(iii) in the case of a service institution that provides meal service at a nonschool site to children who are not in school for a period during the school year due to a natural disaster, building repair, court order, or

similar case, at anytime during such a period; and

''(B) for a snack served during each day of operation after school hours, weekends, and school holidays during the regular school calendar.

''(2) PAYMENTS.—The service institution shall be reimbursed consistent with section 13(b)(1).

''(3) ADMINISTRATION.—To receive reimbursement under this subsection, a service institution shall comply with section 13, other than subsections (b)(2) and (c)(1) of that section.

''(4) EVALUATION.—Not later than September 30, 2007, the State agency shall submit to the Secretary a report on the effect of this subsection on participation in the summer food service program for children established under section 13.

''(5) FUNDING.—The Secretary shall provide to the State of California such sums as are necessary to carry out this subsection for each of fiscal years 2005 through 2009.''.

SEC. 124. FREE LUNCH AND BREAKFAST ELIGIBILITY.

Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) (as amended by section 123) is amended by adding at the end the following:

''(k) FREE LUNCH AND BREAKFAST ELIGIBILITY.—

''(1) IN GENERAL.—Subject to the availability of funds under paragraph (4), the Secretary shall expand the service of free lunches and breakfasts provided at schools participating in the school lunch program under this Act or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) in all or part of 5 States selected by the Secretary (of which at least 1 shall be a largely rural State with a significant Native American population).

''(2) INCOME ELIGIBILITY.—The income guidelines for determining eligibility for free lunches or breakfasts under this subsection shall be 185 percent of the applicable family size income levels contained in the nonfarm income poverty guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with section 9(b)(1)(B).

''(3) EVALUATION.—

''(A) IN GENERAL.—Not later than 3 years after the implementation of this subsection, the Secretary shall conduct an evaluation to assess the impact of the changed income eligibility guidelines by comparing the school food authorities operating under this subsection to school food authorities not operating under this subsection.

''(B) IMPACT ASSESSMENT.—

''(i) CHILDREN.—The evaluation shall assess the impact of this subsection separately on—

''(I) children in households with incomes less than 130 percent of the applicable family income levels contained in the nonfarm poverty income guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with section 9(b)(1)(B); and

''(II) children in households with incomes greater than 130 percent and not greater than 185 percent of the applicable family income levels contained in the nonfarm poverty income guidelines prescribed by the Office of Management and Budget, as adjusted annually in accordance with section 9(b)(1)(B).

''(ii) FACTORS.—The evaluation shall assess the impact of this subsection on—

''(I) certification and participation rates in the school lunch and breakfast programs;

''(II) rates of lunch- and breakfast-skipping;

''(III) academic achievement;

''(IV) the allocation of funds authorized in title I of the Elementary and Secondary Education Act (20 U.S.C. 6301) to local educational agencies and public schools; and

''(V) other factors determined by the Secretary.

''(C) COST ASSESSMENT.—The evaluation shall assess the increased costs associated with providing additional free, reduced price, or paid meals in the school food authorities operating under this subsection.

''(D) REPORT.—On completion of the evaluation, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation under this paragraph.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection, to remain available until expended.''.

SEC. 125. TRAINING, TECHNICAL ASSISTANCE, AND FOOD SERVICE MANAGEMENT INSTITUTE.

(a) IN GENERAL.—Section 21(a)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1(a)(1)) is amended by striking ''activities and'' and all that follows and inserting ''activities and provide—

''(A) training and technical assistance to improve the skills of individuals employed in—

''(i) food service programs carried out with assistance under this Act and, to the maximum extent practicable, using individuals who administer exemplary local food service programs in the State;

''(ii) school breakfast programs carried out with assistance under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773); and

''(iii) as appropriate, other federally assisted feeding programs; and

''(B) assistance, on a competitive basis, to State agencies for the purpose of aiding schools and school food authorities with at least 50 percent of enrolled children certified to receive free or reduced price meals (and, if there are any remaining funds, other schools and school food authorities) in meeting the cost of acquiring or upgrading technology and information management systems for use in food service programs carried out under this Act and section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), if the school or school food authority submits to the State agency an infrastructure development plan that—

''(i) addresses the cost savings and improvements in program integrity and operations that would result from the use of new or upgraded technology;

''(ii) ensures that there is not any overt identification of any child by special tokens or tickets, announced or published list of names, or by any other means;

''(iii) provides for processing and verifying applications for free and reduced price school meals;

''(iv) integrates menu planning, production, and serving data to monitor compliance with section 9(f)(1); and

''(v) establishes compatibility with statewide reporting systems;

''(C) assistance, on a competitive basis, to State agencies with low proportions of schools or students that—

''(i) participate in the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773); and

''(ii) demonstrate the greatest need, for the purpose of aiding schools in meeting costs associated with initiating or expanding a school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), including outreach and informational activities; and''.

(b) DUTIES OF FOOD SERVICE MANAGEMENT INSTITUTE.—Section 21(c)(2)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1(c)(2)(B)) is amended—

(1) by striking clauses (vi) and (vii) and inserting the following:

''(vi) safety, including food handling, hazard analysis and critical control point plan implementation, emergency readiness, responding to a food recall, and food biosecurity training;''; and

(2) by redesignating clauses (viii) through (x) as clauses (vii) through (ix), respectively.

(c) AUTHORIZATION OF APPROPRIATIONS.—

(1) TRAINING ACTIVITIES AND TECHNICAL ASSISTANCE.—Section 21(e)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1(e)(1)) is amended by striking ''2003'' and inserting ''2009''.

(2) FOOD SERVICE MANAGEMENT INSTITUTE.—Section 21(e)(2)(A) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1(e)(2)(A) is amended in the first sentence—

(A) by striking ''provide to the Secretary'' and all that follows through ''1998, and'' and inserting ''provide to the Secretary''; and

(B) by striking ''1999 and'' and inserting ''2004 and $4,000,000 for fiscal year 2005''.

SEC. 126. ADMINISTRATIVE ERROR REDUCTION.

(a) FEDERAL SUPPORT FOR TRAINING AND TECHNICAL ASSISTANCE.—Section 21 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1) is amended by adding at the end the following:

''(f) ADMINISTRATIVE TRAINING AND TECHNICAL ASSISTANCE MATERIAL.—In collaboration with State educational agencies, local educational agencies, and school food authorities of varying sizes, the Secretary shall develop and distribute training and technical assistance material relating to the administration of school meals programs that are representative of the best management and administrative practices.

''(g) FEDERAL ADMINISTRATIVE SUPPORT.—

''(1) FUNDING.—

''(A) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subsection—

''(i) on October 1, 2004, and October 1, 2005, $3,000,000; and

''(ii) on October 1, 2006, October 1, 2007, and October 1, 2008, $2,000,000.

''(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds transferred under subparagraph (A), without further appropriation.

''(C) AVAILABILITY OF FUNDS.—Funds transferred under subparagraph (A) shall remain available until expended.

''(2) USE OF FUNDS.—The Secretary may use funds provided under this subsection—

''(A) to provide training and technical assistance and material related to improving program integrity and administrative accuracy in school meals programs; and

''(B) to assist State educational agencies in reviewing the administrative practices of local educational agencies, to the extent determined by the Secretary.''.

(b) SELECTED ADMINISTRATIVE REVIEWS.—

(1) IN GENERAL.—Section 22(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c(b)) is amended by adding at the end the following:

''(3) ADDITIONAL REVIEW REQUIREMENT FOR SELECTED LOCAL EDUCATIONAL AGENCIES.—

''(A) DEFINITION OF SELECTED LOCAL EDUCATIONAL AGENCIES.—In this paragraph, the term 'selected local educational agency' means a local educational agency that has a demonstrated high level of, or a high risk for, administrative error, as determined by the Secretary.

''(B) ADDITIONAL ADMINISTRATIVE REVIEW.—In addition to any review required by subsection (a) or paragraph (1), each State educational agency shall conduct an administrative review of each selected local educational agency during the review cycle established under subsection (a).

''(C) SCOPE OF REVIEW.—In carrying out a review under subparagraph (B), a State educational agency shall only review the administrative processes of a selected local educational agency, including application, certification, verification, meal counting, and meal claiming procedures.

''(D) RESULTS OF REVIEW.—If the State educational agency determines (on the basis of a review conducted under subparagraph (B)) that a selected local educational agency fails to meet performance criteria established by the Secretary, the State educational agency shall—

''(i) require the selected local educational agency to develop and carry out an approved plan of corrective action;

''(ii) except to the extent technical assistance is provided directly by the Secretary, provide technical assistance to assist the selected local educational agency in carrying out the corrective action plan; and

''(iii) conduct a followup review of the selected local educational agency under standards established by the Secretary.

''(4) RETAINING FUNDS AFTER ADMINISTRATIVE REVIEWS.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), if the local educational agency fails to meet administrative performance criteria established by the Secretary in both an initial review and a followup review under paragraph (1) or (3) or subsection (a), the Secretary may require the State educational agency to retain funds that would otherwise be paid to the local educational agency for school meals programs under procedures prescribed by the Secretary.

''(B) AMOUNT.—The amount of funds retained under subparagraph (A) shall equal the value of any overpayment made to the local educational agency or school food authority as a result of an erroneous claim during the time period described in subparagraph (C).

''(C) TIME PERIOD.—The period for determining the value of any overpayment under subparagraph (B) shall be the period—

''(i) beginning on the date the erroneous claim was made; and

''(ii) ending on the earlier of the date the erroneous claim is corrected or—

''(I) in the case of the first followup review conducted by the State educational agency of the local educational agency under this section after July 1, 2005, the date that is 60 days after the beginning of the period under clause (i); or

''(II) in the case of any subsequent followup review conducted by the State educational agency of the local educational agency under this section, the date that is 90 days after the beginning of the period under clause (i).

''(5) USE OF RETAINED FUNDS.—

''(A) IN GENERAL.—Subject to subparagraph (B), funds retained under paragraph (4) shall—

''(i) be returned to the Secretary, and may be used—

''(I) to provide training and technical assistance related to administrative practices designed to improve program integrity and administrative accuracy in school meals programs to State educational agencies and, to the extent determined by the Secretary, to local educational agencies and school food authorities;

''(II) to assist State educational agencies in reviewing the administrative practices of local educational agencies in carrying out school meals programs; and

''(III) to carry out section 21(f); or

''(ii) be credited to the child nutrition programs appropriation account.

''(B) STATE SHARE.—A State educational agency may retain not more than 25 percent of an amount recovered under paragraph (4), to carry out school meals program integrity initiatives to assist local educational agencies and school food authorities that have repeatedly failed, as determined by the Secretary, to meet administrative performance criteria.

''(C) REQUIREMENT.—To be eligible to retain funds under subparagraph (B), a State educational agency shall—

''(i) submit to the Secretary a plan describing how the State educational agency will use the funds to improve school meals program integrity, including measures to give priority to local educational agencies from which funds were retained under paragraph (4);

''(ii) consider using individuals who administer exemplary local food service programs in the provision of training and technical assistance; and

''(iii) obtain the approval of the Secretary for the plan.''.

(2) INTERPRETATION.—Nothing in the amendment made by paragraph (1) affects the requirements for fiscal actions as described in the regulations issued pursuant to section 22(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c(a)).

(c) TRAINING AND TECHNICAL ASSISTANCE.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) in subsection (e)—

(A) by striking ''(e) Each'' and inserting the following:

''(e) PLANS FOR USE OF ADMINISTRATIVE EXPENSE FUNDS.—

''(1) IN GENERAL.—Each''; and

(B) by striking ''After submitting'' and all that follows through ''change in the plan.'' and inserting the following:

''(2) UPDATES AND INFORMATION MANAGEMENT SYSTEMS.—

''(A) IN GENERAL.—After submitting the initial plan, a State shall be required to submit to the Secretary for approval only a substantive change in the plan.

''(B) PLAN CONTENTS.—Each State plan shall, at a minimum, include a description of how technology and information management systems will be used to improve program integrity by—

''(i) monitoring the nutrient content of meals served;

''(ii) training local educational agencies, school food authorities, and schools in how to use technology and information management systems (including verifying eligibility for free or reduced price meals using program participation or income data gathered by State or local agencies); and

''(iii) using electronic data to establish benchmarks to compare and monitor program integrity, program participation, and financial data.

''(3) TRAINING AND TECHNICAL ASSISTANCE.—Each State shall submit to the Secretary for approval a plan describing the manner in which the State intends to implement subsection (g) and section 22(b)(3) of the Richard B. Russell National School Lunch Act.'';

(2) by redesignating subsection (g) as subsection (j); and

(3) by inserting after subsection (f) the following:

''(g) STATE TRAINING.—

''(1) IN GENERAL.—At least annually, each State shall provide training in administrative practices (including training in application, certification, verification, meal counting, and meal claiming procedures) to local educational agency and school food authority administrative personnel and other appropriate personnel, with emphasis on the requirements established by the Child Nutrition and WIC Reauthorization Act of 2004 and the amendments made by that Act.

''(2) FEDERAL ROLE.—The Secretary shall—

''(A) provide training and technical assistance to a State; or

''(B) at the option of the Secretary, directly provide training and technical assistance described in paragraph (1).

''(3) REQUIRED PARTICIPATION.—In accordance with procedures established by the Secretary, each local educational agency or school food authority shall ensure that an individual conducting or overseeing administrative procedures described in paragraph (1) receives training at least annually, unless determined otherwise by the Secretary.

''(h) FUNDING FOR TRAINING AND ADMINISTRATIVE REVIEWS.—

''(1) FUNDING.—

''(A) IN GENERAL.—On October 1, 2004, and on each October 1 thereafter, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subsection $4,000,000, to remain available until expended.

''(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds transferred under subparagraph (A), without further appropriation.

''(2) USE OF FUNDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall use funds provided under this subsection to assist States in carrying out subsection (g) and administrative reviews of selected local educational agencies carried out under section 22 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c).

''(B) EXCEPTION.—The Secretary may retain a portion of the amount provided to cover costs of activities carried out by the Secretary in lieu of the State.

''(3) ALLOCATION.—The Secretary shall allocate funds provided under this subsection to States based on the number of local educational agencies that have demonstrated a high level of, or a high risk for, administrative error, as determined by the Secretary, taking into account the requirements established by the Child Nutrition and WIC Reauthorization Act of 2004 and the amendments made by that Act.

''(4) REALLOCATION.—The Secretary may reallocate, to carry out this section, any amounts made available to carry out this subsection that are not obligated or expended, as determined by the Secretary.''.

SEC. 127. COMPLIANCE AND ACCOUNTABILITY.

Section 22(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769c(d)) is amended by striking ''$3,000,000 for each of the fiscal years 1994 through 2003'' and inserting ''$6,000,000 for each of fiscal years 2004 through 2009''.

SEC. 128. INFORMATION CLEARINGHOUSE.

Section 26(d) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769g(d)) is amended in the first sentence—

(1) by striking ''1998, and'' and inserting ''1998,''; and

(2) by striking ''through 2003'' and inserting ''through 2004, and $250,000 for each of fiscal years 2005 through 2009''.

SEC. 129. PROGRAM EVALUATION.

The Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) is amended by adding at the end the following:

''SEC. 28. PROGRAM EVALUATION.

''(a) PERFORMANCE ASSESSMENTS.—

''(1) IN GENERAL.—Subject to the availability of funds made available under paragraph (3), the Secretary, acting through the

Administrator of the Food and Nutrition Service, may conduct annual national performance assessments of the meal programs under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).

''(2) COMPONENTS.—In conducting an assessment, the Secretary may assess—

''(A) the cost of producing meals and meal supplements under the programs described in paragraph (1); and

''(B) the nutrient profile of meals, and status of menu planning practices, under the programs.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 2004 and each subsequent fiscal year.

''(b) CERTIFICATION IMPROVEMENTS.—

''(1) IN GENERAL.—Subject to the availability of funds made available under paragraph (5), the Secretary, acting through the Administrator of the Food and Nutrition Service, shall conduct a study of the feasibility of improving the certification process used for the school lunch program established under this Act.

''(2) PILOT PROJECTS.—In carrying out this subsection, the Secretary may conduct pilot projects to improve the certification process used for the school lunch program.

''(3) COMPONENTS.—In carrying out this subsection, the Secretary shall examine the use of—

''(A) other income reporting systems;

''(B) an integrated benefit eligibility determination process managed by a single agency;

''(C) income or program participation data gathered by State or local agencies; and

''(D) other options determined by the Secretary.

''(4) WAIVERS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may waive such provisions of this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) as are necessary to carry out this subsection.

''(B) PROVISIONS.—The protections of section 9(b)(6) shall apply to any study or pilot project carried out under this subsection.

''(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection such sums as are necessary.''.

TITLE II—AMENDMENTS TO CHILD NUTRITION ACT OF 1966

SEC. 201. SEVERE NEED ASSISTANCE.

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by striking subsection (d) and inserting the following:

''(d) SEVERE NEED ASSISTANCE.—

''(1) IN GENERAL.—Each State educational agency shall provide additional assistance to schools in severe need, which shall include only those schools (having a breakfast program or desiring to initiate a breakfast program) in which—

''(A) during the most recent second preceding school year for which lunches were served, 40 percent or more of the lunches served to students at the school were served free or at a reduced price; or

''(B) in the case of a school in which lunches were not served during the most recent second preceding school year, the Secretary otherwise determines that the requirements of subparagraph (A) would have been met.

''(2) ADDITIONAL ASSISTANCE.—A school, on the submission of appropriate documentation about the need circumstances in that school and the eligibility of the school for additional assistance, shall be entitled to receive the meal reimbursement rate specified in subsection (b)(2).''.

SEC. 202. STATE ADMINISTRATIVE EXPENSES.

(a) MINIMUM STATE ADMINISTRATIVE EXPENSE GRANTS.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended—

(1) by striking the section heading and all that follows through ''(a)(1) Each'' and inserting the following:

''SEC. 7. STATE ADMINISTRATIVE EXPENSES.

''(a) AMOUNT AND ALLOCATION OF FUNDS.—

''(1) AMOUNT AVAILABLE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), each'';

(2) in subsection (a)—

(A) in paragraph (1)—

(i) by inserting after the first sentence the following:

''(B) MINIMUM AMOUNT.—In the case of each of fiscal years 2005 through 2007, the Secretary shall make available to each State for administrative costs not less than the initial allocation made to the State under this subsection for fiscal year 2004.'';

(ii) by striking ''The Secretary'' and inserting the following:

''(C) ALLOCATION.—The Secretary''; and

(iii) by striking the last sentence; and

(B) in paragraph (2)—

(i) by striking ''(2) The'' and inserting the following:

''(2) EXPENSE GRANTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the'';

(ii) in the second sentence—

(I) by striking ''In no case'' and inserting the following:

''(B) MINIMUM AMOUNT.—

''(i) IN GENERAL.—In no case'';

(II) by striking ''this subsection'' and inserting ''this paragraph''; and

(III) by striking ''$100,000'' and inserting ''$200,000 (as adjusted under clause (ii))''; and

(iii) by adding at the end the following:

''(ii) ADJUSTMENT.—On October 1, 2008, and each October 1 thereafter, the minimum dollar amount for a fiscal year specified in clause (i) shall be adjusted to reflect the percentage change between—

''(I) the value of the index for State and local government purchases, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

''(II) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.''.

(b) TECHNOLOGY INFRASTRUCTURE IMPROVEMENT.—Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) is amended by inserting after subsection (h) (as added by section 126(c)(3)) the following:

''(i) TECHNOLOGY INFRASTRUCTURE IMPROVEMENT.—

''(1) IN GENERAL.—Each State shall submit to the Secretary, for approval by the Secretary, an amendment to the plan required by subsection (e) that describes the manner in which funds provided under this section will be used for technology and information management systems.

''(2) REQUIREMENTS.—The amendment shall, at a minimum, describe the manner in which the State will improve program integrity by—

''(A) monitoring the nutrient content of meals served;

''(B) providing training to local educational agencies, school food authorities, and schools on the use of technology and information management systems for activities including—

''(i) menu planning;

''(ii) collection of point-of-sale data; and

''(iii) the processing of applications for free and reduced price meals; and

''(C) using electronic data to establish benchmarks to compare and monitor program integrity, program participation, and financial data across schools and school food authorities.

''(3) TECHNOLOGY INFRASTRUCTURE GRANTS.—

''(A) IN GENERAL.—Subject to the availability of funds made available under paragraph (4) to carry out this paragraph, the Secretary shall, on a competitive basis, provide funds to States to be used to provide grants to local educational agencies, school food authorities, and schools to defray the cost of purchasing or upgrading technology and information management systems for use in programs authorized by this Act (other than section 17) and the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

''(B) INFRASTRUCTURE DEVELOPMENT PLAN.—To be eligible to receive a grant under this paragraph, a school or school food authority shall submit to the State a plan to purchase or upgrade technology and information management systems that addresses potential cost savings and methods to improve program integrity, including—

''(i) processing and verification of applications for free and reduced price meals;

''(ii) integration of menu planning, production, and serving data to monitor compliance with section 9(f)(1) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(f)(1)); and

''(iii) compatibility with statewide reporting systems.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 2005 through 2009, to remain available until expended.''.

(c) REAUTHORIZATION.—Subsection (j) of section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) (as redesignated by section 126(c)(2)) is amended by striking ''2003'' and inserting ''2009''.

SEC. 203. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) DEFINITIONS.—

(1) NUTRITION EDUCATION.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended by striking paragraph (7) and inserting the following:

''(7) NUTRITION EDUCATION.—The term 'nutrition education' means individual and group sessions and the provision of material that are designed to improve health status and achieve positive change in dietary and physical activity habits, and that emphasize the relationship between nutrition, physical activity, and health, all in keeping with the personal and cultural preferences of the individual.''.

(2) SUPPLEMENTAL FOODS.—Section 17(b)(14) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(14)) is amended in the first sentence by inserting after ''children'' the following: ''and foods that promote the health of the population served by the program authorized by this section, as indicated by relevant nutrition science, public health concerns, and cultural eating patterns''.

(3) OTHER TERMS.—Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended by adding at the end the following:

''(22) PRIMARY CONTRACT INFANT FORMULA.—The term 'primary contract infant formula' means the specific infant formula for which manufacturers submit a bid to a State agency in response to a rebate solicitation under this section and for which a contract is awarded by the State agency as a result of that bid.

''(23) STATE ALLIANCE.—The term 'State alliance' means 2 or more State agencies that

join together for the purpose of procuring infant formula under the program by soliciting competitive bids for infant formula.''.

(b) ELIGIBILITY.—

(1) CERTIFICATION PERIOD.—Section 17(d)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(3)) is amended—

(A) by striking ''(3)(A) Persons'' and inserting the following:

''(3) CERTIFICATION.—

''(A) PROCEDURES.—

''(i) IN GENERAL.—Subject to clause (ii), a person''; and

(B) by adding at the end of subparagraph (A) the following:

''(ii) BREASTFEEDING WOMEN.—A State may elect to certify a breastfeeding woman for a period of 1 year postpartum or until a woman discontinues breastfeeding, whichever is earlier.''.

(2) PHYSICAL PRESENCE.—Section 17(d)(3)(C)(ii) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(3)(C)(ii)) is amended—

(A) in subclause (I)(bb), by striking ''from a provider other than the local agency; or'' and inserting a semicolon;

(B) in subclause (II), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(III) an infant under 8 weeks of age—

''(aa) who cannot be present at certification for a reason determined appropriate by the local agency; and

''(bb) for whom all necessary certification information is provided.''.

(c) ADMINISTRATION.—

(1) PROCESSING VENDOR APPLICATIONS; PARTICIPANT ACCESS.—Section 17(f)(1)(C) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)(C)) is amended—

(A) in clause (i) by inserting ''at any of the authorized retail stores under the program'' after ''the program'';

(B) by redesignating clauses (ii) through (x) as clauses (iii) through (xi), respectively; and

(C) by inserting after clause (i) the following:

''(ii) procedures for accepting and processing vendor applications outside of the established timeframes if the State agency determines there will be inadequate access to the program, including in a case in which a previously authorized vendor sells a store under circumstances that do not permit timely notification to the State agency of the change in ownership;''.

(2) ALLOWABLE USE OF FUNDS.—

(A) IN GENERAL.—Section 17(f)(11) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(11) is amended—

(i) by striking ''(11) The Secretary'' and inserting the following:

''(11) SUPPLEMENTAL FOODS.—

''(A) IN GENERAL.—The Secretary'';

(ii) in the second sentence, by striking ''To the degree'' and inserting the following:

''(B) APPROPRIATE CONTENT.—To the degree''; and

(iii) by adding at the end the following:

''(C) ALLOWABLE USE OF FUNDS.—Subject to the availability of funds, the Secretary shall award grants to not more than 10 local sites determined by the Secretary to be geographically and culturally representative of State, local, and Indian agencies, to evaluate the feasibility of including fresh, frozen, or canned fruits and vegetables (to be made available through private funds) as an addition to the supplemental foods prescribed under this section.

''(D) REVIEW OF AVAILABLE SUPPLEMENTAL FOODS.—As frequently as determined by the Secretary to be necessary to reflect the most recent scientific knowledge, the Secretary shall—

''(i) conduct a scientific review of the supplemental foods available under the program; and

''(ii) amend the supplemental foods available, as necessary, to reflect nutrition science, public health concerns, and cultural eating patterns.''.

(B) RULEMAKING.—Not later than 18 months after the date of receiving the review initiated by the National Academy of Sciences, Institute of Medicine in September 2003 of the supplemental foods available for the special supplemental nutrition program for women, infants, and children authorized under section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), the Secretary shall promulgate a final rule updating the prescribed supplemental foods available through the program.

(3) USE OF CLAIMS FROM LOCAL AGENCIES.—Section 17(f)(21) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(21)) is amended—

(A) in the paragraph heading, by striking ''VENDORS'' and inserting ''LOCAL AGENCIES, VENDORS,''; and

(B) by striking ''vendors'' and inserting ''local agencies, vendors,''.

(4) INFANT FORMULA BENEFITS.—

(A) IN GENERAL.—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended by adding at the end the following:

''(25) INFANT FORMULA BENEFITS.—A State agency may round up to the next whole can of infant formula to allow all participants under the program to receive the full-authorized nutritional benefit specified by regulation.''.

(B) APPLICABILITY.—The amendment made by subparagraph (A) applies to infant formula provided under a contract resulting from a bid solicitation issued on or after October 1, 2004.

(5) NOTIFICATION OF VIOLATIONS.—Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) (as amended by paragraph (4)) is amended by adding at the end the following:

''(26) NOTIFICATION OF VIOLATIONS.—If a State agency finds that a vendor has committed a violation that requires a pattern of occurrences in order to impose a penalty or sanction, the State agency shall notify the vendor of the initial violation in writing prior to documentation of another violation, unless the State agency determines that notifying the vendor would compromise an investigation.''.

(d) REAUTHORIZATION OF WIC PROGRAM.—Section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) is amended by striking ''(g)(1)'' and all that follows through ''As authorized'' in paragraph (1) and inserting the following:

''(g) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—

''(A) AUTHORIZATION.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2004 through 2009.

''(B) ADVANCE APPROPRIATIONS; AVAILABILITY.—As authorized''.

(e) NUTRITION SERVICES AND ADMINISTRATION FUNDS; COMPETITIVE BIDDING; RETAILERS.—

(1) IN GENERAL.—Section 17(h)(2)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(2)(A)) is amended by striking ''For each of the fiscal years 1995 through 2003, the'' and inserting ''The''.

(2) HEALTHY PEOPLE 2010 INITIATIVE.—Section 17(h)(4) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(4)) is amended—

(A) in subparagraph (D), by striking ''; and'' and inserting a semicolon;

(B) in subparagraph (E), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(F) partner with communities, State and local agencies, employers, health care professionals, and other entities in the private sector to build a supportive breastfeeding environment for women participating in the program under this section to support the breastfeeding goals of the Healthy People 2010 initiative.''.

(3) SIZE OF STATE ALLIANCES.—Section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) is amended by adding at the end the following:

''(iv) SIZE OF STATE ALLIANCES.—

''(I) IN GENERAL.—Except as provided in subclauses (II) through (IV), no State alliance may exist among States if the total number of infants served by States participating in the alliance as of October 1, 2003, or such subsequent date determined by the Secretary for which data is available, would exceed 100,000.

''(II) ADDITION OF INFANT PARTICIPANTS.—In the case of a State alliance that exists on the date of enactment of this clause, the alliance may continue and may expand to serve more than 100,000 infants but, except as provided in subclause (III), may not expand to include any additional State agency.

''(III) ADDITION OF SMALL STATE AGENCIES AND INDIAN STATE AGENCIES.—Any State alliance may expand to include any State agency that served less than 5,000 infant participants as of October 1, 2003, or such subsequent date determined by the Secretary for which data is available, or any Indian State agency, if the State agency or Indian State agency requests to join the State alliance.

''(IV) SECRETARIAL WAIVER.—The Secretary may waive the requirements of this clause not earlier than 30 days after submitting to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a written report that describes the cost-containment and competitive benefits of the proposed waiver.''.

(4) PRIMARY CONTRACT INFANT FORMULA.—

(A) IN GENERAL.—Section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(8)(A)) (as amended by paragraph (3)) is amended—

(i) in clause (ii)(I), by striking ''contract brand of'' and inserting ''primary contract'';

(ii) in clause (iii), by inserting ''for a specific infant formula for which manufacturers submit a bid'' after ''lowest net price''; and

(iii) by adding at the end the following:

''(v) FIRST CHOICE OF ISSUANCE.—The State agency shall use the primary contract infant formula as the first choice of issuance (by formula type), with all other infant formulas issued as an alternative to the primary contract infant formula.''.

(B) APPLICABILITY.—The amendments made by subparagraph (A) apply to a contract resulting from a bid solicitation issued on or after October 1, 2004.

(5) REBATE INVOICES.—Section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) (as amended by paragraph (4)(A)(iii)) is amended by adding at the end the following:

''(vi) REBATE INVOICES.—Each State agency shall have a system to ensure that infant formula rebate invoices, under competitive bidding, provide a reasonable estimate or an actual count of the number of units sold to participants in the program under this section.''.

(6) UNCOUPLING MILK AND SOY BIDS.—

(A) IN GENERAL.—Section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) (as amended by paragraph (5)) is amended by adding at the end the following:

''(vii) SEPARATE SOLICITATIONS.—In soliciting bids for infant formula under a competitive bidding system, any State agency,

or State alliance, that served under the program a monthly average of more than 100,000 infants during the preceding 12-month period shall solicit bids from infant formula manufacturers under procedures that require that bids for rebates or discounts are solicited for milk-based and soy-based infant formula separately.''.

(B) APPLICABILITY.—The amendment made by this paragraph applies to a bid solicitation issued on or after October 1, 2004.

(7) CENT-FOR-CENT ADJUSTMENTS.—

(A) IN GENERAL.—Section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) (as amended by paragraph (6)(A)) is amended by adding at the end the following:

''(viii) CENT-FOR-CENT ADJUSTMENTS.—A bid solicitation for infant formula under the program shall require the manufacturer to adjust for price changes subsequent to the opening of the bidding process in a manner that requires—

''(I) a cent-for-cent increase in the rebate amounts if there is an increase in the lowest national wholesale price for a full truckload of the particular infant formula; and

''(II) a cent-for-cent decrease in the rebate amounts if there is a decrease in the lowest national wholesale price for a full truckload of the particular infant formula.''.

(B) CONFORMING AMENDMENT.—Section 17(h)(8)(A)(ii) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)(ii)) is amended by striking ''rise'' and inserting ''change''.

(C) APPLICABILITY.—The amendments made by this paragraph apply to a bid solicitation issued on or after October 1, 2004.

(8) LIST OF INFANT FORMULA WHOLESALERS, DISTRIBUTORS, RETAILERS, AND MANUFACTURERS.—Section 17(h)(8)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(8)(A)) (as amended by paragraph (7)(A)) is amended by adding at the end the following:

''(ix) LIST OF INFANT FORMULA WHOLESALERS, DISTRIBUTORS, RETAILERS, AND MANUFACTURERS.—The State agency shall maintain a list of—

''(I) infant formula wholesalers, distributors, and retailers licensed in the State in accordance with State law (including regulations); and

''(II) infant formula manufacturers registered with the Food and Drug Administration that provide infant formula.

''(x) PURCHASE REQUIREMENT.—A vendor authorized to participate in the program under this section shall only purchase infant formula from the list described in clause (ix).''.

(9) FUNDS FOR INFRASTRUCTURE, MANAGEMENT INFORMATION SYSTEMS, AND SPECIAL NUTRITION EDUCATION.—Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended by striking paragraph (10) and inserting the following:

''(10) FUNDS FOR INFRASTRUCTURE, MANAGEMENT INFORMATION SYSTEMS, AND SPECIAL NUTRITION EDUCATION.—

''(A) IN GENERAL.—For each of fiscal years 2006 through 2009, the Secretary shall use for the purposes specified in subparagraph (B), $64,000,000 or the amount of nutrition services and administration funds and supplemental food funds for the prior fiscal year that have not been obligated, whichever is less.

''(B) PURPOSES.—Of the amount made available under subparagraph (A) for a fiscal year, not more than—

''(i) $14,000,000 shall be used for—

''(I) infrastructure for the program under this section;

''(II) special projects to promote breastfeeding, including projects to assess the effectiveness of particular breastfeeding promotion strategies; and

''(III) special State projects of regional or national significance to improve the services of the program;

''(ii) $30,000,000 shall be used to establish, improve, or administer management information systems for the program, including changes necessary to meet new legislative or regulatory requirements of the program; and

''(iii) $20,000,000 shall be used for special nutrition education such as breast feeding peer counselors and other related activities.

''(C) PROPORTIONAL DISTRIBUTION.—In a case in which less than $64,000,000 is available to carry out this paragraph, the Secretary shall make a proportional distribution of funds allocated under subparagraph (B).''.

(10) VENDOR COST CONTAINMENT.—

(A) Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended by striking paragraph (11) and inserting the following:

''(11) VENDOR COST CONTAINMENT.—

''(A) PEER GROUPS.—

''(i) IN GENERAL.—The State agency shall—

''(I) establish a vendor peer group system;

''(II) in accordance with subparagraphs (B) and (C), establish competitive price criteria and allowable reimbursement levels for each vendor peer group; and

''(III) if the State agency elects to authorize any types of vendors described in subparagraph (D)(ii)(I)—

''(aa) distinguish between vendors described in subparagraph (D)(ii)(I) and other vendors by establishing—

''(AA) separate peer groups for vendors described in subparagraph (D)(ii)(I);or

''(BB) distinct competitive price criteria and allowable reimbursement levels for vendors described in subparagraph (D)(ii)(I) within a peer group that contains both vendors described in subparagraph (D)(ii)(I) and other vendors; and

''(bb) establish competitive price criteria and allowable reimbursement levels that comply with subparagraphs (B) and (C), respectively, and that do not result in higher food costs if program participants redeem supplemental food vouchers at vendors described in subparagraph (D)(ii)(I) rather than at vendors other than vendors described in subparagraph (D)(ii)(I).

Nothing in this paragraph shall be construed to compel a State agency to achieve lower food costs if program participants redeem supplemental food vouchers at vendors described in subparagraph (D)(ii)(I) rather than at vendors other than vendors described in subparagraph (D)(ii)(I).

''(ii) EXEMPTIONS.—The Secretary may exempt from the requirements of clause (i)—

''(I) a State agency that elects not to authorize any types of vendors described in subparagraph (D)(ii)(I) and that demonstrates to the Secretary that—

''(aa) compliance with clause (i) would be inconsistent with efficient and effective operation of the program administered by the State under this section; or

''(bb) an alternative cost-containment system would be as effective as a vendor peer group system; or

''(II) a State agency—

''(aa) in which the sale of supplemental foods that are obtained with food instruments from vendors described in subparagraph (D)(ii)(I) constituted less than 5 percent of total sales of supplemental foods that were obtained with food instruments in the State in the year preceding a year in which the exemption is effective; and

''(bb) that demonstrates to the Secretary that an alternative cost-containment system would be as effective as the vendor peer group system and would not result in higher food costs if program participants redeem supplemental food vouchers at vendors described in subparagraph (D)(ii)(I) rather than at vendors other than vendors described in subparagraph (D)(ii)(I).

''(B) COMPETITIVE PRICING.—

''(i) IN GENERAL.—The State agency shall establish competitive price criteria for each peer group for the selection of vendors for participation in the program that—

''(I) ensure that the retail prices charged by vendor applicants for the program are competitive with the prices charged by other vendors; and

''(II) consider—

''(aa) the shelf prices of the vendor for all buyers; or

''(bb) the prices that the vendor bid for supplemental foods, which shall not exceed the shelf prices of the vendor for all buyers.

''(ii) PARTICIPANT ACCESS.—In establishing competitive price criteria, the State agency shall consider participant access by geographic area.

''(iii) SUBSEQUENT PRICE INCREASES.—The State agency shall establish procedures to ensure that a retail store selected for participation in the program does not, subsequent to selection, increase prices to levels that would make the store ineligible for selection to participate in the program.

''(C) ALLOWABLE REIMBURSEMENT LEVELS.—

''(i) IN GENERAL.—The State agency shall establish allowable reimbursement levels for supplemental foods for each vendor peer group that ensure—

''(I) that payments to vendors in the vendor peer group reflect competitive retail prices; and

''(II) that the State agency does not reimburse a vendor for supplemental foods at a level that would make the vendor ineligible for authorization under the criteria established under subparagraph (B).

''(ii) PRICE FLUCTUATIONS.—The allowable reimbursement levels may include a factor to reflect fluctuations in wholesale prices.

''(iii) PARTICIPANT ACCESS.—In establishing allowable reimbursement levels, the State agency shall consider participant access in a geographic area.

''(D) EXEMPTIONS.—The State agency may exempt from competitive price criteria and allowable reimbursement levels established under this paragraph—

''(i) pharmacy vendors that supply only exempt infant formula or medical foods that are eligible under the program; and

''(ii) vendors—

''(I)(aa) for which more than 50 percent of the annual revenue of the vendor from the sale of food items consists of revenue from the sale of supplemental foods that are obtained with food instruments; or

''(bb) who are new applicants likely to meet the criteria of item (aa) under criteria approved by the Secretary; and

''(II) that are nonprofit.

''(E) COST CONTAINMENT.—If a State agency elects to authorize any types of vendors described in subparagraph (D)(ii)(I), the State agency shall demonstrate to the Secretary, and the Secretary shall certify, that the competitive price criteria and allowable reimbursement levels established under this paragraph for vendors described in subparagraph (D)(ii)(I) do not result in average payments per voucher to vendors described in subparagraph (D)(ii)(I) that are higher than average payments per voucher to comparable vendors other than vendors described in subparagraph (D)(ii)(I).

''(F) LIMITATION ON PRIVATE RIGHTS OF ACTION.—Nothing in this paragraph may be construed as creating a private right of action.

''(G) IMPLEMENTATION.—A State agency shall comply with this paragraph not later

than 18 months after the date of enactment of this paragraph.''.

(B) CONFORMING AMENDMENT.—Section 17(f)(1)(C)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)(C)(i)) is amended by inserting before the semicolon the following: '', including a description of the State agency's vendor peer group system, competitive price criteria, and allowable reimbursement levels that demonstrate that the State is in compliance with the cost-containment provisions in subsection (h)(11).''.

(11) IMPOSITION OF COSTS ON RETAIL STORES.—Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) is amended by striking paragraph (12) and inserting the following:

''(12) IMPOSITION OF COSTS ON RETAIL STORES.—The Secretary may not impose, or allow a State agency to impose, the costs of any equipment, system, or processing required for electronic benefit transfers on any retail store authorized to transact food instruments, as a condition for authorization or participation in the program.''.

(12) UNIVERSAL PRODUCT CODES DATABASE.—Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) (as amended by paragraph (11)) is amended by adding at the end the following:

''(13) UNIVERSAL PRODUCT CODES DATABASE.—The Secretary shall—

''(A) establish a national universal product code database for use by all State agencies in carrying out the program; and

''(B) make available from appropriated funds such sums as are required for hosting, hardware and software configuration, and support of the database.''.

(13) INCENTIVE ITEMS.—Section 17(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)) (as amended by paragraph (12)) is amended by adding at the end the following:

''(14) INCENTIVE ITEMS.—A State agency shall not authorize or make payments to a vendor described in paragraph (11)(D)(ii)(I) that provides incentive items or other free merchandise, except food or merchandise of nominal value (as determined by the Secretary), to program participants unless the vendor provides to the State agency proof that the vendor obtained the incentive items or merchandise at no cost.''.

(f) SPEND FORWARD AUTHORITY.—Section 17(i)(3)(A)(ii)(I) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)(3)(A)(ii)(I)) is amended by striking ''1 percent'' and inserting ''3 percent''.

(g) MIGRANT AND COMMUNITY HEALTH CENTERS INITIATIVE.—Section 17(j) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(j)) is amended—

(1) by striking paragraph (4); and

(2) by redesignating paragraph (5) as paragraph (4).

(h) FARMERS' MARKET NUTRITION PROGRAM.—

(1) ROADSIDE STANDS.—Section 17(m)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(1)) is amended by inserting ''and (at the option of a State) roadside stands'' after ''farmers' markets''.

(2) MATCHING FUNDS.—Section 17(m)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(3)) is amended by striking ''total'' both places it appears and inserting ''administrative''.

(3) BENEFIT VALUE.—Section 17(m)(5)(C)(ii) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(5)(C)(ii)) is amended by striking ''$20'' and inserting ''$30''.

(4) REAUTHORIZATION.—Section 17(m)(9)(A) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(9)(A)) is amended by striking clause (i) and inserting the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as are necessary for each of fiscal years 2004 through 2009.''.

(i) DEMONSTRATION PROJECT RELATING TO USE OF WIC PROGRAM FOR IDENTIFICATION AND ENROLLMENT OF CHILDREN IN CERTAIN HEALTH PROGRAMS.—

(1) IN GENERAL.—Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended by striking subsection (r).

(2) CONFORMING AMENDMENT.—Section 12 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760) is amended by striking subsection (p).

SEC. 204. LOCAL WELLNESS POLICY.

(a) IN GENERAL.—Not later than the first day of the school year beginning after June 30, 2006, each local educational agency participating in a program authorized by the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) shall establish a local school wellness policy for schools under the local educational agency that, at a minimum—

(1) includes goals for nutrition education, physical activity, and other school-based activities that are designed to promote student wellness in a manner that the local educational agency determines is appropriate;

(2) includes nutrition guidelines selected by the local educational agency for all foods available on each school campus under the local educational agency during the school day with the objectives of promoting student health and reducing childhood obesity;

(3) provides an assurance that guidelines for reimbursable school meals shall not be less restrictive than regulations and guidance issued by the Secretary of Agriculture pursuant to subsections (a) and (b) of section 10 of the Child Nutrition Act (42 U.S.C. 1779) and sections 9(f)(1) and 17(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(f)(1), 1766(a)), as those regulations and guidance apply to schools;

(4) establishes a plan for measuring implementation of the local wellness policy, including designation of 1 or more persons within the local educational agency or at each school, as appropriate, charged with operational responsibility for ensuring that the school meets the local wellness policy; and

(5) involves parents, students, representatives of the school food authority, the school board, school administrators, and the public in the development of the school wellness policy.

(b) TECHNICAL ASSISTANCE AND BEST PRACTICES.—

(1) IN GENERAL.—The Secretary, in coordination with the Secretary of Education and in consultation with the Secretary of Health and Human Services, acting through the Centers for Disease Control and Prevention, shall make available to local educational agencies, school food authorities, and State educational agencies, on request, information and technical assistance for use in—

(A) establishing healthy school nutrition environments;

(B) reducing childhood obesity; and

(C) preventing diet-related chronic diseases.

(2) CONTENT.—Technical assistance provided by the Secretary under this subsection shall—

(A) include relevant and applicable examples of schools and local educational agencies that have taken steps to offer healthy options for foods sold or served in schools;

(B) include such other technical assistance as is required to carry out the goals of promoting sound nutrition and establishing healthy school nutrition environments that are consistent with this section;

(C) be provided in such a manner as to be consistent with the specific needs and requirements of local educational agencies; and

(D) be for guidance purposes only and not be construed as binding or as a mandate to schools, local educational agencies, school food authorities, or State educational agencies.

(3) FUNDING.—

(A) IN GENERAL.—On July 1, 2006, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to carry out this subsection $4,000,000, to remain available until September 30, 2009.

(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this subsection the funds transferred under subparagraph (A), without further appropriation.

SEC. 205. TEAM NUTRITION NETWORK.

(a) TEAM NUTRITION NETWORK.—Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) is amended to read as follows:

''SEC. 19. TEAM NUTRITION NETWORK.

''(a) PURPOSES.—The purposes of the team nutrition network are—

''(1) to establish State systems to promote the nutritional health of school children of the United States through nutrition education and the use of team nutrition messages and material developed by the Secretary, and to encourage regular physical activity and other activities that support healthy lifestyles for children, including those based on the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341);

''(2) to provide assistance to States for the development of comprehensive and integrated nutrition education and active living programs in schools and facilities that participate in child nutrition programs;

''(3) to provide training and technical assistance and disseminate team nutrition messages to States, school and community nutrition programs, and child nutrition food service professionals;

''(4) to coordinate and collaborate with other nutrition education and active living programs that share similar goals and purposes; and

''(5) to identify and share innovative programs with demonstrated effectiveness in helping children to maintain a healthy weight by enhancing student understanding of healthful eating patterns and the importance of regular physical activity.

''(b) DEFINITION OF TEAM NUTRITION NETWORK.—In this section, the term 'team nutrition network' means a statewide multidisciplinary program for children to promote healthy eating and physical activity based on scientifically valid information and sound educational, social, and marketing principles.

''(c) GRANTS.—

''(1) IN GENERAL.—Subject to the availability of funds for use in carrying out this section, in addition to any other funds made available to the Secretary for team nutrition purposes, the Secretary, in consultation with the Secretary of Education, may make grants to State agencies for each fiscal year, in accordance with this section, to establish team nutrition networks to promote nutrition education through—

''(A) the use of team nutrition network messages and other scientifically based information; and

''(B) the promotion of active lifestyles.

''(2) FORM.—A portion of the grants provided under this subsection may be in the form of competitive grants.

''(3) FUNDS FROM NONGOVERNMENTAL SOURCES.—In carrying out this subsection,

the Secretary may accept cash contributions from nongovernmental organizations made expressly to further the purposes of this section, to be managed by the Food and Nutrition Service, for use by the Secretary and the States in carrying out this section.

''(d) ALLOCATION.—Subject to the availability of funds for use in carrying out this section, the total amount of funds made available for a fiscal year for grants under this section shall equal not more than the sum of—

''(1) the product obtained by multiplying ½ cent by the number of lunches reimbursed through food service programs under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) during the second preceding fiscal year in schools, institutions, and service institutions that participate in the food service programs; and

''(2) the total value of funds received by the Secretary in support of this section from nongovernmental sources.

''(e) REQUIREMENTS FOR STATE PARTICIPATION.—To be eligible to receive a grant under this section, a State agency shall submit to the Secretary a plan that—

''(1) is subject to approval by the Secretary; and

''(2) is submitted at such time and in such manner, and that contains such information, as the Secretary may require, including—

''(A) a description of the goals and proposed State plan for addressing the health and other consequences of children who are at risk of becoming overweight or obese;

''(B) an analysis of the means by which the State agency will use and disseminate the team nutrition messages and material developed by the Secretary;

''(C) an explanation of the ways in which the State agency will use the funds from the grant to work toward the goals required under subparagraph (A), and to promote healthy eating and physical activity and fitness in schools throughout the State;

''(D) a description of the ways in which the State team nutrition network messages and activities will be coordinated at the State level with other health promotion and education activities;

''(E) a description of the consultative process that the State agency employed in the development of the model nutrition and physical activity programs, including consultations with individuals and organizations with expertise in promoting public health, nutrition, or physical activity;

''(F) a description of how the State agency will evaluate the effectiveness of each program developed by the State agency;

''(G) an annual summary of the team nutrition network activities;

''(H) a description of the ways in which the total school environment will support healthy eating and physical activity; and

''(I) a description of how all communications to parents and legal guardians of students who are members of a household receiving or applying for assistance under the program shall be in an understandable and uniform format and, to the maximum extent practicable, in a language that parents and legal guardians can understand.

''(f) STATE COORDINATOR.—Each State that receives a grant under this section shall appoint a team nutrition network coordinator who shall—

''(1) administer and coordinate the team nutrition network within and across schools, school food authorities, and other child nutrition program providers in the State; and

''(2) coordinate activities of the Secretary, acting through the Food and Nutrition Service, and State agencies responsible for other children's health, education, and wellness programs to implement a comprehensive, coordinated team nutrition network program.

''(g) AUTHORIZED ACTIVITIES.—A State agency that receives a grant under this section may use funds from the grant—

''(1)(A) to collect, analyze, and disseminate data regarding the extent to which children and youths in the State are overweight, physically inactive, or otherwise suffering from nutrition-related deficiencies or disease conditions; and

''(B) to identify the programs and services available to meet those needs;

''(2) to implement model elementary and secondary education curricula using team nutrition network messages and material developed by the Secretary to create a comprehensive, coordinated nutrition and physical fitness awareness and obesity prevention program;

''(3) to implement pilot projects in schools to promote physical activity and to enhance the nutritional status of students;

''(4) to improve access to local foods through farm-to-cafeteria activities that may include the acquisition of food and the provision of training and education;

''(5) to implement State guidelines in health (including nutrition education and physical education guidelines) and to emphasize regular physical activity during school hours;

''(6) to establish healthy eating and lifestyle policies in schools;

''(7) to provide training and technical assistance to teachers and school food service professionals consistent with the purposes of this section;

''(8) to collaborate with public and private organizations, including community-based organizations, State medical associations, and public health groups, to develop and implement nutrition and physical education programs targeting lower income children, ethnic minorities, and youth at a greater risk for obesity.

''(h) LOCAL NUTRITION AND PHYSICAL ACTIVITY GRANTS.—

''(1) IN GENERAL.—Subject to the availability of funds to carry out this subsection, the Secretary, in consultation with the Secretary of Education, shall provide assistance to selected local educational agencies to create healthy school nutrition environments, promote healthy eating habits, and increase physical activity, consistent with the Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341), among elementary and secondary education students.

''(2) SELECTION OF SCHOOLS.—In selecting local educational agencies for grants under this subsection, the Secretary shall—

''(A) provide for the equitable distribution of grants among—

''(i) urban, suburban, and rural schools; and

''(ii) schools with varying family income levels;

''(B) consider factors that affect need, including local educational agencies with significant minority or low-income student populations; and

''(C) establish a process that allows the Secretary to conduct an evaluation of how funds were used.

''(3) REQUIREMENT FOR PARTICIPATION.—To be eligible to receive assistance under this subsection, a local educational agency shall, in consultation with individuals who possess education or experience appropriate for representing the general field of public health, including nutrition and fitness professionals, submit to the Secretary an application that shall include—

''(A) a description of the need of the local educational agency for a nutrition and physical activity program, including an assessment of the nutritional environment of the school;

''(B) a description of how the proposed project will improve health and nutrition through education and increased access to physical activity;

''(C) a description of how the proposed project will be aligned with the local wellness policy required under section 204 of the Child Nutrition and WIC Reauthorization Act of 2004;

''(D) a description of how funds under this subsection will be coordinated with other programs under this Act, the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), or other Acts, as appropriate, to improve student health and nutrition;

''(E) a statement of the measurable goals of the local educational agency for nutrition and physical education programs and promotion;

''(F) a description of the procedures the agency will use to assess and publicly report progress toward meeting those goals; and

''(G) a description of how communications to parents and guardians of participating students regarding the activities under this subsection shall be in an understandable and uniform format, and, to the extent maximum practicable, in a language that parents can understand.

''(4) DURATION.—Subject to the availability of funds made available to carry out this subsection, a local educational agency receiving assistance under this subsection shall conduct the project during a period of 3 successive school years beginning with the initial fiscal year for which the local educational agency receives funds.

''(5) AUTHORIZED ACTIVITIES.—An eligible applicant that receives assistance under this subsection—

''(A) shall use funds provided to—

''(i) promote healthy eating through the development and implementation of nutrition education programs and curricula based on the Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341); and

''(ii) increase opportunities for physical activity through after school programs, athletics, intramural activities, and recess; and

''(B) may use funds provided to—

''(i) educate parents and students about the relationship of a poor diet and inactivity to obesity and other health problems;

''(ii) develop and implement physical education programs that promote fitness and lifelong activity;

''(iii) provide training and technical assistance to food service professionals to develop more appealing, nutritious menus and recipes;

''(iv) incorporate nutrition education into physical education, health education, and after school programs, including athletics;

''(v) involve parents, nutrition professionals, food service staff, educators, community leaders, and other interested parties in assessing the food options in the school environment and developing and implementing an action plan to promote a balanced and healthy diet;

''(vi) provide nutrient content or nutrition information on meals served through the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.) and the school breakfast program established by section 4 of this Act and items sold a la carte during meal times;

''(vii) encourage the increased consumption of a variety of healthy foods, including fruits, vegetables, whole grains, and low-fat dairy products, through new initiatives to creatively market healthful foods, such as salad bars and fruit bars;

''(viii) offer healthy food choices outside program meals, including by making low-fat and nutrient dense options available in vending machines, school stores, and other venues; and

''(ix) provide nutrition education, including sports nutrition education, for teachers, coaches, food service staff, athletic trainers, and school nurses.

''(6) REPORT.—Not later than 18 months after completion of the projects and evaluations under this subsection, the Secretary shall—

''(A) submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Agriculture, Nutrition and Forestry of the Senate a report describing the results of the evaluation under this subsection; and

''(B) make the report available to the public, including through the Internet.

''(i) NUTRITION EDUCATION SUPPORT.—In carrying out the purpose of this section to support nutrition education, the Secretary may provide for technical assistance and grants to improve the quality of school meals and access to local foods in schools and institutions.

''(j) LIMITATION.—Material prepared under this section regarding agricultural commodities, food, or beverages, must be factual and without bias.

''(k) TEAM NUTRITION NETWORK INDEPENDENT EVALUATION.—

''(1) IN GENERAL.—Subject to the availability of funds to carry out this subsection, the Secretary shall offer to enter into an agreement with an independent, nonpartisan, science-based research organization—

''(A) to conduct a comprehensive independent evaluation of the effectiveness of the team nutrition initiative and the team nutrition network under this section; and

''(B) to identify best practices by schools in—

''(i) improving student understanding of healthful eating patterns;

''(ii) engaging students in regular physical activity and improving physical fitness;

''(iii) reducing diabetes and obesity rates in school children;

''(iv) improving student nutrition behaviors on the school campus, including by increasing healthier meal choices by students, as evidenced by greater inclusion of fruits, vegetables, whole grains, and lean dairy and protein in meal and snack selections;

''(v) providing training and technical assistance for food service professionals resulting in the availability of healthy meals that appeal to ethnic and cultural taste preferences;

''(vi) linking meals programs to nutrition education activities;

''(vii) successfully involving parents, school administrators, the private sector, public health agencies, nonprofit organizations, and other community partners;

''(viii) ensuring the adequacy of time to eat during school meal periods; and

''(ix) successfully generating revenue through the sale of food items, while providing healthy options to students through vending, student stores, and other venues.

''(2) REPORT.—Not later than 3 years after funds are made available to carry out this subsection, the Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives, the Committee on Health, Education, Labor, and Pensions and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the findings of the independent evaluation.

''(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.''.

(b) CONFORMING AMENDMENT.—Section 21(c)(2)(E) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769b–1(c)(2)(E)) is amended by striking '', including'' and all that follows through ''1966''.

SEC. 206. REVIEW OF BEST PRACTICES IN THE BREAKFAST PROGRAM.

(a) REVIEW.—

(1) IN GENERAL.—Subject to the availability of funds under subsection (c), the Secretary of Agriculture shall enter into an agreement with a research organization to collect and disseminate a review of best practices to assist school food authorities in addressing existing impediments at the State and local level that hinder the growth of the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

(2) RECOMMENDATIONS.—The review shall describe model breakfast programs and offer recommendations for schools to overcome obstacles, including—

(A) the length of the school day;

(B) bus schedules; and

(C) potential increases in costs at the State and local level.

(b) DISSEMINATION.—Not later than 1 year after the date of enactment of this Act, the Secretary shall—

(1) make the review required under subsection (a) available to school food authorities via the Internet, including recommendations to improve participation in the school breakfast program; and

(2) transmit to Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the review.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

TITLE III—COMMODITY DISTRIBUTION PROGRAMS

SEC. 301. COMMODITY DISTRIBUTION PROGRAMS.

Section 15 of the Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note; Public Law 100–237) is amended by striking subsection (e).

TITLE IV—MISCELLANEOUS

SEC. 401. SENSE OF CONGRESS REGARDING EFFORTS TO PREVENT AND REDUCE CHILDHOOD OBESITY.

(a) FINDINGS.—Congress finds that—

(1) childhood obesity in the United States has reached critical proportions;

(2) childhood obesity is associated with numerous health risks and the incidence of chronic disease later in life;

(3) the prevention of obesity among children yields significant benefits in terms of preventing disease and the health care costs associated with such diseases;

(4) further scientific and medical data on the prevalence of childhood obesity is necessary in order to inform efforts to fight childhood obesity; and

(5) the State of Arkansas—

(A) is the first State in the United States to have a comprehensive statewide initiative to combat and prevent childhood obesity by—

(i) annually measuring the body mass index of public school children in the State from kindergarten through 12th grade; and

(ii) providing that information to the parents of each child with associated information about the health implications of the body mass index of the child;

(B) maintains, analyzes, and reports on annual and longitudinal body mass index data for the public school children in the State; and

(C) develops and implements appropriate interventions at the community and school level to address obesity, the risk of obesity, and the condition of being overweight, including efforts to encourage healthy eating habits and increased physical activity.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the State of Arkansas, in partnership with the University of Arkansas for Medical Sciences and the Arkansas Center for Health Improvement, should be commended for its leadership in combating childhood obesity; and

(2) the efforts of the State of Arkansas to implement a statewide initiative to combat and prevent childhood obesity are exemplary and could serve as a model for States across the United States.

TITLE V—IMPLEMENTATION

SEC. 501. GUIDANCE AND REGULATIONS.

(a) GUIDANCE.—As soon as practicable after the date of enactment of this Act, the Secretary of Agriculture shall issue guidance to implement the amendments made by sections 102, 103, 104, 105, 106, 107, 111, 116, 119(c), 119(g), 120, 126(b), 126(c), 201, 203(a)(3), 203(b), 203(c)(5), 203(e)(3), 203(e)(4), 203(e)(5), 203(e)(6), 203(e)(7), 203(e)(10), and 203(h)(1).

(b) INTERIM FINAL REGULATIONS.—The Secretary may promulgate interim final regulations to implement the amendments described in subsection (a).

(c) REGULATIONS.—Not later than 2 years after the date of enactment of this Act, the Secretary shall promulgate final regulations to implement the amendments described in subsection (a).

SEC. 502. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this Act, this Act and the amendments made by this Act take effect on the date of enactment of this Act.

(b) SPECIAL EFFECTIVE DATES.—

(1) JULY 1, 2004.—The amendments made by sections 106, 107, 126(c), and 201 take effect on July 1, 2004.

(2) OCTOBER 1, 2004.—The amendments made by sections 119(c), 119(g), 202(a), 203(a), 203(b), 203(c)(1), 203(c)(5), 203(e)(5), 203(e)(8), 203(e)(10), 203(e)(13), 203(f), 203(h)(1), and 203(h)(2) take effect on October 1, 2004.

(3) JANUARY 1, 2005.—The amendments made by sections 116(f)(1) and 116(f)(3) take effect on January 1, 2005.

(4) JULY 1, 2005.—The amendments made by sections 102, 104, 105, 111, and 126(b) take effect on July 1, 2005.

(5) OCTOBER 1, 2005.—The amendments made by sections 116(d) and 203(e)(9) take effect on October 1, 2005.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on S. 2507.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

CONGRATULATING THE INTERIM GOVERNMENT OF IRAQ ON ITS FORTHCOMING ASSUMPTION OF SOVEREIGN AUTHORITY IN IRAQ

Mr. HYDE. Mr. Speaker, pursuant to the previous order of the House, and as the designee of the majority leader, I call up the resolution (H. Res. 691) congratulating the Interim Government of Iraq on its forthcoming assumption of sovereign authority in Iraq, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The text of H. Res. 691 is as follows:

H. RES. 691

Whereas in April 2003, the United States Armed Forces and other Coalition forces liberated the people of Iraq from the dictatorial regime of Saddam Hussein;

Whereas United Nations Security Council Resolution 1483 (May 22, 2003) and the laws and usages of war authorized the Coalition Provisional Authority to govern Iraq on a temporary basis;

Whereas the Coalition Provisional Authority established an Iraqi Governing Council, broadly representative of the major geographic, ethnic, and religious groupings of Iraq, as well as a Cabinet, to assist in the governing of Iraq, and the Council was recognized by many members of the international community as a legitimate voice of the Iraqi people;

Whereas the United States and other Coalition members, in response to the desire of the Iraqi people for early self-government, worked with the Iraqi Governing Council to accelerate the transfer of power to the Iraqi people, with sovereignty to be transferred no later than the end of June 2004;

Whereas the Coalition Provisional Authority and the Iraqi Governing Council on March 8, 2004, agreed upon a Law of Administration for the State of Iraq for the Transitional Period that strongly protects the civil and political rights of Iraqis;

Whereas that Law and its Annex provide for a transition of power to an Iraqi Interim Government, for elections by the end of January 2005, for a Transitional National Assembly, which shall form an Iraqi Transitional Government and provide for the drafting and adoption of a permanent constitution, and, by the end of 2005, for a government chosen under the new constitution;

Whereas the Iraqi people have begun electing local officials in parts of Iraq under Coalition auspices and will have the opportunity to express their will in free and meaningful national elections for the first time in Iraq's history;

Whereas the United Nations Secretary General appointed a Special Adviser to conduct political consultations aimed at putting in place an Interim Government to assume sovereignty over Iraq;

Whereas the Iraqi Governing Council made recommendations about the composition of the Interim Government, after which, when the recommendations were accepted by the Coalition Provisional Authority, the Council dissolved itself;

Whereas on June 8, 2004, the United Nations Security Council unanimously adopted Resolution 1546, welcoming the formation and forthcoming ''assumption of full responsibility and authority by a fully sovereign and independent Interim Government of Iraq'' and authorizing the multinational force under unified command to continue its activities;

Whereas the Coalition Provisional Authority will dissolve at the end of June 2004 and will not be replaced;

Whereas members of the United States Armed Forces, a total force consisting of active, reserve, and National Guard personnel, have performed their mission with great skill and courage, in the process being awarded at least 18 Distinguished Service Crosses, 6 Distinguished Flying Crosses, 133 Silver Stars, 16,551 Bronze Stars, and 4,161 Purple Hearts;

Whereas, as of June 23, 2004, 833 members of the United States Armed Forces, approximately 100 members of the Coalition forces, and many members of the Iraqi security services, have given their lives to advance the cause of liberty in Iraq, and thousands of members of the United States Armed Forces and Coalition forces, and many members of the Iraqi security services, have suffered wounds for that cause;

Whereas the families of American soldiers, sailors, airmen, Marines, and Coast Guardsmen have made and continue to make enormous sacrifices for their country;

Whereas in addition, Coalition forces, civilians employed by or assisting the Coalition Provisional Authority, the Iraqi government and its employees, international organizations, and American and other international volunteers, as well as large numbers of Iraqis, have made and continue to make enormous efforts to reconstruct the country and improve the lives of the Iraqi people;

Whereas Ambassador L. Paul Bremer, III, Presidential Envoy to Iraq and Administrator of the Coalition Provisional Authority, has ably advanced the international coalition's goals in Iraq of transforming Iraq into a safe, secure, stable, sovereign, democratic state that serves the interests of the Iraqi people;

Whereas the United States will be represented in Iraq by an Embassy led by Ambassador John D. Negroponte, and the United States will deal with the Government of Iraq on the basis of the sovereign equality of states under international law, including the Vienna Convention on Diplomatic Relations, to which both the United States and Iraq are parties;

Whereas after June 30, 2004, the Interim Government of Iraq and its successors, and United States Armed Forces and Coalition forces, will cooperate to meet ongoing security challenges and to extend security and stability to all regions of Iraq; and

Whereas the United States has never desired to exercise permanent sovereignty over Iraq and welcomes the formation of the Iraqi Interim Government and its imminent assumption of authority: Now, therefore, be it—

Resolved, That the House of Representatives—

(1) congratulates the Interim Government of Iraq on its forthcoming assumption of sovereign authority in Iraq;

(2) offers its continued support to the people and government of Iraq as they deal with the consequences of decades of misrule by the former regime of Saddam Hussein;

(3) expresses its gratitude to the United States Armed Forces for their ongoing valiant service to their country and commitment to the highest ideals and traditions of the American people;

(4) expresses its gratitude to the families of United States Armed Forces personnel, especially the families of those who have lost loved ones in Operation Iraqi Freedom and of those wounded in the service of their country, for their sacrifices;

(5) expresses its condolences to the families of the innocent Iraqis who have been killed or wounded during the conflict, including those who were victimized by the illegal and terrorist tactics of the enemy, and despite the concerted efforts by the Coalition forces to minimize civilian casualties;

(6) expresses its gratitude to the Coalition forces, the Coalition Provisional Authority, the Iraqi Governing Council, the current Iraqi cabinet and government officials, and the many international bodies and voluntary organizations which have come to the aid of the people of Iraq in an effort to help them address the consequences of decades of misrule by the former regime of Saddam Hussein, as well as to the families of those mentioned in this paragraph, who have been lost in Iraq;

(7) offers its continued support to the United States Armed Forces, civilians associated with the United States Government, Coalition forces, and Iraqi security forces who continue to bear the burden of attacks from former regime elements, foreign and Iraqi terrorists, and other criminals who are attempting to undermine the interests of the Iraqi people and thwart their evident desire to live in peace;

(8) calls on the entire international community to promote the welfare of the Iraqi people by rendering, in addition to the generous assistance provided by the American people and, in varying degrees, by some nations, immediate, tangible, and generous assistance to the Iraqi people in the reconstruction of their nation, including, in response to requests from the Iraqi government coordinated with the command of the multinational forces, forces capable of assisting in the provision of security to the Iraqi people;

(9) reaffirms—

(A) that the United States Armed Forces operating in Iraq after June 30, 2004, will remain under the full authority, direction, and control of their American commanders; and

(B) the need to ensure that such Armed Forces will possess all necessary authority to fulfill their mission effectively and to provide for their operational safety; and

(10) urges the people of the United States and of other countries to celebrate the restoration of freedom to the people of Iraq through the efforts of the peoples of the United States, the Coalition, and Iraq.

The SPEAKER pro tempore. Pursuant to the order of the House of Wednesday, June 24, 2004, the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS) each will control 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. Mr. Speaker, I am pleased to yield 3 minutes to the distinguished gentlewoman from Florida (Ms. ROS-LEHTINEN).

Ms. ROS-LEHTINEN. Mr. Speaker, I thank my esteemed chairman for yielding me time.

□ 1445

I rise in strong support of this resolution.

On June 30, as all of us know, Iraq will assume control of its own destiny. Iraq will enter the post-Saddam era with the hope of the world resting upon them. No longer will the Iraqi people be subjected to a climate of fear and desperation. Saddam's murderous,

thieving cronies have been removed. Uday and Qusay's henchmen likewise will no longer be free to roam the streets, terrorizing people.

The challenge now for the Iraqi people and their new government is to set their future on a course of open thought, popular choice for their leaders, and freedom of action in which to conduct their lives.

The Iraqi people understand that with this new-found freedom comes responsibility, a responsibility to remember the interests of all Iraqis. Each and every Iraqi has a stake in that Nation's future, and now, with our transfer of sovereignty to them, that stake can be fully realized.

We are honored to have played a role in empowering the Iraqi people and supporting them in their efforts to rebuild their country after decades of corruption and oppression. They have the opportunity to make their Nation a shining light for all to see, not only in the Middle East, but around the world. A nation filled with talent beyond imagination, Iraq can create a climate of freedom and opportunities for others to emulate.

Yes, problems have arisen. Yet, we must acknowledge the positive developments that could not have happened without the brave men and women of the United States military and our allies. Through their courage, commitment, and sacrifice, we have managed to free an enslaved people. We have brought down a tyrant who has killed as many as 1 million of his own people. Thus, history will record that the United States brought a beacon of light and hope to a people that had only known misery, suffering, and brutality under Saddam Hussein.

The future will judge us to have done right by the Iraqi people, and for our own Nation as well.

We are, however, not naive about the challenges that lie ahead. Freedom and democracy take time and hard work. They take vigilance and dedication, dedication to truth and commitment to justice. These are things that come with patience.

The terrorists want to deprive the Iraqi people of their future, but Iraq can and will prevail. Iraq's chance is now. Let us stand by the Iraqi people as they struggle to enjoy these rights and liberties that they were denied for so very long. Let us be motivated by the knowledge that we have helped make the world a better place for the Iraqi people and for all.

As our beloved former President Ronald Wilson Reagan would say, ''You and I have a rendezvous with destiny. If we fail, at least let our children and our children's children say of us, we justified our brief moment here. We did all that could be done,'' and that we have done for the Iraqi people.

Mr. LANTOS. Mr. Speaker, I yield myself such time as I may consume, and I rise in strong support of H. Res. 691.

On June 30, a momentous date in the history of Iraq, after 45 years of dictatorship and one year of occupation, a sovereign government representative of the Iraqi people is about to assume power in Baghdad. We take justifiable pride in the U.S. role in achieving that milestone, and we pay tribute to our soldiers who have achieved this incredible feat.

But there is no fooling ourselves, Mr. Speaker. The Iraq that Prime Minister Iyad al-Alawi and his colleagues will inherit is far from stable and it is far from prosperous, nor is it ready to assume full responsibility for its Nation's security. For the United States, the challenges of ensuring security, promoting reconstruction, and fostering liberal and decent governance will continue essentially unchanged for now. Whether we and the Iraqis look back at June 30, 2004 as an historic turning point for the good will be determined by our joint ability to meet those ongoing and gigantic challenges.

Mr. Speaker, developments on our home front encourage the hope that we can meet those challenges, as the positions on Iraq taken by leaders of both of our parties are fundamentally congruent. The administration has shown signs that it is willing to alter the course when necessary in order to get the job done. I am pleased that the President embraced the wisdom of acknowledging a major role for the United Nations. As a result of the United Nations unanimously-adopted resolution, the soon-to-be sovereign Iraqi government will have far greater domestic and international legitimacy than otherwise it would have.

I think it is important to underscore that the likely nominee of the Democratic Party for president, Senator KERRY, shares the basic vision, and I quote: ''While we may have differed on how we went to war, Americans of all political persuasions are united in our determination to succeed. The extremists attacking our forces should know that they will not succeed in dividing America, or in sapping American resolve, or in forcing the premature withdrawal of U.S. troops. Our country is committed to help the Iraqis build a stable, peaceful, and pluralistic society.''

The most important line in my quotation from Senator KERRY is as follows: ''No matter who is elected President in November, we will persevere in that mission.''

Mr. Speaker, success in Iraq is a bipartisan, national interest. Not only is the credibility of the United States at stake in the region and around the globe, but an Iraq collapsing into chaos would be a heart of darkness in the Middle East.

Mr. Speaker, Senator KERRY and President Bush are also on the same page in calling on our NATO allies to show solidarity by reinforcing our efforts in Iraq. Even though NATO nations may not have many deployable troops to spare, there is nevertheless much that they can do to. And the opportunity for NATO to make these important decisions in the highest-profile manner possible will present itself next week at the NATO summit in Istanbul.

As the NATO Secretary General said, we have a Security Council resolution, a fully legitimate interim government in Iraq; NATO has no excuse to slam the door in Iraq's face.

NATO States can and must provide training for the new Iraqi Army, and they should do so in Iraq itself without requiring Iraqi troops to go to a third country as some are suggesting.

One of the most brilliant of our military leaders, General David Petraeus, is leading the U.S. effort to train Iraqi forces, and his presence in that role should give all of us confidence in our ultimate success. But building a fighting force capable of defeating Iraq's fundamentalists and Saddamist thugs is a mammoth undertaking. NATO nations are ideally positioned to support the efforts of General Petraeus.

NATO troops can provide election security to support the all-important Iraqi elections in January. If Iraq is to hold its first free and democratic elections in its history, security is paramount.

Mr. Speaker, let us be clear. The European members of NATO, all of them, should not contribute to Iraq's security as a favor to us, even though the peace and prosperity that reigns in Europe today was won with American blood and American treasure. They should do it as a favor to themselves but, most importantly, to the Iraqi people. Europe's stake in the stability of Iraq and the Middle East is greater than our own. Europe borders the Middle East and is far more dependent on its energy resources than are we here in the United States.

Europe's moral credibility is also at stake in Iraq. For years, the States of the European Union, most of whom belong to NATO, have trumpeted their commitment to democracy. Now it is time for them to prove that this is more than rhetoric. When Iraqi President al-Yawar was in town recently, he told a group of us that the presence of European troops is crucial to Iraq. He emphasized that Iraq needs security forces from law-abiding societies where human rights are valuable to the people.

Mr. Speaker, Iraq is undertaking history's boldest experiment in trying to build a more free and open society. If Europe is not with us, its message to the Iraqi people and to the world is that it just does not care about democratic developments outside its borders.

I call on President Chirac and Chancellor Schroeder and other reluctant NATO leaders to stand up at the Istanbul summit and be counted on behalf of the Iraqi people and democratic values.

Mr. Speaker, we already have many fine allies, NATO and nonNATO alike, in our coalition in Iraq. Tony Blair's United Kingdom has shown extraordinary courage and leadership. South

Korea's determination was tested by tragedy just this week, and it proved itself a model of resolve. These nations are doing work from which all of Europe will benefit, and they too deserve Europe's, and that means NATO's, backing and help.

As the loyal opposition, we Democrats will continue to call this administration to account for its errors in Iraq. We will continue to offer constructive advice, as our duty demands, particularly from our position of oversight authority in the legislative branch. But all of us, Democrats and Republicans alike, are united in our commitment to achieving success in giving rise to a durable, pluralistic, more open and free society in Iraq.

It is not merely a simple matter of restoring sovereignty. George Bernard Shaw observed, ''Liberty means responsibility. That is why most men dread it.'' The new stewards of the sovereign Iraq will prove that they are up to the task. As they do, we want them to know that we will stand by them.

Mr. Speaker, I strongly support this resolution, and I urge all of my colleagues to do so.

Mr. Speaker, I reserve the balance of my time.

Mr. HYDE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we live indeed in a very historic moment in history, and our world is engulfed in conflict of a very new and terrible kind. But it is remarkably consoling to come together today in unity, and we are certainly in bipartisan unity, on a resolution taking note of some very important accomplishments in the quest for freedom in the near east.

This resolution is cosponsored by the gentleman from California (Mr. LANTOS) as the ranking Democrat on the Committee on International Relations; the gentleman from California (Mr. HUNTER), the chairman of the Committee on Armed Services; the gentleman from Missouri (Mr. SKELTON), the ranking Democrat on that committee, as well as myself.

□ 1500

And that sponsorship should indicate the fact that there is agreement on the very important points made in this resolution. There is a new sovereign interim Iraqi government that is assuming power. Provincial governments are governing, courts are dispensing justice, political parties are forming, civil society is emerging, and independent media is operating, and preparations are being made for nationwide elections.

The interim Constitution states that Iraq's system of government will be republican, federal, democratic, and pluralistic and that federalism will be based on geography, history, and the separation of powers, not on ethnicity or sect.

On July 1, a new day will dawn on Iraq's future. Iraq will no longer be about the United States and its occupying role. Rather, it will be about the new self-governing Iraq and the decisions Iraq's leaders will be making in order to further the democratic ideals and principles.

This resolution, as I say, is bipartisan. It congratulates the interim government of Iraq on its forthcoming assumption of sovereign authority. It expresses its gratitude to the United States Armed Forces on their valiant service to their country, expresses its gratitude to the families of United States Armed Forces personnel, especially families of those who have lost loved ones. It expresses its condolences to the families of the innocent Iraqis who have been killed or wounded. It expresses gratitude to the coalition forces, the Coalition Provisional Authority, the Iraqi Governing Council, the current Iraqi cabinet government officials, and the many international bodies and voluntary organizations which have come to the aid of the people of Iraq.

It offers continued support to the U.S. Armed Forces, civilians associated with the U.S. Government, coalition forces, Iraqi security forces, and all of the people who are collaborating and making Iraq a new and democratic state.

So this is something that I cannot imagine anybody not being proud to vote for. And I look forward to an affirmative vote.

Mr. Speaker, I reserve the balance of my time.

Mr. LANTOS. Mr. Speaker, before recognizing our next speaker, I want to pay tribute to the gentleman from Illinois (Chairman HYDE) for his leadership on this resolution and on this entire issue.

Mr. Speaker, I yield 2 minutes to my colleague, the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, first let me thank our chairman, the gentleman from Illinois (Mr. HYDE), and our ranking member, the gentleman from California (Mr. LANTOS), for their leadership on the Committee on International Relations, a committee on which I am proud to serve, and for their consistent efforts to ensure that there is bipartisanship in this body and our committee.

Let me just say to them today that I respectfully rise to disagree with them on this issue. This resolution does, however, express condolences to the families of the dead soldiers and innocent Iraqis who have been killed in Iraq. Today, unfortunately, many more lives were lost. My thoughts and my prayers go out to these families and the families of all of those who have been wounded in this unnecessary war.

As a daughter of a career military officer, I know what it means to support our troops, and I do. However, this resolution paints a totally false picture of the situation in Iraq, the fact that it ignores the blamelessness of the President's claims that led us into this unjust war, and that it endorses a failed Bush policy in Iraq.

As an example of what I mean, let me just draw my colleagues' attention to page 4, the third paragraph down which says, ''Paul Bremer, the administrator of the Coalition Provisional Authority, has ably advanced the international coalition's goals in Iraq of transforming Iraq into a safe, secure, stable, sovereign, democratic state that serves the interests of the Iraqi people.''

This resolution also commits our troops to an indefinite period of time in Iraq.

Mr. Speaker, this undue praise flies in the face of reality on the ground. Again, as I said earlier, just today it is reported that 92 people have lost their lives including three United States soldiers and more than 320 people wounded.

Moreover, this resolution completely ignores the false basis for the war and its cost. It also leaves out the fact that we were misled regarding the weapons of mass destruction and the alleged cooperation between al Qaeda and Iraq as it relates to 9/11. It makes it sound as if the occupation and the aftermath of this unjust war is a success.

Again, that ignores reality. We had choices; we had options. I offered an amendment that would authorize the United Nations to continue with this inspection process. Unfortunately, that failed. Now we have a resolution that celebrates the war. I respectfully disagree, and I must vote against it.

Mr. HYDE. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. HUNTER), the distinguished chairman of the Committee on Armed Services, the cosponsor of the bill.

Mr. HUNTER. Mr. Speaker, I want to congratulate the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS) for their wonderful bipartisan effort in putting this together and also my great colleague from the Committee on Armed Services, my partner, the gentleman from Missouri (Mr. SKELTON), for his work and contribution.

I will be very brief, but there are two messages in this resolution. I think it is appropriate that this resolution follows the funding of our Defense bills and our Intelligence bills because those are the bills that give our forces the tools to get the job done.

I think we have done an excellent job in putting together bills that give the force protection, the surveillance capability, the extra troops that are going to be needed over the next several years, and the funding for those troops, and particularly that $25 billion bolt-on that we did on the Defense authorization bill and the Defense appropriations bill.

So it is appropriate that this resolution, this message to the people of Iraq and the people of the United States, follow those funding bills because this is a very important message that the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS) and the gentleman from Missouri (Mr. SKELTON) and many others are sending.

The message to the American people can be found in this resolution that the command of American forces will remain with American commanders. That is very important to moms and dads and people who care about our uniformed people, that that chain of command will remain firmly in place, that we will continue to pursue our mission against terrorists, and that operation will be overseen and supervised by U.S. leaders. That is a very important message.

But to the Iraqi people there is also a message, and the message is that we are giving them a running start. We are handing over a country divested now of the leadership of Saddam Hussein. We are handing over to them a chance to maintain freedom in a very, very difficult part of the world. We are going to provide for them this military shield just as we have in other countries around the world as they stand up this free government.

But I think it is important for the Iraqi people to understand that too, and I think they do understand it, that this enduring, the endurance of this government in a very difficult neighborhood is going to require some real grit on the part of the Iraqi people and that no country, not our country, not any country, is guaranteed perpetual freedom.

We are giving them a running start. We have given them the sacrifice of many brave Americans and the continued sacrifice right through this day in terms of Americans KIA, killed in action, and wounded in action, as well as coalition partners, as well as many Iraqis. But they are going to have to take hold, and they are going to have to be able to lift that weight.

I hope that under the good leadership that is now forming, that is taking over on the 30th of this month, they are going to be able to make that transition. This is only when the Americans were in Iraq, one thing that can be said from the dawn of time until the end of time, only when the American came to Iraq did they have a chance to have a free and fair government. We are giving them this chance.

Mr. LANTOS. Mr. Speaker, I yield 2 minutes to my good friend, the gentleman from Missouri (Mr. SKELTON), the distinguished ranking member of the Committee on Armed Services.

Mr. SKELTON. Mr. Speaker, I appreciate the opportunity to follow my friend from California (Mr. HUNTER) in supporting this resolution. And I thank the gentleman from California (Mr. LANTOS) and the gentleman from Illinois (Chairman HYDE) for cosponsoring this, and I am a cosponsor along with you.

June 30 should be a proud day for the Iraqi people, but one for which they are continuing to pay a heavy price. Today's coordinated bloody attacks demonstrate how much of a challenge they still face.

We congratulate the interim Iraqi government on the upcoming assumption of sovereignty. This is a great step, a real step toward a permanent government elected by the Iraqi people. I sincerely hope it works. Lasting peace and political progress will only come when Iraq is secure. This will remain an ongoing partnership between American forces and Iraqis for a long time.

I commend our troops; I commend their families. They have given so much and are feeling the real meaning of sacrifice every day. Deputy Secretary Paul Wolfowitz confirmed to our Committee on Armed Services this week that our troops could be in Iraq for years.

We need a plan for our partnership with the Iraqis, to move the security of their country to them as soon as they are ready. Until then, I commend this resolution for its reiteration of the full authority of the U.S. commanders in Iraq over American forces. That is so important. I feel strongly that we should have a status of forces agreement. Without it, we need at least a clear statement that our commanders can do what they must do to protect our troops and accomplish their mission.

I join my colleagues in congratulating the Iraqi people. I urge strong support for this resolution.

Mr. LANTOS. Mr. Speaker, I yield 2 minutes to our distinguished colleague, the gentleman from Massachusetts (Mr. FRANK), my good friend.

Mr. FRANK of Massachusetts. Mr. Speaker, I know that this is being carried on C–SPAN, but I think we should broaden our broadcast efforts. When we did the tax bill last week, I thought eBay should have been transmitting it. Today I think it really belongs on the Cartoon Network.

There is much in this resolution I agree with, but what is most important is what is left out. The gentleman from California, a very distinguished and thoughtful legislator, although, unfortunately, in the minority and not in a position to write resolutions, said that it is our democratic responsibility to express legitimate criticisms of the administration. I agree. Sadly, because the majority is in control, there are none of them in this resolution.

This resolution is a cartoon. It describes an Iraq that resembles nothing as much as Brigadoon. I expect maybe it will appear once every hundred years. I agree with many of the aspirations of this resolution. I agree that our troops deserve credit for the terrible situation in which they have been put. But if one read this resolution and had not read the newspapers or watched television about Iraq, one would not know what country was being discussed.

The gentlewoman from California alluded to our congratulating Mr. Bremer for ably advancing the goals of making Iraq safe, secure, stable, sovereign, and democratic. The Iraq that is safe, secure, stable, sovereign, and democratic, are there two countries named Iraq? Is this Iraq anywhere near the Iraq that we have been worried about? I wish Iraq could become that. But to congratulate ourselves as if it already had is simply not accurate.

I am troubled by the procedures we are seeing. The majority obviously feels concerned that the public no longer shares its view so they have decided to legislate opinion. They have a pattern now of coming forward with resolutions which include some things Members agree with, like support for our troops and aspirations, and then they wrap into that a lot of misrepresentative, inaccurate descriptions of reality and then demand that people vote it. We are told if we do not vote for a resolution that talks about Iraq as a safe, secure, stable, sovereign, democratic state, that somehow we are not in favor of the troops. It is a misrepresentation of the situation of Iraq, and a grievous misuse of the legislative process.

□ 1515

Mr. HYDE. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. MCCOTTER).

Mr. MCCOTTER. Mr. Speaker, we are daily inundated with the rhetoric of terrorists selling their singular savagery to the world as revolution. Yet, when did we cease to be a revolutionary country? Never.

One look about this weary, wanting world sufficiently reminds us it is we, the Americans, who were, are and continued throughout our democracy always must be the embodiment of the revolutionary ideals, powering the emancipation of populations throughout the globe.

Thus, today is this resolution offered and its adoption urged in order that we might hearten our Iraqi allies in this dark hour before the dawn of their democracy, in order that we might unmask the archaic barbarians of evil and find, not revolutionaries, but lying reactionaries; and, finally, hopefully, in order that we might recall our own indispensable, indisputable revolutionary role in the advancement of man.

Let us, then, pass this resolution and duly honor our revolutionary brethren, the Iraqi people, upon the occasion of the assumption of their sovereignty and the advancement toward their democracy, which like ourselves since our inception, they must win and keep.

I urge support of the resolution.

Mr. LANTOS. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. KUCINICH), my friend and a distinguished colleague.

Mr. KUCINICH. Mr. Speaker, the gentleman from Massachusetts (Mr. FRANK) has pointed out that this resolution is being covered by C–SPAN. I would suggest it ought to be covered by the Science Fiction Network. Let us not be fooled by this bill, which endorses an illegal war which this Nation entered into based on lies and misrepresentation. Lest we forget, Iraq

had nothing to do with 9/11, with al Qaeda's role in 9/11. Iraq had no weapons of mass destruction. It was wrong to go in, and it is wrong to stay in. The June 30 sovereignty this resolution discusses is a hoax. What kind of sovereignty will Iraq have with 130,000 U.S. troops present? What kind of sovereignty does Iraq have when the U.S. is now selling Iraqi oil and spending the money as it sees fit?

This bill states that we are handing Iraq a safe, secure and stable state. In effect, it declares a desert an oasis, a swamp a garden, a lie the truth.

The continued U.S. occupation of Iraq will not end on June 30, and it is counterproductive. Make no mistake about it, when July 1 comes, the violence will continue, the attacks will not stop, and our troops will still be in harm's way. It is time for us to recognize the Nation went down the wrong path in Iraq. The policy is unsustainable and it is a failure. We cannot continue with it. It is time for a peace plan with an exit strategy. It is time for us to get the U.N. community involved and to bring our troops home. U.N. in, U.S. out.

We should not be fooled. We should vote against this resolution, and we should be looking towards bringing this Congress together with a new direction to truly have a peace plan with an exit strategy. This resolution does not do this. This resolution is a farce and should be defeated.

Mr. HYDE. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Speaker, I rise in strong support of H. Res. 691, and I would like to congratulate the gentleman from Illinois (Mr. HYDE) for the leadership that he has provided and the gentleman from California (Mr. LANTOS) for the leadership that he has provided in not only this piece of legislation but in guiding our country through a very delicate moment of history.

Mr. Speaker, ladies and gentlemen, and my colleagues, we are Americans. We are not Republicans. We are not Democrats. We are Americans today. Our country is at war with a force, a hostile force that hates everything that we stand for. That the gentleman from California (Mr. LANTOS) and the gentleman from Illinois (Mr. HYDE) of both parties are united in supporting this historic effort to defeat an enemy which would slaughter our people before our eyes and cut the heads off of American citizens and try to intimidate our entire Nation in order to make us cowards, the fact that we stand together is the one thing that gives us strength.

H. Res. 691 reaffirms that we Americans are standing together behind the central purpose of the operation in Iraq, which is nothing more or nothing less than providing the Iraqi people the means to determine their own destiny through the ballot box; and by taking this stand, we take a stand for democracy that will be available to those in the Islamic world. It is a strategic move on our part but, yet, something totally consistent with our values as a people, as the American people.

Thus, it is fitting today that we stand, as I say, not as Republicans and Democrats, but we stand behind our President and this noble effort in Iraq to get rid of a tyrant who slaughtered hundreds of thousands of his people and help those people in Iraq establish a democratic government so that all our children will live at peace and this evil force of radical Islam that threatens us will be defeated.

Mr. LANTOS. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. NADLER), our distinguished colleague.

Mr. NADLER. Mr. Speaker, these feel-good resolutions that we passed last night and are considering today do not change the facts. The facts are that this country is not united. It is very divided over this war. The facts are we did not invade Iraq for the purpose of instituting a democracy. We invaded Iraq because we were told that Iraq threatened us with weapons of mass destruction and that Iraq was responsible, to some extent, for collaborating with al Qaeda and producing the catastrophe of 9/11.

We were misled into Iraq by the administration that either lied to the American people or led us into war by use of falsehoods stated out of ignorance. We are told by this resolution that we are creating a sovereign Iraq now; and, yet, on page 7 of the resolution the American troops there remain under American command. That is a slight contradiction. How can Iraq be sovereign when we control the military over there?

We are told that we are creating a democratic Iraq. Anybody who knows anything knows we are not going to have a democratic Iraq for many years, maybe decades. We will be happy to figure out a way to get out of this quagmire without leaving behind mass chaos, civil war, communal slaughter and betraying the Kurds a third time. We also know that this war in Iraq is a diversion from the real war against the Islamic terrorists who thrust war upon us, a war we must fight but that we are being diverted from. We know that it is harder to take the necessary action, if it may be necessary, if a real nuclear threat of nuclear proliferation arises perhaps in Iran because we cried wolf in Iraq.

How will we persuade Congress or the American people that we have to do something real if a real threat arises, not a phantom threat that we reacted to?

Our actions in Abu Ghraib and perhaps elsewhere still to be properly investigated have shamed this Nation and engendered further hatred of the United States across the world. So let us not celebrate this catastrophe. Let us not pass resolutions that do not bear any relation to the world. Let us figure out how to get out of this catastrophe as best we can.

Mr. LANTOS. Mr. Speaker, I am very pleased to yield 2 minutes to our distinguished colleague, the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Mr. Speaker, let me first say that I have a great deal of respect for both the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS) and for the work that they do here, and there is much in this resolution with which I agree. However, there is a lot in here that is misleading. In fact, I think that much of this resolution is an exercise in self-deception as well as an attempt to deceive others.

Let me just give my colleagues an example. We have here on page 4, the House of Representatives offers its continued support to the people and government of Iraq as they deal with the consequences of decades of misrule by the former regime of Saddam Hussein.

Well, that is interesting and right, but it does not say that we supported that regime of Saddam Hussein. Saddam Hussein took office in 1980. It was not more than 3 years later that the government of President Reagan sent Donald Rumsfeld to Iraq to begin a relationship with that country, and the relationship resulted in the transfer of billions of dollars of American material and money to the government of Saddam Hussein right on up to the advent of the first Gulf War.

Why are we not talking about that in this resolution, how we supplied the government of Saddam Hussein with money, how we supplied the government of Saddam Hussein with both conventional, biological and chemical weapons from the United States, from France, from Germany and from Chile, all orchestrated by the government under the administration of Ronald Reagan and George H.W. Bush? Why are we not talking about that in this resolution?

We are giving our sympathy and our condolences to the innocent people who were killed in Iraq. What about the innocent people who were killed unnecessarily as a result of this unjust, unnecessary war?

This is a war that will be a rock around the neck of this country for decades. It will be a long time before we get over the results of this. That is particularly true with regard to the treatment of prisoners in Abu Ghraib and Camp Cropper and others. Why are we not discussing that in this resolution?

There is much to be embarrassed about. This is not something that we should congratulate ourselves about. Try not to deceive ourselves either.

Mr. HYDE. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. DELAY), the majority leader.

Mr. DELAY. Mr. Speaker, I appreciate the gentleman yielding.

I am just a little overwhelmed by the previous two speakers. What we are here for is a resolution that celebrates

successes in the war on terror. Yet, to make their arguments, they might as well go back to World War II and all kinds of things that have nothing to do with the war on terror, with the national security of this Nation, with trying to protect the American people, and while we are doing that, spreading freedom and democracy around the world, because, Mr. Speaker, next Wednesday, the whole world is going to stop what it is doing and it is going to look toward the Tigres and the Euphrates Rivers, the cradle of civilization, and witness the miracle of democracy taking hold in Iraq.

For a generation, the proud and resilient people of that great nation were brutalized by a dictator. Today, they are free, and next Wednesday they will take up their God-given, human right to self-determination.

The resolution before us acknowledges all that has been won in Operation Iraqi Freedom and all that has been sacrificed in that victory. Words, of course, cannot replace the years lost to millions of Iraqi families during Saddam Hussein's reign of terror nor can they bring back the brave American heroes lost in battle since the war began last March.

Despite the finest planning, equipment and training in military history, servicemen and women of the American armed forces are still at war, and no matter how just and how necessary wars may be, they still rob us of the bravest and truest of the young.

Just as the miracle of June 30 will be a celebration of the Iraqi people, it will also be a celebration of the men and women who liberated them from evil and especially a celebration of the legacy of service left by those who will not make it home. That legacy, Mr. Speaker, is not one of grief and regret but of service, duty, love and courage. It is a legacy of honor which cannot be undone by the unyielding winds of history or the frantic storms of politics. It cannot be undone because we will not let it. Those young men and women will not have died in vain.

Therefore, this resolution affirms Congress' absolute support for democracy and freedom in Iraq and for the forthcoming Iraqi interim government sworn to provide both. It also reaffirms our commitment to see the job of stabilizing and securing Iraq to the end.

Terrorists remain in Iraq targeting Iraqi government officials and American and coalition troops.

□ 1530

Terrorists remain in Iraq, targeting Iraqi government officials and American and coalition troops. Those terrorists, like all terrorists in this war on terror, must be killed or captured before democracy can truly be secured in Iraq or anywhere else in the world.

In order for America's war on terror to succeed, Iraq's interim government, and ultimately the democratic government elected next year, must also succeed. Its success depends on the continued military, economic, and diplomatic support of the United States and the international community, which President Bush has pledged and garnered since before Operation Iraqi Freedom began. That support will remain in place as long as it is necessary, and I know all Americans hope for a strong and enduring alliance between the United States and a sovereign democratic Iraq.

Before I close, Mr. Speaker, there is one man who deserves special thanks in this debate, a man who stared down enemies and appeasers alike and marshaled the civilized world to victory in Iraq. Were it not for the courage and vision of George W. Bush, June 30 would be just another Wednesday in Iraq. Instead, it is a day to be remembered, fraught with danger, to be sure, a day, too, of unfinished business, but a day of pride in this country.

For June 30 is not the end of the road, but it is just another step along mankind's unending journey toward freedom. We will not be divided by our enemies or deterred from our goals in the war on terror in Iraq, Afghanistan, or anywhere else in the world, and that is due to the steadfast leadership of our Commander in Chief. Thank you, Mr. President.

So I urge all Members to support this resolution and send a signal of solidarity from the American people to the people of Iraq and to the nations around the world that all people who seek to be free are now and will always be our friends.

Mr. LANTOS. Mr. Speaker, I am very pleased to yield 2½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, a soldier in the service of his nation never dies in vain. But that soldier's sacrifice should affirm the fact that criticism, diverse opinion, and the right to challenge government is precious and privileged and protected by the Constitution.

Might I add my appreciation to the gentleman from California (Mr. LANTOS), the ranking member, and the gentleman from Illinois (Mr. HYDE) for the collegiality and the respect given to Members in this debate and the language of this legislation.

I oppose this war with every fiber in my body, but I believe today is a time to be able to emphasize elements of unity that will say to the world that we do want success. I believe there is failure; and so for that reason, for the record, I will indicate that I will not support pages 1 to 5, at the top; but I am going to support this resolution on the basis of the resolution, how we resolve.

What are we resolving? We recognize the people of Iraq, the most innocent. We are offering our support to them that they might survive and experience democracy. We are expressing gratitude to the Armed Forces and to the families, families who I had to sit with as they buried their young. And, as well, we are giving condolences to them for the soldiers who died on the frontline. No matter whether we have won or lost, their sacrifice will never be in vain.

I offer to the families in Houston my appreciation. But as I do that, Mr. Speaker, let me emphasize that our job is not yet done. I can assure my colleagues that I do not speak from the well of the House. I have been to Afghanistan. I have been to Iraq. I have sat with soldiers, and in so doing I have heard them say this is a frustrating job, but we are here in order to have the opportunity to press American principles.

But, Mr. Speaker, we did not press American principles by having an unconstitutional war, a unilateral and preemptive strike. We did not observe constitutional principles by allowing the U.N. inspections or not fulfilling our responsibility in Abu Ghraib, or have an exit strategy, or the intelligence failure when we went into the war on the basis of weapons of mass destruction.

So, Mr. Speaker, I stand in the well of the House so that everyone will know I do not step away from my opposition to this war, but I stand alongside families, those who lost their young loved ones, those who still fight, and, yes, the Iraqi people, who, I hope, with a new strategy and a new opportunity, will face democracy in the 21st century.

Mr. HYDE. Mr. Speaker, I am pleased to yield 3 minutes to the distinguished gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Mr. Speaker, I rise in strong support of this important statement of the people's House, congratulating the interim government of Iraq for its forthcoming assumption of sovereign authority and congratulating the United States Armed Forces and coalition forces for their sacrifice. I commend the gentleman from California (Mr. LANTOS) and our chairman, the gentleman from Illinois (Mr. HYDE), for their usual and extraordinary and timely leadership on this issue.

When I sat in Baghdad in the coalition provisional headquarters on March 1, we sat with Ambassador Bremer across from the hall where was debated the interim Constitution of Iraq. Within 24 hours, these words would enter into the history forever of a free Iraqi people in the preamble of Iraq's transitional administrative law: ''The people of Iraq, striving to reclaim their freedom, which was usurped by the previous tyrannical regime, rejecting violence and coercion in all its forms, and particularly when used as instruments of governance, have determined that they shall hereafter remain a free people governed under the rule of law.''

The preamble of a new Constitution for a free and democratic Iraq. When just 2 years ago we think of the Iraq that existed on the world scene, Saddam Hussein was still imprisoning, torturing, and killing tens of thousands of innocent Iraqis; financially supporting and encouraging terrorism; illegally profiting from the U.N.'s Oil-For-Food program, denying millions of Iraqis needed medicines and food; and flouting and ignoring 16 different U.N. Security Council resolutions.

Thanks to the leadership of President George W. Bush and the sacrifice of U.S. and coalition forces, those days are over. And on this June 30 that we commemorate in this resolution, the United States will disengage and those words of that preamble will begin to become the reality of a new free and democratic Iraq.

And know this, Mr. Speaker. The people of Iraq are grateful. As we stood in the midst of 30 or 40 men and women in Basra the day before we were in Baghdad, I will never forget as people approached me one after the other, tears in their eyes, taking me by the hand and saying, please, when you go home to America, tell the people you serve that we will never forget what the United States has done for our people in Iraq.

The people I met in Iraq have an undying gratitude that will begin to express itself most eloquently in the advance of freedom and democracy for themselves and their posterity. I support this resolution. I embrace all that it celebrates, and I thank the chairman and the ranking member for their leadership in bringing it forward at this time.

Mr. HYDE. Mr. Speaker, I am pleased to yield 3 minutes to the distinguished gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Speaker, I thank the gentleman for yielding me this time, and it is a privilege to speak on the resolution of two people for whom I have the utmost respect, the chairman and ranking member of the Committee on International Relations. I thank them for this resolution.

I have been in Iraq five times, and four of those times I have been outside the umbrella of the military as well as being under the umbrella of the military. I have talked to everyday Iraqis, attended a wedding, visited schools, hospitals, businesses, met with community and religious leaders, as well as visited the very poorest of the poor in their own homes, and slept in Iraqi villages. I cannot tell you how important June 30 is. There is not an Iraqi I spoke to who did not tell me they want this to be an Iraqi revolution, not an American revolution. They are eager to run their own country.

Now, we have made some mistakes. It is clear that we should have prevented the looting. It is also clear to me we should not have disbanded the government, the army or the police. Certainly the bad folks within should have been taken out. So we have made some mistakes.

When you speak to Iraqis, they will tell you they are suspicious of the United States because to them we are strangers. As good a Nation as we are, and as important as removing Saddam is, they never had a government they could trust. So why would they trust a foreign government to lead them for a year? They blame the United States for the sanctions, not Saddam, ironically. And they also told me of the loved ones they lost when we told them to rebel against Saddam, but we left the Republican Guard in place to kill their loved ones. They ae angry about this.

They would tell me all those things, and they mean them. But in spite of their suspiction and anger they are so grateful to be free from Saddam. The most important decision the President made was to say, against the opposition of some, on June 30 sovereignty will be passed to the Iraqi people in an interim government. It is their country, and they should run their own country and they are eager to do it.

I am so proud to be in the presence of those Iraqis who have taken the mantle of leadership. If you asked me are their lives in danger and how likely is it they will be there a year from now, I cannot tell you with any confidence they will survive. But they are willing to take on this task in spite of the dangers they face.

So I salute our troops for the 840 men and women we have lost and for the thousands that have been injured, I salute the Iraqi people, who have done everything they can to be free people and now have the chance to run their own country. I particularly appreciate that we have an opportunity to speak on a resolution that says, uncategorically, on June 30, the Iraqi people reign. They will run their own country. Ambassador Negroponte will not be a Mr. Bremer. He is our ambassador who is there at the invitation of the Iraqi people.

May God bless Iraq, may God bless the United States of America. I put my hand to my heart in appreciation for what we are doing and with appreciation and gratitude for the friends I have made with so many good and brave Iraqis.

Mr. HYDE. Mr. Speaker, I am pleased to yield 5 minutes to the gentleman from Missouri (Mr. BLUNT), the distinguished whip.

Mr. BLUNT. Mr. Speaker, I thank the gentleman for yielding me this time and for his work in bringing this resolution to the floor.

Two weeks ago, I had the opportunity to have a discussion with the new President of Iraq, President Yawar, about his vision of a stable, sovereign, and democratic Iraq. All of us who joined with him in this building that day were impressed by his resolve and, frankly, impressed by his courage, the courage of Prime Minister Illawi, and the courage of hundreds of others who have demonstrated great bravery and resolve by taking the reins of the Iraqi Governing Council in the aftermath of Izzedeen Salim's assassination in mid-May, in the face of daily attacks, and this desperate attempt of tyrants and tyranny to prevail in a part of the world that has experienced tyranny for far too long.

□ 1545

Why, in the prime of their lives, are Iraq's new leaders risking everything, including their very lives, for such a cause? It is because, Mr. Speaker, they desire liberty. It is because they desire freedom. The men and women who will officially become Iraq's interim leaders June 30 all share a vision of their native land free at last of Saddam Hussein's brutal oppression. This vision respects the rule of law and will listen to the voice of the people. This government, of course, is one step toward elections and an elected government that we hope to see in Iraq in just a few months.

We should not forget that our Nation was built on the backs and the minds and the hearts and the hands of the same kind of brave and heroic figures. Two hundred twenty-eight years ago, 56 Americans challenged the British crown by signing the Declaration of Independence, risking their families, their fortunes and their lives for the cause, again just like Iraqis today, the cause of liberty.

Today, Mr. Speaker, in supporting the brave Iraqi leaders and the millions of Iraqi citizens who are standing up to the terrorists and insurgents for the cause of freedom for the Iraqi people, we recall the sacrifices made by brave Americans throughout history for our own freedom. We express our pride in the men and women of our Armed Forces who are making this day possible for the Iraqi people. Even after next week's handover, the cause of freedom in Iraq will continue to require sacrifices by the American people and by our brave soldiers. The American people must be prepared to help the fledgling government financially as it generates the type of infrastructure necessary to support a stable democracy. We must be prepared to encourage this government as it moves to free and fair elections.

Iraq is still a dangerous place. Terrorists continue to target our troops as well as innocent men, women and children in an effort to ruin Iraq's attempt at democracy. But democratic institutions are forming and our soldiers and civilian advisers continue to train Iraqi police and other security forces. During today's deadly terrorist attacks, the reports of Iraqi soldiers fighting side by side with their American counterparts demonstrate just how determined Iraqis are to destroy this insurgency and live in peace for the first time in 30 years.

Mr. Speaker, with today's resolution, the House reaffirms that the United States' motives in Iraq are founded on virtue. We do not desire any territory.

We do not desire an empire. We seek stability both at home and in the Middle East. The President's decision to intervene in Iraq was made in the best interests of Americans and Iraqis. Saddam Hussein is in a jail cell, no longer able to pursue weapons of mass destruction or encourage global terrorism that threatens the lives of freedom-loving people. Most importantly in the context of today's debate, Iraqis at last have the chance to demonstrate to the world that democracy can spring forth in the cradle of civilization.

I urge my colleagues to support this resolution, and even beyond that, I urge all of us and all Americans to support this great effort, this great experiment in freedom that we encourage today and in the days ahead.

Mr. LANTOS. Mr. Speaker, I yield myself the balance of my time.

Robust debate is the hallmark of this body and this afternoon we had a sampling of it for which we are all pleased. The difficulty in dealing with the issues that we face in this world is that we do not confront elegant alternatives but exasperating realities. It is in that context that I wish to quote from the person who will be the nominee of the Democratic Party at the upcoming convention on his views of this resolution and of this undertaking. I am quoting from Senator KERRY:

''While we may have differed on how we went to war, Americans of all political persuasions are united in our determination to succeed. The extremists attacking our forces should know that they will not succeed in dividing America, or in sapping American resolve, or in forcing the premature withdrawal of U.S. troops. Our country is committed to help the Iraqis build a stable, peaceful and pluralistic society. No matter who is elected President in November, we will persevere in that mission.''

Mr. Speaker, these are difficult days for our country, but we stand united in our commitment to our troops and in our commitment to our values. I urge all of my colleagues to support this resolution.

Mr. Speaker, I yield back the balance of my time.

Mr. HYDE. Mr. Speaker, I yield myself the balance of my time.

I want to thank the gentleman from California and everyone who has participated in this debate. As the gentleman from California said, robust debate is a hallmark of democracy and we have had that here. I have strenuously tried to keep politics out of this because I am so pleased this is a bipartisan resolution and truly it is one that is appropriate because it is a magnificent achievement to have a country such as Iraq under a dictator, a tyrant, turn into a working democracy where they are going to have free elections and have all of the additional assets that go with a democracy. I think it is a joyous occasion and one that no matter our differences we ought to be able to join in congratulating them.

Mr. Speaker, we did not start this war. On September 11, 2001, some people declared war on us and committed an act of war. Does anyone doubt if they had access to nuclear materials they would have used them? And then we would mourn the deaths of 3 million people, not 3,000 people. Does anybody doubt for one minute that chemical and biological warfare agents, if available to these people, they would not use them? They could poison an awful lot of water systems in this country and paralyze this country. War is different today. It is not declared. They do not put uniforms on and march in formation. They sneak up on you in the dark and stab you in the back. And so if you wait for the smoking gun, you might find one of your major cities is the smoking gun.

The fact that Libya threw its cards on the table and said we will not pursue weapons of mass destruction is glossed over as though that was not a substantial achievement. The fact that weapons of mass destruction have not been found in Iraq does not mean that they were not ever there or that there were not programs to develop these things. And the history of Saddam Hussein is one that indicates he would use them in a minute given the opportunity.

We are in a terrible war. We cannot win a war like this unless we are unified. I would ask all of us, Republicans and Democrats, when we start to argue this issue, think. Is what we are saying going to help us or not help us in this struggle that may last for generations? It is very important, because we all have children and grandchildren whose future ought to be a prime concern. Everything in this resolution is nonpartisan. It is praiseworthy. It recognizes one of the great accomplishments, the transformation of a country like Iraq into a functioning democracy and setting the example in that region of the world. And so let us join hands and acknowledge this accomplishment and join the Iraqi people in celebrating their new democracy.

Ms. WOOLSEY. Mr. Speaker, once again this House has passed a resolution celebrating the manner in which the war in Iraq has been fought, and the burgeoning democracy it has ostensibly established. In reality, H. Res. 691 speaks to the profound failure of the Bush Administration's Iraq policies and the lack of an appropriate rationale for invading another country: The war was fought because President Bush's desire to take down Saddam Hussein, not out of a desire to fight global terror; it was about a highly ideological plan to extend America's reach in the Middle East, not about ridding the world of nuclear weapons. In short, the war was about the Bush Administration's priorities—not Iraq's.

This resolution also expresses unequivocal support for our Armed Forces. We must be sure to honor the brave men and women who put themselves in harm's way; already 833 American soldiers who have died during the course of this conflict. Accordingly, I hope we will honor future veterans when they return home, as thousands of them will require prosthetic arms and legs, physical therapy, and years of health care for injuries incurred during the war.

H. Res. 691 is not without its merits. This resolution contains important language expressing condolences to the families of the innocent Iraqis who have been killed or wounded during the conflict. In fact, an estimated 12,000–14,000 unarmed, innocent Iraqi civilians have died since the United States invaded the country last year.

However, while I support many parts of this resolution, I am disappointed that the House Republican leadership has once again pushed for passage of a resolution the contents of which are either inaccurate or downright wrong.

An entire clause of this resolution is devoted to the claim that Iraq has been transformed ''into a safe secure, stable, sovereign, democratic state that serves the interests of the Iraqi people.'' Secure? Stable? Sovereign? Iraq is none of these things, and it still won't be any of these things when the United States transfers authority back to the Iraqi people on June 30th. The Bush Administration needs to realize and admit to the American people that Iraq is neither secure nor stable, and will not be either of these things for a great many years. The Administration's policies in Iraq have been a colossal failure.

The fact is, President Bush and his Administration want to have it both ways. They want to appear to have finished up work in Iraq in time for the November elections, while at the same time maintaining over 100,000 soldiers there to ensure they maintain a high degree of control over the country's fate. Not to mention the new American Embassy overseen by the controversial John Negroponte will be the largest in the world.

Instead of continuing to pass resolutions of inaction, Congress should be pressing the administration to truly engage the international community to stabilize an insecure Iraq—particularly in light of the recent resolution endorsing the turnover of power back to the Iraqi people that was passed unanimously by the U.N. Security Council. We've already entered into a fight that has diverted resources from the real fight against terrorism and from important domestic programs. Now is the time for taking measures so that we do not repeat our mistakes. Now is the time we must invest in an international coalition before the international will to endorse our efforts in Iraq runs dry.

Mr. FRELINGHUYSEN. Mr. Speaker, I rise in support of this resolution for the transfer of sovereignty to the Iraqi people on June 30. June 30 will be the start of a new Iraq. Life for the people of Iraq will be a world away from the cruelty and tyranny of the regime that once ruled them for decades. A new sovereign, interim Iraqi government—representing the diversity of Iraq—will assume power, provincial governments will be put in place, courts will be overseen by Iraqi justices, political parties will be formed and preparations for national elections will be made.

After June 30, the U.S., under the leadership of Ambassador John Negroponte, will provide support to the new Iraqi Interim Government as it assumes control of managing day-to-day operations, preparations for new elections, and rebuilding the country's infrastructure and economy.

Leading up to June 30, infrastructure improvements—led by coalition forces—and the shift to self-government have already completely transformed the face of Iraq. Schools,

medical clinics and hospitals have been reopened. An army and more effective police force have been rebuilt. A fair judicial system has been constituted. And an interim constitution has been signed—laying the foundation for democratic elections.

The ability to transfer authority to a new sovereign Iraq only 14 months after liberation efforts began is a major step forward for freedom. We should be proud of our young servicemen and women and civilian contractors in Iraq for their work in liberating 25 million Iraqis from the grip of Saddam Hussein's regime and rebuilding a country that was in disrepair for nearly two decades. America appreciates their sacrifice and commitment to the security of our Nation. Those who have made the ultimate sacrifice to protect our freedom and defend America will never be forgotten.

Mr. Speaker, July 1, 2004 will be the dawn of a new day for the men, women and children of Iraq. This day will not mean an end to terrorist violence, but it will be a radical departure from the decades of governmental and personal abuse that existed under Saddam's ruthless regime.

Ms. KILPATRICK. Mr. Speaker, I rise today to oppose H. Res. 691. My position is consistent with my opposition to our invasion of Iraq and my belief that any congratulations we extend to the interim government are muted by the reality of ongoing death and mayhem that occur daily in Iraq.

Additionally, I want to express my condolences to all of the victims of our invasion into Iraq. My heart is heavy for the Iraqi families that have suffered permanent losses as a result of the war and continuing insurgency efforts. Furthermore, I mourn for the families of U.S. and foreign military personnel; valiant soldiers, men and women, who have sacrificed their lives to promote the reality of freedom for Iraqis.

However, Mr. Speaker, I disagree with many of the notions put forward in the resolution because I believe some of them are simplistic, naive and wrong. While it is true that Iraqis have participated in elections, widespread antagonisms persist and violent behavior continues to be directed at our forces. Our soldiers are imperiled because of how and why they entered Iraq, in addition to their continued presence in Iraq. Second, the notion that Iraq is more secure now than before is also wrong. While it is true that the government of Saddam Hussein was toppled, Iraq continues to be a besieged nation. Violence is prevalent, and the victims of the bombings and assassinations are largely innocent Iraqis.

I appreciate the spirit in which the Resolution was drafted, but I strongly disagree with the underlying premise that we are celebrating the Iraqi freedom. Iraqis will not be free until they are capable of installing a representative government devoid of foreign intervention. Iraqis will not be free until they overcome the challenges of enfranchising diverse segments of its diverse population of Kurds, Sunnis and Shiites into a form of democracy that suits their needs and not the designs of the United States.

Finally, while June 30, 2004 is a monumental date for the people of Iraq. We should not delude ourselves, nor mislead the people of Iraq that in the near term, democracy will bear the fruit of liberty and peace that they have been promised. As a mother and grandmother who worries about the future of our Nation and the world, I am ruled by my conscience, and my conscience dictates that I cast a "no" vote on H. Res. 691.

Mr. HYDE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). All time for debate has expired.

Pursuant to the order of the House of Wednesday, June 23, 2004, the resolution is considered read for amendment and the previous question is ordered.

The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. KUCINICH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

CONTINUATION OF NATIONAL EMERGENCY WITH RESPECT TO THE WESTERN BALKANS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 108–196)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of The United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the FEDERAL REGISTER and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the Western Balkans emergency is to continue in effect beyond June 26, 2004, to the *Federal Register* for publication. The most recent notice continuing this emergency was published in the *Federal Register* on June 24, 2003, 68 Fed. Reg. 37389.

The crisis constituted by the actions of persons engaged in, or assisting, sponsoring, or supporting, (i) extremist violence in the former Yugoslav Republic of Macedonia, and elsewhere in the Western Balkans region, or (ii) acts obstructing implementation of the Dayton Accords in Bosnia or United Nations Security Council Resolution 1244 of June 10, 1999, in Kosovo, that led to the declaration of a national emergency on June 26, 2001, has not been resolved. Subsequent to the declaration of the national emergency, acts obstructing implementation of the Ohrid Framework Agreement of 2001 in the former Yugoslav Republic of Macedonia, have also become a concern. All of these actions are hostile to U.S. interests and pose a continuing unusual and extraordinary threat to the national security and foreign policy of the United States. For these reasons, I have determined that it is necessary to continue the national emergency declared with respect to the Western Balkans and maintain in force the comprehensive sanctions to respond to this threat.

GEORGE W. BUSH.
THE WHITE HOUSE, *June 24, 2004.*

SPENDING CONTROL ACT OF 2004

The SPEAKER pro tempore. Pursuant to House Resolution 692 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4663.

The Chair designates the gentleman from Ohio (Mr. LATOURETTE) as Chairman of the Committee of the Whole, and requests the gentleman from Arkansas (Mr. BOOZMAN) to assume the chair temporarily.

□ 1558

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, with Mr. BOOZMAN (Chairman pro tempore) in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Iowa (Mr. NUSSLE) and the gentleman from South Carolina (Mr. SPRATT) each will control 30 minutes.

The Chair recognizes the gentleman from Iowa (Mr. NUSSLE).

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the most important job of the House Committee on the Budget which I have the honor of being the Chair is really twofold. First is to put together and pass in the House a responsible, realistic blueprint to guide the spending and revenue decisions for the Federal Government. We did that. We completed a budget over a month ago when this Chamber adopted the conference report for the budget for fiscal year 2005. Getting a budget is difficult enough. Now comes the second part of the job and that is to ensure that you stick to it. Getting the budget means that you have been able to get a majority of Members to agree on the levels for spending, on the levels for revenues and to bring together those very different ideas because, trust me, there is no such thing as a perfect budget by any stretch of the imagination. My good friend from Florida reminds me of that every once in a while.

□ 1600

But we do get a document that tries to mold and shape the hopes and

dreams and the budget priorities for the Nation in a document, and then we work to stick to it.

Since the gentleman from Florida came on the floor, the very distinguished chairman of the Committee on Appropriations, let me say something about the House and our ability to stick to that plan. We have passed budgets in years past that have been difficult. We have dealt with terrorist attacks. We have dealt with a downturn in the economy. We have dealt with the need to borrow resources to deal with emergencies we never managed. We had to deal with new priorities no one had ever heard of, new Departments like Homeland Security; and new initiatives such as a global war on terrorism, a war in Iraq, and a war in Afghanistan. And I have to tell the Members that in each one of those turns, committees have worked together in order to accomplish that. There is no doubt that once in a while committees will have difficulty coming to agreement on certain priorities and ideas; but once we do it, there is general agreement and effort to stick to it. And when we talk about sticking to it, the gentleman from Florida (Mr. YOUNG), chairman of the Committee on Appropriations, and his committee have done an excellent job of sticking to it.

We have increased spending over the last number of years at a rate that has been unprecedented, in many respects because we have had unprecedented need, particularly in homeland security, national defense, intelligence, and emergencies that we have had to deal with. But even the nondefense or nonsecurity accounts have increased at an alarming rate, twice the rate of inflation. And so it is no wonder that Members will come to the floor from time to time, we saw that debate earlier today, and say, look, spending is out of control.

Unfortunately, we often focus far too much attention and energy on just what we call the discretionary appropriation accounts, the 13 bills that the chairman of the Committee on Appropriations has to shepherd not only through the House floor but also through the Senate and to final passage. That process has been difficult. We are behind in that process, and I have no doubt the chairman will remind me that having this discussion probably puts us even further behind.

But we are having this debate, nonetheless, because once we have a budget, we also want to make sure we stick to it. And that is why an enforcement bill has come to the floor.

I will definitely report to my colleagues that I would much rather have this debate after the other body had passed the conference report, but they are tied in knots over there across the rotunda on the other side of the Capitol. Politics, Presidential elections, all sorts of things are tying up all sorts of items in the other body, going to make it very difficult for us to pass budgets, appropriations, get judges confirmed, all sorts of a myriad of issues that make that difficult.

As a result of having some difficulty in spending and having difficulty in getting a budget through the other body, the third item which I want to bring up is huge increases in what we call mandatory spending through our Federal Government. Mandatory spending, as most of my colleagues know, are those spending initiatives which are on auto pilot, meaning we have passed a law to fund a program, and unless we change the law, the funding continues. Medicare is probably one of the best examples of that. We just had a huge change in Medicare to provide a first-ever prescription drug benefit for seniors. It costs a lot of money, though, and that has grown much faster as a result than even many of the discretionary accounts.

So as a result, there are Members who come to the floor frustrated by the increases in spending, frustrated because there are times when the budget is not followed, and thinking that if we change the process on how we achieve the budget or if we change the process on how we discuss appropriation bills, that will solve everything. And I am part of that camp from time to time.

But I must remind all of us before we start this debate that when everything is said and done here today, it still comes down to how we vote. One can blame the process. One can blame the budget. One can blame the Committee on Appropriations. One can blame individual Members. One can blame past administrations. One can blame current administrations. But no matter what one blames, they had better look in the mirror today before they come down here to vote on anything and realize that spending increases when Members vote to increase spending.

And already the appropriation bills that we have seen cross this floor have had huge majorities, huge majorities, for very valid increases, in defense and intelligence, other issues that have come before our body. Why? Because the need is there. So those Members who come to the floor today and say let us blame the process or let us blame the procedure or let us blame another committee also need to take their fair share of the responsibility for how the process runs.

I believe that we need discipline, and we need enforcement of a budget once we get it. That requires what we used to have in this body, and that is caps in PAYGO. Caps in PAYGO, statutory caps in PAYGO, I believe, are necessary because it gives the force of law to what we have done. It makes sure that all three entities, the President; the Senate, the other body; and the House, are all together when the discussion occurs on spending, when the discussion occurs on taxes, when the discussion occurs on mandatory or entitlement increases. It ensures that everybody is there because we are all in this together. We cannot do one without the other. We cannot say it is only the Congress's prerogative because the President has to sign the check, he has got to sign the bill if, in fact, that is what he agrees to.

But it starts here in a process called the budget, called the appropriations process, and called the authorization process. So in order for us to deal with this, we are asking that the body today consider capping spending at the rate we just passed in the budget resolution, and just for 2 years, do not bind another Congress, just for these 2 years, and to also for really the first time address mandatory spending and its out-of-control nature by applying what we used to apply and that is pay-as-you-go to entitlements or mandatory spending. We believe this will help us. It will not be the be all and end all because there are still emergencies; there are still other ways that Congress spends money outside of that process. But this is one of the ways that we found in the 1990s to help ensure that spending control could occur.

Members are going to come to the floor with different opinions, and I respect those opinions. There is no question that people have a variety of ideas on how we should do this. But I would ask each and every one of them to remember that this is about each and every one of us, as Members, what our priorities are and how we vote. We cannot give that to another process. Nothing we do here today given to another process will, in and of itself, stop the madness of increases in spending that have been what many Members believe are out of control. The only way, when everything is said and done, is to cast our vote to control spending, and that is done in the individual processes of the bills that we consider here on the floor.

So we believe this is a work product worth consideration. There will be amendments to consider changes in the budget process and the appropriations process in order to help get a handle on spending concerns and on mandatory spending. But as I say, when everything is said and done, we have got to have a budget, we have got to enforce it, and we have got to vote that way on each and every bill in order for spending to be controlled.

Mr. Chairman, I reserve the balance of my time.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BOOZMAN). The Chair would remind Members to refrain from improper references to the Senate.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill we have before us, H.R. 4663, the Spending Control Act of 2004, causes me to say to my friends across the aisle, and I cannot help but take a little jab at them, our Republican friends control the House, they control the Senate, they control the White House. Why can they not control spending? And will this bill make a difference?

I ask that question because there is a particular irony about this bill. This is a budget enforcement bill, but there is no budget to enforce. For the first time since 1974 when the Budget Act was first adopted, the party that controls both branches of the government, the Congress and the White House, is unable to get its act together and pass a budget. And now they propose new rules to the budget process if they cannot comply with the rules we have got.

This bill before us is hardly a consensus bill. There is a lot of dissension about it even as it comes to the floor. When it was filed, 28 amendments were filed with the Committee on Rules to change it. All but one of those amendments, which is my amendment, focused solely on spending as the source, the cause of the deficit that we are incurring today. We are supposed to have a deficit this year of over $521 billion. The prognosis has gotten a bit better, but it looks like it will be at least 430 to $450 billion, 1 year, a half trillion dollars. Only my substitute deals with the other side of the problem, and that is revenues.

Two rules of all the rules we will see today, two rules that stood the test of time, they have worked. They have helped us wipe out deficits. They did in the 1990s. One rule caps discretionary spending at fixed levels over the next 5 years. That was the rule that we put in effect in 1990, extended in 1993, and again in 1997; and it helped us balance the budget for the first time in 40 years. The other rule is what we call the pay-as-you-go rule, which requires us to pay as we go, that is, to offset new tax cuts and new entitlement increases by new revenues or by equal spending cuts so that they do not add to the deficit, pay-as-you-go, discretionary spending caps.

As I said, the base bill and all the amendments except mine focus entirely on spending and not at all on tax cuts as the source of the problem. Yet if we look at the period 2002 through 2011, the 10-year period that covers the first 4 years of the Bush administration, $2.3 trillion of our total fiscal reversal during that period has been caused by substantial tax cuts and related debt service; and that revenue deficit grows as tax cuts that expire are renewed and new tax cuts are adopted, as the Bush administration proposes and pushes for more.

This bill promises deficit reduction; but it ignores the elephant in the room, one of the chief causes now and well into the future, and that is the deficit in revenues.

Do we have a problem? You bet we have a problem. In the last 3 years of the Clinton administration, I remind everybody, we ran surpluses for the first time in 30 to 40 years. We paid off $400 billion in debt. In the first 4 years of the Bush administration, Congress has had to raise the statutory ceiling on the national debt three times, three times in 4 years, to accommodate President Bush's budget. Congress raised the ceiling by $450 billion in 2002; by $984 billion in 2003; and shortly, the process is already under way here, by $650 billion this year. In all of the last 4 years by $2.1 trillion in order to accommodate Mr. Bush's fiscal policy.

And these increases in the statutory debt ceiling are by no means over. They are part of a series. The Congressional Budget Office told us last March, when they examined the President's budget, that if we implemented, if we enacted that budget, the President's budget, we would have to raise the debt ceiling to $13.5 trillion in the year 2014. Not my number. It is the number of the Congressional Budget Office, which is a neutral, nonpartisan arm of the Congress.

So we have a problem; but this bill, unfortunately, does not deal with it. It takes off in pursuit of red herrings and Draconian solutions that will not work, if they were ever enacted; and I doubt they will be enacted. It trots out almost every budget process idea that has ever been thought of, but the two that have worked, the two rules that have worked so well that, as I said, we moved the budget from a deficit of $290 billion in 1992 to a surplus of $236 billion in 1998.

□ 1615

One is a double-edge PAYGO rule that requires both tax cuts and entitlement increases to be deficit neutral; and the other is discretionary spending caps over 5 years. They do not work unless you extend them out for some period of time. The caps in the base bill only go out for 2 years and are set to boot at unrealistically low levels. They are lower than the President's request, yet they provide more for transportation. I think the gentleman from Florida (Mr. YOUNG) will tell you if he talks about the appropriations bind he is in right now, he cannot take much more reduction in the allocation of discretionary spending than we have already given him.

So we have got here a set of proposals that simply do not address the problem at hand, which is a substantial problem, except for one particular provision. All I am calling for and all I would recommend the House would do, but it would be a good day's work if we did it, is go back and reinstate the PAYGO rule, which worked so well in the 1990s; reinstate the 5-year spending caps, which worked so well in the 1990s; and then we can get to work on balancing the budget.

Mr. Chairman, I reserve the balance of my time.

Mr. NUSSLE. Mr. Chairman, I yield 4 minutes to my friend, the gentleman from Florida (Mr. YOUNG), the very distinguished chairman of the Committee on Appropriations.

Mr. YOUNG of Florida. Mr. Chairman, I appreciate the gentleman yielding me time, especially since he knows that I disagree with his package. But he also is a fair player, because he understands that the Committee on Rules did not give the Committee on Appropriations any time under this rule. That is strange, inasmuch as the Committee on Appropriations will be affected more than any other committee in the House based on what happens here today. Even so, we were given no time under the rule. But I voted for the rule, just to keep the process going.

I want to say again, as I did earlier this morning, we need a budget. We need budget caps. And I have said that in defense of resolutions presented by the gentleman from Iowa (Mr. NUSSLE) on numerous occasions. As chairman, I need the budget caps to have the discipline in committee to keep spending from running wild. As a matter of fact, last year the Committee on Appropriations denied $18 billion worth of amendments that would have increased spending.

But I do not appreciate his package. I think we do need budget process reform, and I cannot describe everything that I think needs to be done in the 2 minutes I have left. What I suggest is in an amendment I offered but was not made in order by the Committee on Rules. What we need is a commission or committee, bipartisan and bicameral, of this Congress, to sit down and thoroughly study the problems and make a recommendation, without regard to politics, without regard to this person or that person or somebody else. This Committee would make a recommendation to the Congress as to what budget process will work.

Now, the one main reason that I am opposed to the budget process bill offered by the gentleman from Iowa (Mr. NUSSLE) is, first of all, it has multiyear caps. When it was first reported, it had 5-year multiyear caps with no numbers. No numbers. We were going to set 5-year caps, but with no numbers.

Well, as of last night, a decision was made to change that bill and make it 2-year caps with numbers. At one point I was promised that my committee could have some input into what those numbers would be. I did not hear what the numbers were until I read it in Congress Daily yesterday morning. I think that we deserved a little more consideration than that.

But the big concern is statutory caps, which is what this package presents. Statutory caps are different than caps set by a concurrent resolution. Statutory caps would bring the executive branch into the mix of setting a budget. That is not the role of the executive branch of government.

The Constitution provides for separation of powers. The Constitution gives the responsibility of spending, financial matters, to the Congress. The President gets his chance when the appropriations bills are sent to him and he has an opportunity to veto.

But statutory caps would mean that the executive branch, OMB, would be up here every day saying, no, we will not accept these caps, or we will veto these caps. That puts the executive branch in the driver's seat when it

comes to setting our budget caps, and that is just not right.

For that reason alone, I cannot support this package today, although I recognize my friend, the gentleman from Iowa (Mr. NUSSLE), has worked very hard. We do not have a budget this year. In the House we have a deemed budget, but the process did not work because the other body cannot get their act together on a budget.

The gentleman from Iowa (Mr. NUSSLE) has done a good job in getting that budget, and we are working under his budget. The gentleman has worked hard under difficult procedures; and he is right, the budget process needs to be changed. But it ought to be changed only after very serious thought and consideration.

I really am disappointed that the Committee on Rules did not make my amendment in order that would have created a bipartisan, bicameral committee or commission of this Congress to thoroughly study, and, in a serious, sincere way, recommend what our budget process ought to be.

I thank the gentleman from Iowa (Chairman NUSSLE) for the hard work he does and for the time he gave me. The gentleman has an extremely difficult job. I agree with the gentleman a lot of the time. Sometimes I do not; but we are still friends.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BOOZMAN). The Chair would remind Members to refrain from improper references to the Senate.

Mr. SPRATT. Mr. Chairman, I yield 4 minutes to the gentleman from Maryland (Mr. HOYER), the Democratic whip.

Mr. HOYER. I thank the gentleman for yielding me time.

Mr. Chairman, for the first time since 1974, it appears that Congress will not adopt a budget when the same political party controls the House, the Senate, and the White House. In other words, in 28 years we have not been in this position of not being able to pass a budget.

Why can the Republican majority not fulfill one of the most basic tests of effective government, adopting a budget? Because they cling to the fiction that we can rein in record deficits and runaway debt by applying pay-as-you-go budget rules to mandatory spending only. They do this as they preside over record budget deficits, and, just this week, trying to hide a $690 billion increase in the debt ceiling in the rule on the Defense appropriation bill.

As the New York Times stated this morning, applying PAYGO rules to spending, but not taxes, is ''like swearing off demon rum while continuing to binge on vodka martinis.'' Even some Republicans reject this dilution, to wit, four Members of the other body.

Earlier this year, my friend, the chairman of the Committee on Appropriations, whom I have so much respect for, speaking for our committee, but more, much more, importantly, speaking for fiscal responsibility, said, ''No one should expect significant deficit reduction as a result of austere, non-defense discretionary spending limits. The numbers simply do not add up.'' The chairman was right.

The fact is, we could eliminate all nondefense discretionary spending, and we would still be running deficits of more than $100 billion. That is how much we put our country into the red.

Perhaps the height of irony, perhaps the height of irony, is that just 7 years ago, in 1997, 193 Republicans voted for a pay-as-you-go affecting spending and revenues, or taxes. That included the gentleman from Illinois (Speaker HASTERT), who voted for PAYGO affecting both; the majority leader, the gentleman from Texas (Mr. DELAY); the conference chairwoman, the gentlewoman from Ohio (Ms. PRYCE); the chairman of the Committee on the Budget, the gentleman from Iowa (Chairman NUSSLE); and the chairman of the Committee on Ways and Means, the gentleman from California (Chairman THOMAS). And the Bush administration itself endorsed pay-as-you-go rules affecting both revenues and expenditures in 2002, 2003, and 2004.

I have here next to me the language of the fiscal 2002 budget. I hope it is on the screen. The Bush administration endorsed it, as you can see, affecting both spending and tax legislation. In fact, I will quote. It states: ''The President also proposes to extend the PAYGO requirement for entitlement spending and tax legislation.''

Why? Because he knew you could not do what you say you can do. And for 3 years he stuck to that principle. This is the first year he has not.

I would hope that those who believe in fiscal responsibility would vote for this Democratic substitute, which would restore the original PAYGO rules adopted in 1990 that apply to mandatory spending and taxes as they were originally established on a bipartisan basis, as we did in 1997 when the gentleman from Iowa (Mr. NUSSLE) and I both voted for a balanced budget proposal, which, in fact, was very helpful in assuring that balance.

Mr. Chairman, I do not think we ought to let our majority colleagues get away with this charade. Do not let them preen as deficit hawks, as some of you perceive yourselves to be, and not apply discipline to both expenditures and revenues.

I tell my colleagues, it is oh, so easy. I have been in a legislative body for 35 years, and every year I have found it so easy to vote for tax reductions, but so difficult to vote for cuts in spending.

Let us have discipline. Vote for this substitute. Do not pretend your PAYGO has any effect.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN), a member of the Committee on the Budget.

Mr. PORTMAN. Mr. Chairman, I thank the chairman of the Committee on the Budget for yielding me time, and I thank him for bringing this resolution to the floor.

What we are talking about in this resolution is not so much budget process reform, although we will have an opportunity through various amendments to get into that issue. What we are talking about here is enforcing the budget we have.

I think what the Committee on the Budget reported out and what is before us on the floor today is the right way to do it, and that is putting a cap on discretionary spending and having PAYGO apply to mandatory.

I was going to talk a little about the importance of growing the economy to our budget, but I think we have really gone over that in the previous debate. Instead, let me talk for a minute about what my friend from Maryland was just saying with regard to tax relief.

If in 2001 we had applied PAYGO to the tax relief, which was in effect, by the way, we would not have the economy we have today. That is what I believe. I believe that the economic growth we have seen over the last year, and remember now, we have added 1.4 million jobs to our economy in the last 9 months, we have the best growth in 20 years; we are the envy of the entire industrialized world; we are growing jobs; we are increasing wages; we are seeing real growth, which is resulting in higher revenues, which is why CBO is going to come back later this year and tell us our deficit is not as big this year as they thought it was going to be, because more revenue is coming in. If we had PAYGO on taxes in 2001 and applied it, we would not have put the tax breaks in place. That is my belief.

Second, there is a bias in our system right now. Think about it. With regard to spending, the gentleman said it is hard for him to vote for cuts in spending. It is not hard for any of us to vote for increases in spending. We do it all the time. Then it becomes a baseline. Then, in terms of the budgetary consequence, it continues, forever.

There is no budgetary consequence once an appropriation, an authorization, expires; but there is when tax relief expires. When tax relief expires, there is a budgetary consequence.

We have to find a way to account for it. That is a bias within our system. And to add PAYGO to both would, therefore, be unfair, both because the tax cuts, unlike spending, add directly to economic growth. And it is incredibly important, we can have that debate without having the PAYGO, but have that debate, an honest debate. Second is the fact that in our current system, let us face it, there is a bias right now in favor of spending.

I thank, again, the chairman for bringing this to the floor. I think it is a responsible approach to just enforcing the budget we have, to be sure the chairman of the Committee on Appropriations can do his job, and do it well.

Mr. SPRATT. Mr. Chairman, I yield 10 seconds it the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Chairman, had I had the time, I would have simply asked, why did the gentleman vote for this in 1997?

Mr. SPRATT. Mr. Chairman, I yield 5 seconds to the gentleman from Ohio (Mr. PORTMAN) to respond.

Mr. NUSSLE. Mr. Chairman, I yield the gentleman from Ohio 10 seconds.

The CHAIRMAN pro tempore. The gentleman from Ohio (Mr. PORTMAN) is recognized for 15 seconds.

Mr. PORTMAN. Mr. Chairman, I would tell the gentleman two things. Number one, at that time we were working on a bipartisan basis to try to get a balanced budget agreement through the Congress, which we did support. We wanted a cap on spending, you wanted it on taxes, and we came up with a compromise in order to get that 1997 balanced budget agreement through, which was a good agreement in the sense that it restrained spending. That part of it was good, and the economy grew; and I think we should learn from that.

Today, what we are trying do again is to get this economy growing and restrain spending through these caps. That is the key.

□ 1630

Mr. SPRATT. Mr. Chairman, I yield myself 10 seconds to remind the gentleman that we have 1.3 million fewer jobs today than we had on March 1, 2001 at the beginning of the Bush administration. First amendment, first recession since the end of the Second World War with that result.

Mr. Chairman, I yield 2½ minutes to the gentleman from Alabama (Mr. DAVIS).

Mr. DAVIS of Alabama. Mr. Chairman, let me thank the gentleman from South Carolina (Mr. SPRATT) for yielding me time.

Mr. Chairman, if I can purport to get into the heads of the majority and answer that question for myself for a minute, I think it is fairly basic. I would guess, Mr. Chairman, the reason is about 5, 6 years ago there was an overwhelming consensus in this body that we apply PAYGO to both tax and spending for a very simple reason. It is good common sense. It is only basic fairness.

If I can, Mr. Chairman, let me make this point. This sounds like a very esoteric debate to a lot of people who are listening right now. Do we apply PAYGO to revenues? Do we apply PAYGO to spending? And there is a certain technical-sounding aspect to it.

There is a way to cut to the chase and make this a whole lot simpler. Who do we make bear the brunt of discipline and sacrifice in this country? It is very clear after listening to a lot of the very able adversaries on the other side of the aisle that they are not terribly interested in asking but a few people to sacrifice in this country. They are only interested in seeking to impose discipline on but a few of us, and they in the name of tax cuts would seal off a whole portion of our population, namely people who are receiving huge tax cuts because of their income, from the brunt and burden of sacrifice.

This is what we ought to understand today. We may argue about all kinds of aspects of the Clinton years, but they were enormously successful in bringing this economy back, creating jobs and leading us into surplus.

These facts are indisputable. When William Jefferson Clinton left the White House, we had a surplus of $122 billion. Today as George W. Bush submits himself to the country for re-election, we have a deficit of around $500 billion. If any CEO in America had gone from having that kind of surplus to that kind of a deficit in 4 years, his contract would absolutely not be renewed. This is a fundamental question of how fair we are as a people. Are we fairer now than we were four years ago?

And I would submit that it is fundamentally wrong and fiscally irresponsible to only ask people who do not have certain influence, who do not have a certain voice in this society to bear the brunt.

So the reality is if we decide, we are going to apply these PAYGO rules, there ought to be a very simple test, Mr. Chairman, number one, what would bring us closer to fiscal soundness and, number two, what provides for fairness. It is only fair and only reasonable that we do what an overwhelming majority of the Republicans wanted to do 5 years ago. What is good for the goose is good for the gander, and if we can somehow make these rules work, then we will be back on the way to fiscal stability in this country.

Mr. NUSSLE. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. TOOMEY), a member of the Committee on the Budget.

Mr. TOOMEY. Mr. Chairman, let me just suggest to the gentleman from Maryland who raised the question about 1997, there is a big difference between imposing PAYGO on the revenue side in 1997 versus doing so today, and the big difference is doing it in 1997 did not result necessarily in a big tax increase. Doing it today, as the minority party would like to do, would absolutely result in a huge tax increase because of the provisions in the Senate. That is a big difference. A huge tax increase versus not having a huge tax increase is a big difference.

Let me just say, I congratulate our chairman and the members of the committee who got this bill to this point on the floor. It is so important that we find a way to control and limit the growth in spending for a number of reasons, as this bill does, but I think that one of the main reasons is it is just so fundamentally important and incumbent upon us to be adopting policies that allow the American people to maximize economic growth and prosperity, opportunity for themselves, for their wages to grow and their standard of living to improve. That is what we ought to be all about.

Well, the empirical evidence is very clear that one of the greatest threats to that kind of prosperity comes from excessive government intervention in the economy. The government intervenes and threatens economic growth in lots of ways, but the two biggest ways that the government does that is through excessive government spending and excessive taxes.

On the spending side, I think we ought to acknowledge that on the margin, excessive growth spending results in less economic growth. That is what happens. It is because the government essentially misallocates capital.

Let us face it. When we are here in Washington spending money, what we are doing is allocating capital based on political needs. Members of Congress tend to vote to spend money on that which they think will help them get reelected. That does not make us bad people. That is the natural tendency of a represented body. That is what governments do. But what it means, this political self-preservation, what it ends up meaning is that the excess spending of other people's money, by the way, might maximize incumbent retention, but it certainly does not maximize economic growth. And I think that is what we ought to be all about here.

In fact, the tendency is forever more government spending. We see that now we are spending over 20 percent of GDP; whereas, just 3 years ago it was only 18 percent. We have got larger deficits now. The government is growing faster than the economy. All the things point in the same direction. We need some limits on spending growth. That is what this is all about.

Let us keep in mind that the caps that we have on discretionary spending in this bill, the PAYGO provision that we have on mandatory spending, there is no spending cuts. Nothing is cut. Frankly, I would like to cut some spending. I wish there were, but there is not.

And we all know that there is no guarantee that the caps will even hold. If we could get them passed and signed into law, you know, Congress usually has a way of busting the caps, but what they do and the important role that they can play is they help on the margin to provide a break on the rate of growth of spending, and that is what is so important.

I mentioned the other big way in which government intervention harms economic growth, and that is excessive taxes. And there is just no question. The evidence is overwhelming. And the good news is that when we have taken the measures of lowering the tax burden as we did, if we can make those tax cuts permanent, we can continue to enjoy the tremendous economic growth that is underway right now.

So I urge my colleagues to reject the Democratic substitute and support this underlying bill.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, this is one fine exercise in utter budget hypocrisy. The crowd in charge of this House has failed to produce a budget. We have no budget agreement with the Senate, it remains deadlocked in conference committee, and now they direct us to spend an afternoon on the floor in this charade of an exercise in budget responsibility.

The budget debate has been something to watch. It has been contentious, it has been mean, it has turned personal, and that is just between the Republicans. They control the White House, they control the House, they control the Senate, and they have not produced a budget. No party has had solid control of all three points of power and not produced a budget in years and years and years.

Yet, rather than resolve that naughty little issue of not having a budget, they come to the floor and preen about with this budget enforcement resolution. It is a joke.

If on the face of it, it was not ridiculous already, just look behind the circumstances, briefly. The people who have brought this to the floor are the people who have pushed this country deeply into deficits, spiraling deficits that have forced us to increase the national borrowing limit of our Nation twice because we have hit the credit limit of the United States of America. Yesterday they put one in, and this week they have put a place-holder in to raise it yet a third time, bringing debt borrowing authority to over $8 trillion. We are screaming in red ink, and they cannot get a budget.

Secondly, they bring a sham PAYGO requirement up that has nothing to do with revenues. Can my colleagues imagine a family trying to get a hold of their finances saying, honey, we have to cut back on the expenses, but because we do not count the revenue side, I am going to half-time at work because I do not want to put in so many hours.

Of course you cannot balance a budget without looking at spending, without looking at revenue, but that is expressly prohibited under their PAYGO requirement. This is a sham. It is an embarrassment to this House. Reject it.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. PUTNAM), a member of the Committee on the Budget.

(Mr. PUTNAM asked and was given permission to revise and extend his remarks.)

Mr. PUTNAM. Mr. Chairman, I thank my chairman for yielding me this time.

It is an important debate that we are having today, I think one that cuts across party lines, it cuts across generational lines, this issue of fiscal responsibility, and really keeping our word, keeping our commitment to a process that was put in place 30 years ago with the creation of the Committee on the Budget, with the commitment to control spending, to send forward a blueprint of priorities for the Federal Government, and then follow through on it.

Many people would be amazed to know, and if we could, please pull up chart 16; many people would be amazed to know that two-thirds of the Federal budget is on auto pilot. It is on auto pilot. Only one-third of the budget is subject to annual review, change that leads to a debate that leads to a vote that all of us are then held accountable for through the regular appropriations process. But two-thirds of the budget continues to grow year after year, really without direct input from the Committee on Appropriations or from the Congress as a whole. That is not good, long-term fiscal policy.

The programs within mandatory spending are worthwhile. They are important, but they are not so important that they should be exempt from congressional review. And as we move through this debate, and it is going to be a long debate, but it is an important debate; as we move through this, it is a healthy process for us to move forward with reform efforts that bring that two-thirds back under the control of the Congress and let us exert the control and take the responsibility that we were hired to take on.

I applaud our chairman and the distinguished Chairman of the Committee on Appropriations for working through these issues and having this important discussion about retaking congressional responsibility for the fiscal future of this country.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. WOLF).

(Mr. WOLF asked and was given permission to revise and extend his remarks.)

Mr. WOLF. Mr. Chairman, I rise in strong opposition to this bill.

Let me tell my colleagues what James Madison from Virginia said. James Madison, who is called the Father of the Constitution, devoted five Federalist papers to an explanation of how the executive, legislative and judicial branches were to be wholly independent of each other, yet this bill would enable the President to determine what this Congress does. Madison, the Father of the Constitution, said, ''The accumulation of all powers, legislative, executive, and judicial, in the same hands, whether of one, a few, or many, may justly be pronounced the very definition of tyranny.''

Madison believed the preservation of liberty depends on the separation of powers. He said, ''Its several constituent parts may, by their mutual relations, be the means of keeping each other in their proper places.''

This bill does not keep each body in its proper place. This bill, in essence, says we will save the Congress from itself. Let us save us, and not have the President decide.

Lastly, George Washington, the Father of our country in his Farewell Address, spoke of the ''love of power and the proneness to abuse which predominates in the human heart'' and warned of the ''necessity of reciprocal checks of political power, by dividing and distributing it into different depositories and constituting each the guardian against invasions by the others.''

This basically is an invasion of the executive branch. I love President Bush. I pray for President Bush every single night. I want President Bush to be successful, but we ought not give authority and power to any branch. This should be held by the Congress.

For that reason, and for Madison, Monroe, Washington, and Jefferson, I ask for a no vote on this bill.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Florida (Ms. GINNY BROWN-WAITE), a member of the Committee on the Budget.

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, spending discipline is needed and it is needed now. The time for talk is over. We have to focus on a basic budget problem, and that is spending. America cannot spend its way out of our deficit. Real action is needed, and the Nussle resolution demonstrates Congress's commitment to protecting America's taxpayers.

Mr. Chairman, earlier this year, we had a budget here in the committee and on the floor, and that budget helped to combat the deficit, cut back on the deficit. It is amazing that those same people on the other side of the aisle who say that they care so much about the deficit, so many of them did not vote in favor of it.

This resolution guarantees that we will win the budget battle. It reinstates spending controls with the force of law and ensures that Congress will stay the course in promoting a fiscally responsible budget.

□ 1645

There are some fears that by adopting this resolution Congress will turn its back on those most in need. What a great opportunity for opportunists to engage in frightening discourse trying to frighten our most vulnerable people. Obviously, this is very untrue.

First of all, we have always made funding for various groups, whether it be veterans or seniors, a top priority. Number two, we fought for these on very often a bipartisan level in the past and will continue to fight for them. Number three, will we have to make some tough decisions if spending caps are imposed? Absolutely. We will have more domestic spending, and maybe we will spend a little bit less on some of the countries that we give foreign aid to who turn their backs on us when we need them.

Our country needs a practical remedy to the deficit crisis. And this bill is the right solution at the right time.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. PRICE).

(Mr. PRICE of North Carolina asked and was given permission to revise and extend his remarks.)

Mr. PRICE of North Carolina. Mr. Chairman, the Republican pay-as-you-go proposal makes no fiscal sense. Leaving revenues out of the picture is like trying to fill a bucket with a gaping hole in it. It simply will not work.

We did it right in 1990 when Congress and the President came together on a bipartisan basis and undertook a courageous effort to balance the Federal budget. Integral to this effort was a real pay-as-you-go rule that controlled both spending and tax cuts. The result was budget discipline that worked, and eventually the first budget surplus in decades.

Deficits are not caused by discretionary spending alone or by entitlement spending alone or by revenue shortfalls alone. All three elements contribute. And it is folly to pretend that fiscal balance can be attained without addressing all three.

Mr. Chairman, we could cut every last dime of domestic discretionary spending; we could eliminate funding for education, highways, health research, veterans health care, the environment and all the rest of the domestic discretionary budget and we would still run a deficit. Why? Because we have enacted trillions of dollars in tax cuts mainly benefiting our country's wealthiest people. And we have not paid for them.

The President and this Congress have defied the budget rules. They have abandoned fiscal sanity. The result is deficits now approaching $500 billion a year. And far from correcting this folly, this Republican budget reform bill would actually codify it.

This bill is a sham. I know it. My colleagues know it. The leadership of this Chamber knows it. And soon the American people will know it too.

Vote ''no'' on the Republicans' leaky bucket; vote ''yes'' on the Spratt substitute.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. FEENEY).

Mr. FEENEY. Mr. Chairman, I thank the distinguished chairman and appreciate his great work on this issue. I will tell my colleagues that the problem of spending in democracies is nothing new. It is not endemic to America. Churchill once said, ''There is nothing so easily learned by one government from the last government as spending other people's money.'' Indeed, spending other people's money is a very intoxicating experience.

Our Democratic friends say that PAYGO applications, finding the money as you go, ought to apply equally to tax cuts as they do to spending. I have got two reasons why that is so true. In the first place, according to Americans for Tax Reform, the average Floridian, where I represent, has to work until July 8 this year to pay for his or her share of Federal, State, local taxation and regulation. I think our Democratic friends would like every Floridian to have to work until August 8 every year to pay for their fair share of the government burden.

Secondly, what our Democratic friends do not understand is that spending is too high, but taxes are not too low.

The other last point I would make about applying PAYGO equally to tax cuts is this: if we had dynamic scoring where people could estimate the actual effects of the tax burden on people, it might be a reasonable idea. Our Democratic friends think if we trim the taxes on something like we did in the case of the luxury tax, we will get 300 percent of the revenue. What we really did was put people out of business, put people more on welfare.

On the other hand, in 1986 the Congress cut the capital gains tax from 28 percent to 20 percent, Federal revenues doubled.

Mr. Chairman, the time now is to restrain ourselves. The chairman of the Committee on the Budget and the entire committee have done a great job. I applaud them for their efforts.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, I am obviously opposed to this irresponsible bill. We had some debate on May 12 when we first took up the budget resolution; and as hard as we listened, we never really got an adequate explanation for why in 1997 the Chair of the Committee on the Budget, and virtually all House Republicans voted for what is now the Democratic alternative. That was a responsible approach.

But now they are suggesting that the budget can be balanced with only a one-sided approach, which we continually explain is impossible to do. Even if you eliminate all nonmilitary domestic discretionary spending, we would not come close to balancing the budget.

So are we really talking about balancing the budget, or are we talking about another agenda? I am afraid the agenda is being driven by the right wing of the Republican Party, who would just as soon eliminate all domestic discretionary spending, Head Start, school lunch programs, health research, you name it; it should be on the cutting block as far as they are concerned. That is not what this country wants. It is not what this country deserves.

Thanks to the Republicans' tax cuts, revenues have plunged now to the lowest level of GDP since 1950. And over the last 3 years, revenue has declined 12 percent. And yet we are suggesting that we leave the revenue side of the budget alone? That is nonsense. You cannot do it when you combine the administration's out-of-control spending with this decline in revenue. The result is a budget deficit that is expected to reach half a trillion dollars this year and will reach $4.5 trillion of deficit over the next decade. That is a realistic number. That is the direction in which you are driving us. It is wrong.

The first President Bush understood that we have got to have balanced PAYGO rules. He was in favor of the Democratic approach. The Federal Reserve Chairman, Alan Greenspan, said we have got to approach both sides of the budget, the revenue side and the spending side. But yet we are going to ignore the experts, we are going to go ahead with this right wing ideological agenda, and our children are the ones who are going to pay the price for it.

I call on my colleagues to defeat this resolution, Mr. Chairman.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Mr. Chairman, I thank the chairman and the leadership of this Congress for tonight's debate of this budget resolution that will be tough and real and a discussion of meaningful reforms. And they are timely, and they are timeless.

In the year 55 B.C., Cicero wrote, ''The national budget must be balanced. The public debt must be reduced; the arrogance of the authorities must be moderated and controlled. Payments to foreign governments must be reduced, if the Nation does not want to go bankrupt.''

Real Federal spending today is at its highest level per person since World War II. And despite the conservative instincts of many of our appropriators in this Congress, the current budget process adopted by a liberal Democratic Congress in 1974 was designed for one purpose and one purpose only: to guarantee the growth of the Federal Government. And that Big Government Democratic spending scheme has worked like a charm for 30 years. In a word, Mr. Chairman, it is not the appropriators; it is the appropriation process.

So let us gather tonight in that spirit, to focus on the changes that will give our spending committee the tools that they need to do what Republicans came to Washington to do, to practice fiscal responsibility, to put our fiscal house in order and achieve a balanced Federal budget. And the stakes could not possibly be higher.

Abraham Lincoln said, and I quote, ''If we do not make common cause to save the good old ship of the Union on this voyage, nobody will have a chance to pilot her on another.''

Let us get behind these resolutions, these changes in this budget process; let us engage in the debate and serve the public's interest in the best way that a Republican Congress knows how, through fiscal discipline, through real reform.

Mr. SPRATT. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Chairman, I rise today in strong opposition to this most fiscally irresponsible Republican budget enforcement bill. My colleagues on the other side of the aisle are right on one thing, this Congress does need to

control the outrageous budget deficit that is fast approaching $500 billion. However, if we want to make serious progress in reducing this deficit, PAYGO rules must be applied to spending and tax cuts. Exempting tax cuts from these budget enforcement rules makes no fiscal sense. Additionally, it threatens to increase the deficit and the burden on our children and our grandchildren; the one that they will have to bear is unfathomable if we do not act responsibly today.

The original PAYGO rules passed by Congress and signed by the first President Bush were essential to restoring this country's fiscal health the last time we faced record deficits. Those rules worked because they applied it to both sides of the equation, spending and tax cuts.

If my colleagues on the other side of the aisle are serious about fiscal responsibility, they would be offering a PAYGO proposal that applies it to entitlement program spending as well as tax cuts. Failing to apply PAYGO rules to tax cuts is little more than a smoke screen that seeks to hide the major contributing factor of this Nation's growing deficit.

As this country faces record deficits in increased spending on homeland security and the war in Iraq, now is the time for fiscal discipline.

When I was a freshman, the thing I was most proud of, the issues I was most proud of serving were that we had a good surplus, we had low unemployment, and we had a good budget.

This is a shame to all of us that are here. We ought to act responsibly on a bipartisan basis and come up with a decent budget proposal that not only affects spending but tax cuts as well.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. GUTKNECHT), a member of the Committee on the Budget.

Mr. GUTKNECHT. Mr. Chairman, Members, I have been listening to this debate, and I would like to distill as best I can the arguments against this bill that we are debating today.

The first one seems to be that it is not tough enough, that it does not include the ability for immediate tax increases. And if that is your reason, that is fine. Go ahead and vote against this.

The other one I think is much more complicated. I want to talk about that for a moment, and that is the separation-of-powers argument in the Constitution. Members, nothing in this bill today changes the constitutional powers that we in the Congress and the executive branch have. The President of the United States would still have the power to veto any appropriation bill or the budget bill. It simply brings the President and the Congress, both bodies in the Congress, together earlier so that we work on a common blueprint.

Imagine, if you will, just for a moment in this great structure, if we had the masons using one blueprint, and we had the carpenters using another blueprint, and the iron workers using a third blueprint. We would not wind up with this building.

What we are saying is we think everybody ought to be in there making the same blueprint from the beginning. That makes sense to every one of our constituents.

Members, look at what has happened over the last several years. From 1995 to 2000, Federal spending grew at an average rate of 3.2 percent. Since we let spending caps and PAYGO expire, that number has doubled to 6.4 percent.

This is a modest attempt to get this Congress and this Federal Government back on an even keel. I think this makes a lot of sense. It makes sense to me. It makes sense to the people that we represent. It makes sense to Alan Greenspan.

But, Members, if you are going to vote against this today, please understand you will be asked about it. Because this vote is going to be scored by the American Conservative Union, the Americans for Tax Reform, Citizens for a Sound Economy, Council for the Citizens Against Government Waste, and the National Taxpayers' Union. People are paying attention to this vote. They want us to have a solid budget. They want us to enforce it. They want us to get back to fiscal sanity, and that begins today.

□ 1700

Mr. SPRATT. Mr. Chairman, I yield 1½ minutes to the gentlewoman from California (Mrs. CAPPS).

(Mrs. CAPPS asked and was given permission to revise and extend her remarks.)

Mrs. CAPPS. Mr. Chairman, I thank my colleague for the time.

Mr. Chairman, I rise in strong support of the Spratt substitute.

The underlying bill continues to avoid the elephant in the room, the cost of endless tax cutting and its role in helping create the largest deficits in American history.

The Spratt substitute, on the other hand, will reinstitute real PAYGO provisions that might just reign in the reckless Republican majority's mismanagement of the Federal budget. I believe that this mismanagement is intentional.

While my colleagues on the other side say that they believe deficits do matter, their actions speak otherwise. In this session of Congress alone, the House has passed hundreds of billions of dollars in tax cuts. The tax cuts come even as we do not even have a budget, and the supporters do not care that the cost of these cuts will be borne by our children in the form of more debt that they will get saddled with.

Why are we allowing these huge and growing deficits? It is called ''starving the beast,'' making the deficit so huge that it gives an argument against spending for the very programs the vast majority of Americans support, support because of our beliefs in what this country stands for and where we place our values.

This fiscally irresponsible underlying bill ill serves this country.

Also, disappointing, but not surprising, is the process under which these amendments are being debated, denying the House an opportunity to have a full and open debate on such an important issue. For example, the Stenholm substitute was not allowed on the floor and the reason is simple. It would probably win. The Republican leadership simply does not want to allow the House to vote on issues where the leadership cannot win, and we have seen this time and time again. Amendments where the majority of the House is in opposition to the leadership just never see the light of day.

It is wrong and I hope Members will support the Spratt substitute and help bring a little sanity to our Federal budget.

Mr. NUSSLE. Mr. Chairman, I yield such time as he may consume to the gentleman from Alaska (Mr. YOUNG), the chairman of the Committee on Transportation and Infrastructure, for the purpose of a colloquy.

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, this bill reinstates the discretionary spending caps for fiscal year 2005 and 2006 and extends the highway and transit firewalls for fiscal years 2004 through 2009 at the levels contained in H.R. 3550, as passed by the House earlier this year.

The inclusion of the highway and transit firewalls in the bill before us today is an important statement that the House intends to continue the budget reforms that were achieved for the Highway Trust Fund in TEA–21.

It is my understanding that the level of the highway and transit firewalls will ultimately be determined by the conference of H.R. 3550 in which the gentleman is a member, in accordance with the fiscal year 2005 budget resolution, which provided for an adjustment in the transportation funding levels.

I would like to clarify my views with the gentleman from Iowa and ask for his assistance in ensuring that the highway and transit firewalls ultimately enacted into law will reflect the agreement of the conferees on H.R. 3550.

Mr. NUSSLE. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Iowa.

Mr. NUSSLE. Mr. Chairman, the chairman is correct. This will, in no way, limit the decision of the conferees for H.R. 3550, the level of highway and transit firewalls. It will be determined consistent with the fiscal year 2005 budget resolution and the contingency procedure contained therein in the conference report on H.R. 3550.

In either case, this is consistent with the fiscal year 2005 budget resolution, and it allows not as a ceiling but a floor to that conference report.

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman for this colloquy.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The Chair would advise that the gentleman from Iowa's (Mr. NUSSLE) time has expired.

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. KIND).

(Mr. KIND asked and was given permission to revise and extend his remarks.)

Mr. KIND. Mr. Chairman, I thank my friend for yielding me time, and I rise in opposition to the Republican budget legislation.

Mr. Chairman, we are here today to debate a very important issue, and that is reinstituting fiscal disciplinary rules in the budget process. We need a meaningful pay-as-you-go rule, one that offsets both spending and tax cuts to achieve balance.

Unfortunately, what is before us today is more like ''pray-as-you-go'' or more like ''pay-a-little-bit-as-you-go'' and leave a legacy of debt to the next generation to inherit.

Unfortunately, we hear a lot of talk on the other side that the problem is always spending, too much spending. Well, if that is the case, then what have you been doing the last 4 years? Republicans have been in control of the House of Representatives. Republicans have been in control of the Senate. There is a Republican President sitting in the White House, and he has not vetoed one spending bill in the last 4 years. Instead, he inherits a 5.6 projected surplus, converts it into a $3 trillion deficit and now claims that spending has run away.

Instead, we could go back to a tried and true method that worked in the 1990s, a pay-as-you-go rule that made sense and brought balance and then budget surpluses that actually allowed us to reduce the national debt. That is what the Spratt substitute allows, and I encourage my colleagues to support the Spratt substitute.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Chairman, I rise in strong opposition to the Republican smokescreen.

It makes infinitely more sense to debate budget reform before voting on a budget, but that kind of common sense regularly escapes this majority and it is why there has not been a budget agreement for over 4 months. In fact, this House has been on a session-long recess when it comes to addressing the health care crisis, educational crisis and retirement security crisis in America.

That is because the majority is scared of being honest with the American people. This is a smoke screen, none of which is going to fool the American people that you are responsible for $3 trillion in additional debt and an annual deficit of $500 billion dollars.

This legislation ignores the advice of Chairman Greenspan, who said it would be a grave mistake to let pay-as-you-go budget enforcement rules expire. This bill even ignores the advice of the gentleman from Iowa, the chairman of the Committee on the Budget, who said just 2 years ago that pay-as-you-go contributed to taming the deficits.

The chairman voted for those rules in 1997. They were good in 1997; they are good now. That vote ensured we made choices, lived within our means and ensured we were held accountable for what we do. Those who voted for the bill in 1997 made sure that we lived within our means, that we made choices as we governed.

The 1990s achieved record economic times: 22 million more jobs; health care and tax cuts for middle class families; 10 million more children without health insurance got insurance; college doors were opened; Social Security was secure. Those are the choices we made and we did it and balanced the budget while we cut taxes for middle class families. Those are the right economic times.

Today, what do we have? Health care costs have gone up by a third. College costs have gone up by 26 percent in the last 2 years. Personal bankruptcies are up by a third since 2000, and in fact, you all want to lay the sign ''mission Accomplished'' above the economy. This economy is not working for the American people and your budget and your $500 billion worth of deficits are the results that the American people have to turn to their children and make them pay their way out of it.

We turned our back on what we learn in the 1990s. If you are in a hole, the first thing to do is stop digging.

The CHAIRMAN. The gentleman from South Carolina (Mr. SPRATT) has 3 minutes remaining.

Mr. SPRATT. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the distinguished ranking member for the time. I also thank him for the good work he has done in bringing some rationale and reason to this process that really impacts the lives of Americans and really the lives of our friends and allies around the world.

I would like to remind my friends that we are at war. This is a difficult time for America. It is a time of sacrifice, but I think it is important to note that the budget resolution that my good friends on the other side of the aisle are trying to shove down this Congress' throat is $18.9 billion for individuals making over $1 million. Is that sacrifice, Mr. Chairman? It is not.

We are standing here today to ask for at least a little hope, a little understanding, a little reason. The Spratt amendment, the substitute that will be on the floor, speaks to reason. Would my colleagues accept the fact that we are at war? Three of our young men, women lost their lives in the last 24 hours in Iraq; $25 billion is going out over the next couple of days; more money will be asked for Iraq and Afghanistan, and yet we want to give $18.9 billion away.

Mr. Chairman, that is not creating any jobs in America, but yet we have legislation that we hope will pass that will invest in quality health care for veterans. Can my colleagues believe it, they are cutting veterans dollars.

Give us critical investments in education. Help us with the long-term unemployed. Some of them are off the unemployment list and never heard from again. Provide for the children who are vulnerable and as well provide the investment in clean water.

We are at war. It is time for sacrifice. We need the Spratt substitute. We do not need $18.9 billion to be given to those making over $1 million. I would ask for a ''no'' vote, and a ''yes'' vote on the Spratt amendment.

Mr. SPRATT. Mr. Chairman, I yield the balance of our time, 1½ minutes, to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Chairman, I thank the gentleman for yielding me time.

We have heard a lot of people say the budget is good. We have heard some people say it is bad. We have heard some people casting blame, and we have heard some people making excuses. I think it is just helpful to start off with what the facts are.

This is a chart showing the deficit back to the Johnson administration, a little bit of deficit, Nixon, Ford, Carter, Reagan and Bush deficit, Clinton from deficit to surplus, Bush deficit. The swing from the surplus to the deficit, $750 billion.

Now, let us put that in perspective. If we look at the revenue, individual income tax, what everybody pays in individual income tax, $800 billion; deterioration in the deficit, 750. Now, when we run up that kind of debt, we run up interest in the national debt. This is the chart that showed that by 2009, we would be paying virtually nothing in interest on the national debt because we had enough surplus to pay off the national debt. This chart shows that we are going to be paying $300 billion a year in interest in the national debt, $300 billion. At $30,000 each, that is enough to hire 10 million people, more than the total number of people drawing unemployment today.

We said we got into that mess to create jobs. This is the chart showing the average job growth, Ford administration back to the Hoover administration. Everybody is net plus until we get to this administration. People look at this chart and say the job growth is good, job growth is bad. Make your own decision.

Mr. BACA. Chairman, I ask unanimous consent to revise and extend my remarks. I rise in opposition to H.R. 4663, the Republican

Budget Enforcement bill and in support of the Spratt Democratic substitute.

This bill is an irresponsible attempt to place the burden of reducing the large budget deficit brought about by huge, new tax cuts on the backs of the vast majority of Americans. The bill relies on one-sided pay-as-you-go rules that will worsen the deficit rather than improve it. The Budget Enforcement bill slashes spending on public services important to all Americans but allows unlimited deficits for tax cuts.

If that wasn't bad enough, the Republican amendments also included this pay-go provision as well as an entitlement cap that would put important government services at risk. Republicans would require that any improvements in entitlement programs be offset with cuts in programs like Medicaid, Medicare, veterans programs, food stamps, and student loans. As a result of the entitlement cap, veterans will get $1.3 billion less than what the House Veterans' Affairs Committee says it needs for veterans' health care programs next year. Education would be cut by more than $1.5 billion in 2006. All these programs would be cut so that important national priorities like tax cuts for the wealthy can be spared. This is their definition of compassionate conservatism.

Because the republican bill would cap nondefense discretionary spending, investments in real priorities like education, veterans' medical care, and law enforcement would be reduced. More Americans will be without access to adequate health care, more students will be left without financial resources to go to college, and more families will be left without hope.

Instead, I support the Spratt substitute amendment, which would establish effective pay-go rules for both spending and tax cuts. Just in case I need to remind anyone, that is the plan that led us out of the first Bush recession into an era of record surpluses in the 1990s.

Let's give our children, our veterans and all Americans the resources they need and support the Spratt substitute amendment and oppose the Republican Budget Enforcement bill.

Mr. PAUL. Mr. Chairman, I support H.R. 4663, the Spending Control Act of 2004, because I believe those of us concerned about the effects of excessive government spending on American liberty and prosperity should support any effort to rein in spending. However, I hold no great expectations that this bill will result in a new dawn of fiscal responsibility. In fact, since this bill is unlikely to pass the Senate, the main effect of today's vote will be to allow members to brag to their constituents that they voted to keep a lid on spending. Many of these members will not tell their constituents that latter this year they will likely vote for a budget busting, pork laden, omnibus spending bill that most members will not even have a chance to read before voting. In fact, last week, many members who I am sure will vote for H.R. 4663 voted against cutting funding for the National Endowment for the Arts (NEA). Last November, many of these same members vote for the greatest expansion of the welfare state since the Great Society. If Congress cannot even bring itself to cut the budget of the NEA or refuse to expand the welfare state, what are the odds that Congress will make the tough choices necessary to restore fiscal order, much less Constitutional government?

Even if this bill becomes law, it is likely that the provision in this bill allowing spending for emergency purposes to exceed the bill's spending caps will prove to be an easily abused loophole allowing future Congresses to avoid the spending limitations in this bill. I am also concerned that, by not applying the spending caps to international of military programs, this bill invites future Congresses to misplace priorities, and ignores a major source of fiscal imprudence. Congress will not get our fiscal house in order until we seriously examine our overseas commitments, such as giving welfare to multinational corporations and subsidizing the defense of allies who are perfectly capable of defending themselves.

Congress already has made numerous attempts to restore fiscal discipline, and none of them has succeeded. Even the much-heralded ''surpluses'' of the nineties were due to the Federal Reserve creating an economic boom and Congress continuing to raid the Social Security trust fund. The surplus was not caused by a sudden outbreak of fiscal conservativism in Washington, DC.

The only way Congress will cease excessive spending is by rejecting the idea that the Federal Government has the authority and the competence to solve all ills, both domestic and international. If the last century taught us anything, it was that big government cannot create utopia. Yet, too many members believe that we can solve all economic problems, eliminate all social ills, and bring about worldwide peace and prosperity by simply creating new federal programs and regulations. However, the well-intended efforts of Congress have exacerbated America's economic and social problems. Meanwhile our international meddling has failed to create perpetual peace but rather lead to perpetual war for perpetual peace.

Every member of Congress has already promised to support limited government by swearing to uphold the United States Constitution. The Constitution limits the Federal Government to a few, well-defined functions. A good start toward restoring Constitutional government would be debating my Liberty amendment (H.J. Res. 15). The Liberty amendment repeals the 16th amendment, thus eliminating the income tax the source of much of the growth of government and loss of individual liberty. The Liberty amendment also explicitly limits the Federal Government to those functions it is Constitutionally authorized to perform.

If Congress were serious about reining in government, it would also eliminate the Federal Reserve Board's ability to inflate the currency. Federal Reserve policy enables excessive government spending by allowing the government to monitorize the debt, and hide the cost of big government through the hidden tax of inflation.

In 1974, during debate on the Congressional Budget Reform and Impoundment Control Act, Congressman H.R. Gross, a libertarian-conservative from Iowa, eloquently addressed the flaws in thinking that budget process reform absent the political will to cut spending would reduce the size of government. Mr. Speaker, I would like to conclude my remarks by quoting Mr. Gross:

Every Member knows that he or she cannot for long spend $75,000 a year on a salary of $42,500 and remain solvent. Every member knows this Government cannot forever spend billions beyond tax revenue and endure.

Congress already has the tools to halt the headlong flight into bankruptcy. It holds the purse strings. No President can impound funds or spend unwisely unless an improvident, reckless Congress makes available the money.

I repeat, neither this nor any other legislation will provide morality and responsibility on the part of Members of Congress.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill is considered read for amendment under the 5-minute rule.

The text of H.R. 4663 is as follows:

H.R. 4663

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Spending Control Act of 2004''.

SEC. 2. EXTENSION OF DISCRETIONARY SPENDING LIMITS.

(a) DISCRETIONARY SPENDING LIMITS.—(1) Section 251(c)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (relating to fiscal year 2004) is amended—

(A) in subparagraph (A), by striking ''$31,834,000,000'' and inserting ''$28,052,000,000''; and

(B) in subparagraph (B), by striking ''$1,462,000,000'' and inserting ''$1,436,000,000'' and by striking ''$6,629,000,000'' and inserting ''$6,271,000,000''.

(2) Section 251(c)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting a dash after ''2005'', by redesignating the remaining portion of such paragraph as subparagraph (D) and by moving it two ems to the right, and by inserting after the dash the following new subparagraphs:

''(A) for the general purpose discretionary category: $817,726,000,000 in new budget authority and $866,056,000,000 in outlays;

''(B) for the highway category: $30,585,000,000 in outlays; and

''(C) for the mass transit category: $1,554,000,000 in new budget authority and $6,787,000,000 in outlays; and''.

(3) Section 251(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting a dash after ''2006'', by redesignating the remaining portion of such paragraph as subparagraph (D) and by moving it two ems to the right, and by inserting after the dash the following new subparagraphs:

''(A) for the general purpose discretionary category: $839,167,000,000 in new budget authority and $851,731,000,000 in outlays;

''(B) for the highway category: $33,271,000,000 in outlays; and

''(C) for the mass transit category: $1,671,000,000 in new budget authority and $7,585,000,000 in outlays; and''.

(4) Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by redesignating paragraphs (4) through (9) as paragraphs (7) through (12) and inserting after paragraph (3) the following new paragraphs:

''(4) with respect to fiscal year 2007—

''(A) for the highway category: $35,248,000,000 in outlays; and

''(B) for the mass transit category: $1,785,000,000 in new budget authority and $8,110,000,000 in outlays;

''(5) with respect to fiscal year 2008—

''(A) for the highway category: $36,587,000,000 in outlays; and

''(B) for the mass transit category: $1,890,000,000 in new budget authority and $8,517,000,000 in outlays; and

''(6) with respect to fiscal year 2009—

''(A) for the highway category: $37,682,000,000 in outlays; and

''(B) for the mass transit category: $2,017,000,000 in new budget authority and $8,968,000,000 in outlays;''.

(b) DEFINITIONS.—Section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subparagraph (B), by—

(A) striking ''the Transportation Equity Act for the 21st Century and the Surface Transportation Extension Act of 2003'' and inserting ''the Transportation Equity Act: A Legacy for Users''; and

(B) inserting before the period at the end the following new clauses:

''(v) 69-8158-0-7-401 (Motor Carrier Safety Grants).

''(vi) 69-8159-0-7-401 (Motor Carrier Safety Operations and Programs).'';

(2) in subparagraph (C), by—

(A) inserting ''(and successor accounts)'' after ''budget accounts''; and

(B) striking ''the Transportation Equity Act for the 21st Century and the Surface Transportation Extension Act of 2003 or for which appropriations are provided pursuant to authorizations contained in those Acts (except that appropriations provided pursuant to section 5338(h) of title 49, United States Code, as amended by the Transportation Equity Act for the 21st Century, shall not be included in this category)'' and inserting ''the Transportation Equity Act: A Legacy for Users or for which appropriations are provided pursuant to authorizations contained in that Act''; and

(3) in subparagraph (D)(ii), by striking ''section 8103 of the Transportation Equity Act for the 21st Century'' and inserting ''section 8103 of the Transportation Equity Act: A Legacy for Users''.

SEC. 3. ADJUSTMENTS TO ALIGN HIGHWAY SPENDING WITH REVENUES.

Subparagraphs (B) through (E) of section 251(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

''(B) ADJUSTMENT TO ALIGN HIGHWAY SPENDING WITH REVENUES.—(i) When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall make adjustments to the highway category for the budget year and each outyear as provided in clause (ii)(I)(cc).

''(ii)(I)(aa) OMB shall take the actual level of highway receipts for the year before the current year and subtract the sum of the estimated level of highway receipts in subclause (II) plus any amount previously calculated under item (bb) for that year.

(bb) OMB shall take the current estimate of highway receipts for the current year and subtract the estimated level of receipts for that year.

''(cc) OMB shall add one-half of the sum of the amount calculated under items (aa) and (bb) to the obligation limitations set forth in the section 8103 of the Transportation Equity Act: A Legacy for Users and, using current estimates, calculate the outlay change resulting from the change in obligations for the budget year and the first outyear and the outlays flowing therefrom through subsequent fiscal years. After making the calculations under the preceding sentence, OMB shall adjust the amount of obligations set forth in that section for the budget year and the first outyear by adding one-half of the sum of the amount calculated under items (aa) and (bb) to each such year.

''(II) The estimated level of highway receipts for the purposes of this clause are—

''(aa) for fiscal year 2004, $30,572,000,000;

''(bb) for fiscal year 2005, $34,260,000,000;

''(cc) for fiscal year 2006, $35,586,000,000;

''(dd) for fiscal year 2007, $36,570,000,000;

''(ee) for fiscal year 2008, $37,603,000,000; and

''(ff) for fiscal year 2009, $38,651,000,000.

''(III) In this clause, the term 'highway receipts' means the governmental receipts credited to the highway account of the Highway Trust Fund.

''(C) In addition to the adjustment required by subparagraph (B), when the President submits the budget under section 1105 of title 31, United States Code, for fiscal year 2006, 2007, 2008, or 2009, OMB shall calculate and the budget shall include for the budget year and each outyear an adjustment to the limits on outlays for the highway category and the mass transit category equal to—

''(i) the outlays for the applicable category calculated assuming obligation levels consistent with the estimates prepared pursuant to subparagraph (D), as adjusted, using current technical assumptions; minus

''(ii) the outlays for the applicable category set forth in the subparagraph (D) estimates, as adjusted.

''(D)(i) When OMB and CBO submit their final sequester report for fiscal year 2004, that report shall include an estimate of the outlays for each of the categories that would result in fiscal years 2005 through 2009 from obligations at the levels specified in section 8103 of the Transportation Equity Act: A Legacy for Users using current assumptions.

''(ii) When the President submits the budget under section 1105 of title 31, United States Code, for fiscal year 2006, 2007, 2008, or 2009, OMB shall adjust the estimates made in clause (i) by the adjustments by subparagraphs (B) and (C).

''(E) OMB shall consult with the Committees on the Budget and include a report on adjustments under subparagraphs (B) and (C) in the preview report.''.

SEC. 4. LEVEL OF OBLIGATION LIMITATIONS.

(a) HIGHWAY CATEGORY.—For the purposes of section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the level of obligation limitations for the highway category is—

(1) for fiscal year 2004, $34,309,000,000;

(2) for fiscal year 2005, $35,671,000,000;

(3) for fiscal year 2006, $36,719,000,000;

(4) for fiscal year 2007, $37,800,000,000;

(5) for fiscal year 2008, $38,913,000,000; and

(6) for fiscal year 2009, $40,061,000,000.

(b) MASS TRANSIT CATEGORY.—For the purposes of section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the level of obligation limitations for the mass transit category is—

(1) for fiscal year 2004, $7,266,000,000;

(2) for fiscal year 2005, $7,750,000,000;

(3) for fiscal year 2006, $8,266,000,000;

(4) for fiscal year 2007, $8,816,000,000;

(5) for fiscal year 2008, $9,403,000,000; and

(6) for fiscal year 2009, $10,029,000,000.

For purposes of this subsection, the term ''obligation limitations'' means the sum of budget authority and obligation limitations.

SEC. 5. ADVANCE APPROPRIATIONS.

Section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subsection:

''(d) ADVANCE APPROPRIATIONS.—In any of fiscal years 2005 through 2006, discretionary advance appropriations provided in appropriation Acts in excess of $23,558,000,000 shall be counted against the discretionary spending limits for the fiscal year for which the appropriation Act containing the advance appropriation is enacted.''.

SEC. 6. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.

(a) PURPOSE.—Section 252(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

''(a) PURPOSE.—The purpose of this section is to assure that any legislation that is enacted before October 1, 2009, that causes a net increase in direct spending will trigger an offsetting sequestration.''.

(b) TIMING.—Section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''any net deficit increase'' and all that follows through ''2002,'' and by inserting ''any net increase in direct spending enacted before October 1, 2009,''.

(c) CALCULATION OF DIRECT SPENDING INCREASE.—Section 252(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking ''deficit'' the first place it appears and inserting ''direct spending'';

(2) in subparagraph (A) by striking ''and receipts'';

(3) in subparagraph (C) by striking ''and receipts''; and

(4) by amending the heading to read as follows: ''CALCULATION OF DIRECT SPENDING INCREASE.—''.

(d) CONFORMING AMENDMENTS.—(1) The heading of section 252(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows: ''ELIMINATING A DIRECT SPENDING INCREASE.—''.

(2) Paragraphs (1), (2), and (4) of section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking ''or receipts'' each place it appears.

(3) Section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''or receipts'' and by striking '', outlays, and receipts'' and inserting ''and outlays''.

(4) Section 254(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(A) in subparagraph (A) by striking ''net deficit increase or decrease'' and by inserting ''net increase or decrease in direct spending'';

(B) in subparagraph (B) by striking ''amount of deficit increase or decrease'' and by inserting ''increase or decrease in direct spending''; and

(C) in subparagraph (C) by striking ''a deficit increase'' and by inserting ''an increase in direct spending''.

SEC. 7. DEFINITIONS.

(a) IN GENERAL.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new paragraphs:

''(20) The term 'advance appropriation' means appropriations that first become available one fiscal year or more beyond the fiscal year for which an appropriation Act making such funds available is enacted.

''(21)(A) Except as provided by subparagraph (B), the term 'emergency requirement' means any provision that provides new budget authority and resulting outlays for a situation that poses a threat to life, property, or national security and is—

''(i) sudden, quickly coming into being, and not building up over time;

''(ii) an urgent, pressing, and compelling need requiring immediate action;

''(iii) subject to subparagraph (B), unforeseen, unpredictable, and unanticipated; and

''(iv) not permanent, temporary in nature.

''(B) An emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, is not unforeseen.''.

(b) FIRE SUPPRESSION; CONTINGENCY OPERATIONS RELATED TO GLOBAL WAR ON TERRORISM.—Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new subparagraph:

''(I) FIRE SUPPRESSION.—(i) If a bill or joint resolution is enacted that provides new budget authority for wildland fire suppression for fiscal year 2005 or fiscal year 2006 that would cause the level of total new budget authority for wildland fire suppression to

exceed the base amount for that fiscal year, the adjustment for that fiscal year shall be the additional new budget authority provided for such purpose and the additional outlays flowing from such amounts, but shall not exceed—

''(I) for the Forest Service for fiscal year 2005 or fiscal year 2006 (as applicable), $400,000,000; and

''(II) for the Department of the Interior for fiscal year 2005 or fiscal year 2006 (as applicable), $100,000,000.

''(ii) For this subparagraph, the term ''base amount'' refers to the average of the obligations of the 10 fiscal years preceding the current year for wildfire suppression in the Forest Service and in the Department of the Interior, as calculated by OMB, but for fiscal year 2005 the base amount is $880,000,000.

''(J) CONTINGENCY OPERATIONS RELATED TO GLOBAL WAR ON TERRORISM.—If, for fiscal year 2005, appropriations for discretionary accounts are enacted for contingency operations related to the global war on terrorism that, pursuant to this subparagraph, the President designates as a contingency operation related to the global war on terrorism and the Congress so designates in statute, the adjustment shall be the total of such appropriations in discretionary accounts so designated, but not to exceed $50,000,000,000, and the outlays flowing in all fiscal years from such appropriations.''.

(c) CONFORMING AMENDMENT.—The second sentence of section 250(c)(4)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows: ''The general purpose discretionary category shall consist of accounts designated in the joint explanatory statement of managers accompanying the conference report on the Spending Control Act of 2004.''.

SEC. 8. PROJECTIONS UNDER SECTION 257.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after paragraph (6) the following new paragraph:

''(7) EMERGENCIES.—New budgetary resources designated under section 251(b)(2)(A) or 251(b)(2)(J) shall not be assumed beyond the fiscal year for which they have been enacted.''.

SEC. 9. EXCEPTION FOR OUTLAY COMPONENTS OF EXPIRING RECEIPTS LEGISLATION.

Section 252(d)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''and'' at the end of subparagraph (A), by striking the period and inserting ''; and'' at the end of subparagraph (B), and by adding at the end the following new subparagraph:

''(C) extending provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 or provisions in sections 101 through 104, section 202, or sections 301 and 302 of the Jobs and Growth Tax Relief Reconciliation Act of 2003.''.

SEC. 10. REPORTS.

Subsections (c)(2) and (f)(2)(A) of section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking ''2002'' and inserting ''2006 (or 2009 solely for purposes of enforcing the discretionary spending limits for the highway and mass transit categories)''.

SEC. 11. EXPIRATION.

Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''2002'' and inserting ''2006 (or 2009 solely for purposes of enforcing the discretionary spending limits for the highway and mass transit categories)'' and by striking ''2006'' and inserting ''2013''.

SEC. 12. TECHNICAL CORRECTIONS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In section 250(a), strike ''SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES'' and insert ''Sec. 256. General and special sequestration rules'' in the item relating to section 256.

(2) In subparagraphs (F), (G), (H), (I), (J), and (K) of section 250(c)(4), insert ''subparagraph'' after ''described in'' each place it appears.

(3) In section 250(c)(18), insert ''of'' after ''expenses''.

(4) In section 251(b)(1)(A), strike ''committees'' the first place it appears and insert ''Committees''.

(5) In section 251(b)(1)(C)(i), strike ''fiscal years'' and insert ''fiscal year''.

(6) In section 251(b)(1)(D)(ii), strike ''fiscal years'' and insert ''fiscal year''.

(7) In section 252(b)(2)(B), insert ''the'' before ''budget year''.

(8) In section 252(c)(1)(C)(i), strike ''paragraph (1)'' and insert ''subsection (b)''.

(9) In section 254(c)(3)(A), strike ''subsection'' and insert ''section''.

(10) In section 254(f)(4), strike ''subsection'' and insert ''section'' and strike ''sequesterable'' and insert ''sequestrable''.

(11) In section 255(g)(1)(B), move the fourteenth undesignated clause 2 ems to the right.

(12) In section 255(g)(2), insert ''and'' after the semicolon at the end of the next-to-last undesignated clause.

(13) In section 255(h)—

(A) strike ''and'' after the semicolon in the ninth undesignated clause;

(B) insert ''and'' after the semicolon at the end of the tenth undesignated clause; and

(C) strike the semicolon at the end and insert a period.

(14) In section 256(k)(1), strike ''paragraph (5)'' and insert ''paragraph (6)''.

(15) In section 257(b)(2)(A)(i), strike ''differenes'' and insert ''differences''.

The CHAIRMAN. No amendment to the bill shall be in order except those printed in House Report 108–566. Each amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered read, debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

It is now in order to consider amendment No. 1 printed in House Report 108–566.

AMENDMENT NO. 1 OFFERED BY MR. BRADY OF TEXAS

Mr. BRADY of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. BRADY of Texas:

Page 2, after line 3, insert the following: ''TITLE I—EXTENSION OF DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO REQUIREMENTS''.

Redesignate sections 2 through 9 as sections 101 through 108, respectively, and on page 10, after line 21, add the following new title:

TITLE II—ESTABLISHMENT OF FEDERAL AGENCY SUNSET COMMISSION

SEC. 201. REVIEW AND ABOLISHMENT OF FEDERAL AGENCIES.

(a) SCHEDULE FOR REVIEW.—Not later than one year after the date of the enactment of this Act, the Federal Agency Sunset Commission established under section 202 (in this title referred to as the ''Commission'') shall submit to Congress a schedule for review by the Commission, at least once every 12 years (or less, if determined appropriate by Congress), of the abolishment or reorganization of each agency.

(b) REVIEW OF AGENCIES PERFORMING RELATED FUNCTIONS.—In determining the schedule for review of agencies under subsection (a), the Commission shall provide that agencies that perform similar or related functions be reviewed concurrently to promote efficiency and consolidation.

(c) ABOLISHMENT OF AGENCIES.—

(1) IN GENERAL.—Each agency shall—

(A) be reviewed according to the schedule created pursuant to this section; and

(B) be abolished not later than one year after the date that the Commission completes its review of the agency pursuant to such schedule, unless the agency is reauthorized by the Congress.

(2) EXTENSION.—The deadline for abolishing an agency may be extended for an additional two years after the date described in paragraph (1)(B) if the Congress enacts legislation extending such deadline by a vote of a super majority of the House of Representatives and the Senate.

SEC. 202. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the ''Federal Agency Sunset Commission''.

(b) COMPOSITION.—The Commission shall be composed of 12 members (in this title referred to as the ''members'') who shall be appointed as follows:

(1) Six members shall be appointed by the Speaker of the House of Representatives, one of whom may include the Speaker of the House of Representatives, with minority members appointed with the consent of the minority leader of the House of Representatives.

(2) Six members shall be appointed by the majority leader of the Senate, one of whom may include the majority leader of the Senate, with minority members appointed with the consent of the minority leader of the Senate.

(c) QUALIFICATIONS OF MEMBERS.—

(1) IN GENERAL.—(A) Of the members appointed under subsection (b)(1), four shall be members of the House of Representatives (not more than two of whom may be of the same political party), and two shall be an individual described in subparagraph (C).

(B) Of the members appointed under subsection (b)(2), four shall be members of the Senate (not more than two of whom may be of the same political party) and two shall be an individual described in subparagraph (C).

(C) An individual under this subparagraph is an individual—

(i) who is not a member of Congress; and

(ii) with expertise in the operation and administration of Government programs.

(2) CONTINUATION OF MEMBERSHIP.—If a member was appointed to the Commission as a Member of Congress and the member ceases to be a Member of Congress, that member shall cease to be a member of the Commission. The validity of any action of the Commission shall not be affected as a result of a member becoming ineligible to serve as a member for the reasons described in this paragraph.

(d) INITIAL APPOINTMENTS.—All initial appointments to the Commission shall be made

not later than 90 days after the date of the enactment of this Act.

(e) CHAIRMAN; VICE CHAIRMAN.—

(1) INITIAL CHAIRMAN.—An individual shall be designated by the Speaker of the House of Representatives from among the members initially appointed under subsection (b)(1) to serve as chairman of the Commission for a period of 2 years.

(2) INITIAL VICE-CHAIRMAN.—An individual shall be designated by the majority leader of the Senate from among the individuals initially appointed under subsection (b)(2) to serve as vice-chairman of the Commission for a period of two years.

(3) ALTERNATE APPOINTMENTS OF CHAIRMEN AND VICE-CHAIRMEN.—Following the termination of the two-year period described in paragraphs (1) and (2), the Speaker and the majority leader shall alternate every two years in appointing the chairman and vice-chairman of the Commission.

(f) TERMS OF MEMBERS.—

(1) MEMBERS OF CONGRESS.—Each member appointed to the Commission who is a member of Congress shall serve for a term of six years, except that, of the members first appointed under paragraphs (1) and (2) of subsection (b), 2 members shall be appointed to serve a term of three years under each such paragraph.

(2) OTHER MEMBERS.—Each member of the Commission who is not a member of Congress shall serve for a term of three years.

(3) TERM LIMIT.—(A) A member of the Commission who is a member of Congress and who serves more than three years of a term may not be appointed to another term as a member.

(B) A member of the Commission who is not a member of Congress and who serves as a member of the Commission for more than 56 months may not be appointed to another term as a member.

(g) POWERS OF COMMISSION.—

(1) HEARINGS AND SESSIONS.—The Commission may, for the purpose of carrying out this title, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers appropriate. The Commission may administer oaths to witnesses appearing before it.

(2) OBTAINING INFORMATION.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out its duties under this title. Upon request of the Chairman, the head of that department or agency shall furnish that information to the Commission in a full and timely manner.

(3) SUBPOENA POWER.—(A) The Commission may issue a subpoena to require the attendance and testimony of witnesses and the production of evidence relating to any matter under investigation by the Commission.

(B) If a person refuses to obey an order or subpoena of the Commission that is issued in connection with a Commission proceeding, the Commission may apply to the United States district court in the judicial district in which the proceeding is held for an order requiring the person to comply with the subpoena or order.

(4) IMMUNITY.—The Commission is an agency of the United States for purposes of part V of title 18, United States Code (relating to immunity of witnesses).

(5) CONTRACT AUTHORITY.—The Commission may contract with and compensate government and private agencies or persons for services without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(h) COMMISSION PROCEDURES.—

(1) MEETINGS.—The Commission shall meet at the call of the Chairman.

(2) QUORUM.—Seven members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(i) PERSONNEL MATTERS.—

(1) COMPENSATION.—Members shall not be paid by reason of their service as members.

(2) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(3) DIRECTOR.—The Commission shall have a Director who shall be appointed by the Chairman. The Director shall be paid at a rate not to exceed the maximum rate of basic pay payable for GS–15 of the General Schedule.

(4) STAFF.—The Director may appoint and fix the pay of additional personnel as the Director considers appropriate.

(5) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Commission shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates.

(j) OTHER ADMINISTRATIVE MATTERS.—

(1) POSTAL AND PRINTING SERVICES.—The Commission may use the United States mails and obtain printing and binding services in the same manner and under the same conditions as other departments and agencies of the United States.

(2) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission, on a reimbursable basis, the administrative support services necessary for the Commission to carry out its duties under this title.

(3) EXPERTS AND CONSULTANTS.—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(k) SUNSET OF COMMISSION.—The Commission shall terminate on December 31, 2026, unless reauthorized by Congress.

SEC. 203. REVIEW OF EFFICIENCY AND NEED FOR FEDERAL AGENCIES.

(a) IN GENERAL.—The Commission shall review the efficiency and public need for each agency in accordance with the criteria described in section 204.

(b) RECOMMENDATIONS; REPORT TO CONGRESS.—The Commission shall submit to Congress and the President not later than September 1 of each year a report containing—

(1) an analysis of the efficiency of operation and public need for each agency to be reviewed in the year in which the report is submitted pursuant to the schedule submitted to Congress under section 201;

(2) recommendations on whether each such agency should be abolished or reorganized;

(3) recommendations on whether the functions of any other agencies should be consolidated, transferred, or reorganized in an agency to be reviewed in the year in which the report is submitted pursuant to the schedule submitted to Congress under section 201; and

(4) recommendations for administrative and legislative action with respect to each such agency, but not including recommendations for appropriation levels.

(c) DRAFT LEGISLATION.—The Commission shall submit to Congress and the President not later than September 1 of each year a draft of legislation to carry out the recommendations of the Commission under subsection (b).

(d) INFORMATION GATHERING.—The Commission shall—

(1) conduct public hearings on the abolishment of each agency reviewed under subsection (b);

(2) provide an opportunity for public comment on the abolishment of each such agency;

(3) require the agency to provide information to the Commission as appropriate; and

(4) consult with the General Accounting Office, the Office of Management and Budget, the Comptroller General, and the chairman and ranking minority members of the committees of Congress with oversight responsibility for the agency being reviewed regarding the operation of the agency.

(e) USE OF PROGRAM INVENTORY.—The Commission shall use the program inventory prepared under section 208 in reviewing the efficiency and public need for each agency under subsection (a).

SEC. 204. CRITERIA FOR REVIEW.

The Commission shall evaluate the efficiency and public need for each agency pursuant to section 203(a) using the following criteria:

(1) The effectiveness, and the efficiency of the operation of, the programs carried out by each such agency.

(2) Whether the programs carried out by the agency are cost-effective.

(3) Whether the agency has acted outside the scope of its original authority, and whether the original objectives of the agency have been achieved.

(4) Whether less restrictive or alternative methods exist to carry out the functions of the agency.

(5) The extent to which the jurisdiction of, and the programs administered by, the agency duplicate or conflict with the jurisdiction and programs of other agencies.

(6) The potential benefits of consolidating programs administered by the agency with similar or duplicative programs of other agencies, and the potential for consolidating such programs.

(7) The number and types of beneficiaries or persons served by programs carried out by the agency.

(8) The extent to which any trends, developments, and emerging conditions that are likely to affect the future nature and extent of the problems or needs that the programs carried out by the agency are intended to address.

(9) The extent to which the agency has complied with the provisions contained in the Government Performance and Results Act of 1993 (Public Law 103–62; 107 Stat. 285).

(10) The promptness and effectiveness with which the agency seeks public input and input from State and local governments on the efficiency and effectiveness of the performance of the functions of the agency.

(11) Whether the agency has worked to enact changes in the law that are intended to benefit the public as a whole rather than the specific business, institution, or individuals that the agency regulates.

(12) The extent to which the agency has encouraged participation by the public as a whole in making its rules and decisions rather than encouraging participation solely by those it regulates.

(13) The extent to which the public participation in rulemaking and decisionmaking of the agency has resulted in rules and decisions compatible with the objectives of the agency.

(14) The extent to which the agency complies with section 552 of title 5, United States Code (commonly known as the ''Freedom of Information Act'').

(15) The extent to which the agency complies with equal employment opportunity requirements regarding equal employment opportunity.

(16) The extent of the regulatory, privacy, and paperwork impacts of the programs carried out by the agency.

(17) The extent to which the agency has coordinated with State and local governments in performing the functions of the agency.

(18) The potential effects of abolishing the agency on State and local governments.

(19) The extent to which changes are necessary in the authorizing statutes of the agency in order that the functions of the agency can be performed in the most efficient and effective manner.

SEC. 205. COMMISSION OVERSIGHT.

(a) MONITORING OF IMPLEMENTATION OF RECOMMENDATIONS.—The Commission shall monitor implementation of laws enacting provisions that incorporate recommendations of the Commission with respect to abolishment or reorganization of agencies.

(b) MONITORING OF OTHER RELEVANT LEGISLATION.—

(1) IN GENERAL.—The Commission shall review and report to Congress on all legislation introduced in either house of Congress that would establish—

(A) a new agency;

(B) a new program to be carried out by an existing agency.

(2) REPORT TO CONGRESS.—The Commission shall include in each report submitted to Congress under paragraph (1) an analysis of whether—

(A) the functions of the proposed agency or program could be carried out by one or more existing agencies;

(B) the functions of the proposed agency or program could be carried out in a less restrictive manner than the manner proposed in the legislation; and

(C) the legislation provides for public input regarding the performance of functions by the proposed agency or program.

SEC. 206. RULEMAKING AUTHORITY.

The Commission may promulgate such rules as necessary to carry out this title.

SEC. 207. RELOCATION OF FEDERAL EMPLOYEES.

If the position of an employee of an agency is eliminated as a result of the abolishment of an agency in accordance with this title, there shall be a reasonable effort to relocate such employee to a position within another agency.

SEC. 208. PROGRAM INVENTORY.

(a) PREPARATION.—The Comptroller General and the Director of the Congressional Budget Office, in cooperation with the Director of the Congressional Research Service, shall prepare an inventory of Federal programs (in this title referred to as the ''program inventory'') within each agency.

(b) PURPOSE.—The purpose of the program inventory is to advise and assist the Congress and the Commission in carrying out the requirements of this title. Such inventory shall not in any way bind the committees of the Senate or the House of Representatives with respect to their responsibilities under this title and shall not infringe on the legislative and oversight responsibilities of such committees. The Comptroller General shall compile and maintain the inventory and the Director of the Congressional Budget Office shall provide budgetary information for inclusion in the inventory.

(c) INVENTORY CONTENT.—The program inventory shall set forth for each program each of the following matters:

(1) The specific provision or provisions of law authorizing the program.

(2) The committees of the Senate and the House of Representatives which have legislative or oversight jurisdiction over the program.

(3) A brief statement of the purpose or purposes to be achieved by the program.

(4) The committees which have jurisdiction over legislation providing new budget authority for the program, including the appropriate subcommittees of the Committees on Appropriations of the Senate and the House of Representatives.

(5) The agency and, if applicable, the subdivision thereof responsible for administering the program.

(6) The grants-in-aid, if any, provided by such program to State and local governments.

(7) The next reauthorization date for the program.

(8) A unique identification number which links the program and functional category structure.

(9) The year in which the program was originally established and, where applicable, the year in which the program expires.

(10) Where applicable, the year in which new budget authority for the program was last authorized and the year in which current authorizations of new budget authority expire.

(d) BUDGET AUTHORITY.—The report also shall set forth for each program whether the new budget authority provided for such programs is—

(1) authorized for a definite period of time;

(2) authorized in a specific dollar amount but without limit of time;

(3) authorized without limit of time or dollar amounts;

(4) not specifically authorized; or

(5) permanently provided,

as determined by the Director of the Congressional Budget Office.

(e) CBO INFORMATION.—For each program or group of programs, the program inventory also shall include information prepared by the Director of the Congressional Budget Office indicating each of the following matters:

(1) The amounts of new budget authority authorized and provided for the program for each of the preceding four fiscal years and, where applicable, the four succeeding fiscal years.

(2) The functional and subfunctional category in which the program is presently classified and was classified under the fiscal year 2001 budget.

(3) The identification code and title of the appropriation account in which budget authority is provided for the program.

(f) MUTUAL EXCHANGE OF INFORMATION.—The General Accounting Office, the Congressional Research Service, and the Congressional Budget Office shall permit the mutual exchange of available information in their possession which would aid in the compilation of the program inventory.

(g) ASSISTANCE BY EXECUTIVE BRANCH.—The Office of Management and Budget, and the Executive agencies and the subdivisions thereof shall, to the extent necessary and possible, provide the General Accounting Office with assistance requested by the Comptroller General in the compilation of the program inventory.

SEC. 209. DEFINITION OF AGENCY.

As used in this title, the term ''agency'' has the meaning given that term by section 105 of title 5, United States Code, except that such term includes an advisory committee as that term is defined in section 102(2) of the Federal Advisory Committee Act.

SEC. 210. OFFSET OF AMOUNTS APPROPRIATED.

Amounts appropriated to carry out this title shall be offset by a reduction in amounts appropriated to carry out programs of other Federal agencies.

The CHAIRMAN. Pursuant to House Resolution 692, the gentleman from Texas (Mr. BRADY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Chairman, I yield myself such time as I may consume.

I rise today with my colleague the gentleman from Texas (Mr. TURNER) to offer the elimination of obsolete agencies and Federal sunset amendment.

President Reagan once said, The closest thing to immortality on this earth is a Federal program. President Carter said, ''Too many Federal programs have been allowed to continue indefinitely without examining whether they are accomplishing what they were meant to do. The country's needs and priorities change, and we must assure that government programs change with them.'' That is why he supported a Federal sunset law.

Republicans and Democrats can agree together that our Federal Government is simply too wasteful. In a time of war and deficits, we need to make sure that every dollar counts.

A Federal sunset law is a proven and thoughtful way to balance obsolete Federal programs, eliminate duplication and hold every Federal agency accountable to taxpayers.

The sunset law creates a bipartisan, 12-member sunset commission, appointed half by the House and half by the Senate, half by Republicans and half by Democrats. It assigns an expiration date to every Federal agency and program. It requires them to justify their existence to taxpayers, not their value 50 years ago when they were created, but does it justify our precious tax dollars today.

The problem is that once a program is created Congress clones it again and again. The average Federal program duplicates five others. At last count, there were 64 separate welfare programs, over 100 different job training programs, and over 300 economic development programs stretched over 13 separate agencies. With our deficit so large, and Congress constantly scratching for resources to meet America's true priorities, can we afford this wasteful spending?

Best of all, under this Act, there are no sacred cows. Every agency is held equally accountable and must regularly prove to taxpayers that it deserves our precious tax dollars today. The days where Federal programs live to eternity whether they are needed or not will be over.

For the first time, we tell Federal programs to put up or shut up, produce or leave, and then Congress can invest those precious tax dollars in programs and people that succeed and not one dime for those that do not.

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Successful programs thrive under sunset, and this program works. More than over half the States in America have sunset acts. In Texas, where I served in the legislature, they have thoughtfully eliminated some 44 programs and saved State taxpayers over a billion dollars. Results vary from State to State; but with a strong commitment, this can work well in the Federal Government as well.

Savings alone are not the only benefit. It is amazing how responsive agencies become in the years prior to sunset. Treating taxpayers promptly, fairly, and with respect becomes a key to their survival, just like in business, and just the way government should always treat our taxpayers.

Legislatively, sunsetting often causes agencies to hew much closer to legislative intent because they know they face a regular thorough examination in future years.

The Federal sunset amendment has strong support across the political spectrum. My Democrat colleague, the gentleman from Texas (Mr. TURNER), who is at an important national security briefing as we speak, is a strong champion for this. We have support from everyone from Common Cause to American Conservative Union. We have broad support across the Members of Congress in this House. And in a recent national survey, over 77 percent of American taxpayers believe this would be helpful for cutting wasteful spending and spending our precious tax dollars where they belong.

This is a powerful tool. Let us set sunset on wasteful spending. We can do better.

Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. TURNER).

Mr. TURNER of Texas. Mr. Chairman, I thank the gentleman for yielding me this time.

This amendment, creating a sunset process, has been successful in many of our States. The gentleman from Texas (Mr. BRADY) and I have had personal experience with it in our State, where we have been able to eliminate unnecessary agencies. We have been able to streamline the activities of agencies.

I know that at the Federal level we all understand that it is very difficult job within our existing committee structures to really take a good, hard and complete look at the management and the functioning of our Federal agencies in the course of the appropriations process and the oversight responsibilities of our authorizing committees. So by creating a bipartisan commission of six Democrats and six Republicans, we do this with a long-term view to accomplish some goals that perhaps we are not as good at accomplishing in our usual process.

Mr. SPRATT. Mr. Chairman, I rise to claim the time in opposition, and I yield myself such time as I may consume.

Mr. Chairman, like a lot of Members, many of the provisions offered here are matters of first impression. I have not seen this bill before, so I would like to ask either of the cosponsors a question about a critical provision of the bill for their clarification.

It is my understanding that this amendment would require that after each commission completes its review of an agency every 12 years, that agency would be abolished automatically, would be extinguished unless, within a year, Congress reauthorized the agency. Is that correct? Am I reading it correctly?

Mr. BRADY of Texas. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Texas.

Mr. BRADY of Texas. Yes, the gentleman is correct.

Mr. SPRATT. You would have automatic abolition of an agency? It would simply sunset?

Mr. BRADY of Texas. Mr. Chairman, if the gentleman will continue to yield, in the States that have used that, yes, that is correct; but it has rarely happened. It has been the tool for Congress to come together on reviewing it. Yes, sir.

Mr. SPRATT. Mr. Chairman, reclaiming my time, I see the merit in having some sort of conscious, affirmative periodic review of the huge morass of agencies we have in the Federal Government; but I have some concern here that if a President disagreed with the Congress, you could have 289 Members of the House and 66 Members of the Senate who thought this agency should be reestablished, but the President could veto the bill that would reauthorize it; and, therefore, it would not come back into existence.

Mr. TURNER of Texas. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Texas.

Mr. TURNER of Texas. Mr. Chairman, I understand the gentleman's concern, but I can assure him that in practice this has worked very well in Texas. We have never had the occurrence that the gentleman describes.

In trying to alleviate some of the concerns that he has expressed, the gentleman from Texas and I put in this bill clear language that would say that the laws administered by these agencies do not sunset. There have been Members from time to time who have said, well, if an agency happened to sunset, then all the laws we passed that that agency administers would then go away and a lot of valuable programs disappear. We specifically have language here to ensure that the laws that administer various programs, and that are important to a lot of constituencies, do not disappear when the agency disappears.

Having said that, in practical terms, when a sunset commission makes a recommendation to the Congress, if the Congress failed to be able to come to grips with the recommendations of the commission, what happens in most States, and it has certainly happened on a couple of occasions in Texas, is that the legislature, and I would hope the Congress, would simply extend the agency as it is and set a new sunset date to allow the process of review of that agency to continue.

What we are trying to do here is create a bipartisan entity that has the credibility to make recommendations for change in operations of an agency, create new efficiencies, eliminate obsolete programs and obsolete offices, and to do it in a way that that commission and its recommendations have the same kind of weight that we all hope the 9/11 Commission will have, where once they have reported, there is some momentum behind what this bipartisan group has recommended to the Congress.

So I think in terms of our efforts in the years ahead, to try to figure out how to make government more efficient, to be sure that we are eliminating unnecessary spending, that this is a very powerful tool that we should take advantage of. And I think the concern that the gentleman from South Carolina expressed is not one that is likely to occur.

Mr. SPRATT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. BRADY).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. BRADY of Texas. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas (Mr. BRADY) will be postponed.

The point of no quorum is considered withdrawn.

It is now in order to consider amendment No. 2, printed in House Report 108–566.

AMENDMENT NO. 2 OFFERED BY MR. CHOCOLA

Mr. CHOCOLA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. CHOCOLA:

Page 2, after line 3, insert the following:

TITLE I—EXTENSION OF DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO REQUIREMENTS

Redesignate sections 2 through 9 as sections 101 through 108, respectively; on page 5, lines 23 and 24, strike ''paragraphs'' and insert ''paragraph''; on page 6, line 5, insert quotation marks after the period and strike line 6 and all that follows thereafter through page 7, line 12; on page 7, line 13, strike ''(c)'' and insert ''(b)''; and on page 7, strike line 25 and insert the following: ''covered by subsection (b) or (c) of section 316 of the Congressional Budget Act of 1974''.

At the end, add the following new titles:

TITLE II—ONE-PAGE BUDGET RESOLUTIONS

SEC. 201. ONE-PAGE BUDGET RESOLUTIONS.

(a) CONTENT OF ANNUAL CONCURRENT RESOLUTIONS ON THE BUDGET.—Section 301(a)(4) of the Congressional Budget Act of 1974 is amended to read as follows:

''(4) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), interest, and emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c));''.

(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—Section 301(b) of the Congressional Budget Act of 1974 is amended as follows:

(1) Strike paragraphs (2), (4), and (6) through (9).

(2) After paragraph (1), insert the following new paragraph:

''(2) require such other congressional procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act;''.

(3) At the end of paragraph (3), insert ''and'' and redesignate paragraph (5) as paragraph (4) and in such paragraph strike the semicolon and insert a period.

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

(1) Redesignate subparagraphs (A), (B), (C), (D), (E), and (F) as subparagraphs (B), (C), (E), (F), and (G), respectively.

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

''(A) new budget authority and outlays for each major functional category, based on allocations of the total levels set forth pursuant to subsection (a)(1);''.

(3) In subparagraph (C) (as redesignated), strike ''mandatory'' and insert ''direct spending''.

(d) ADDITIONAL CONTENTS OF REPORT.—Section 301(e)(3) of the Congressional Budget Act of 1974 is amended by striking ''and'' at the end of subparagraph (D), by striking the period and inserting ''; and'' at the end of subparagraph (E), and by adding at the end the following new subparagraph:

''(F) reconciliation directives described in section 310.''.

(e) PRESIDENT'S BUDGET SUBMISSION TO THE CONGRESS.—(1) The first two sentences of section 1105(a) of title 31, United States Code, are amended to read as follows:

''On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year which shall set forth the following levels:

''(A) totals of new budget authority and outlays;

''(B) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

''(C) the surplus or deficit in the budget;

''(D) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), interest, and emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c)); and

''(E) the public debt.

Each budget submission shall include a budget message and summary and supporting information and, as a separately delineated statement, the levels required in the preceding sentence for at least each of the 4 ensuing fiscal years.''.

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

(f) CONFORMING AMENDMENTS TO SECTION 310 REGARDING RECONCILIATION DIRECTIVES.—(1) Section 310(a) of such Act is amended by striking ''A'' and inserting ''The joint explanatory statement accompanying the conference report on a''.

(2) The first sentence of section 310(b) of such Act is amended by striking ''If'' and inserting ''If the joint explanatory statement accompanying the conference report on''.

(3) Section 310(c)(1) of such Act is amended by inserting ''the joint explanatory statement accompanying the conference report on'' after ''pursuant to''.

TITLE III—EMERGENCIES

SEC. 301. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.

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

(b) ELIMINATION OF ADJUSTMENTS.—Section 314(b) of the Congressional Budget Act of 1974 is amended by striking paragraph (1) and by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively.

(c) CONFORMING AMENDMENT.—Clause 2 of rule XXI of the Rules of the House of Representatives is amended by repealing paragraph (e) and by redesignating paragraph (f) as paragraph (e).

SEC. 302. OMB EMERGENCY CRITERIA.

(a) DEFINITION OF EMERGENCY.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

''(11)(A) The term 'emergency' means a situation that—

''(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

''(ii) is unanticipated.

''(B) As used in subparagraph (A), the term 'unanticipated' means that the situation is—

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

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

''(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

''(iv) temporary, which means not of a permanent duration.''.

(b) CONFORMING AMENDMENT.—The term 'emergency' has the meaning given to such term in section 3 of the Congressional Budget and Impoundment Control Act of 1974.''.

SEC. 303. DEVELOPMENT OF GUIDELINES FOR APPLICATION OF EMERGENCY DEFINITION.

Not later than 5 months after the date of enactment of this Act, the chairmen of the Committees on the Budget (in consultation with the President) shall, after consulting with the chairmen of the Committees on Appropriations and applicable authorizing committees of their respective Houses and the Directors of the Congressional Budget Office and the Office of Management and Budget, jointly publish in the Congressional Record guidelines for application of the definition of emergency set forth in section 3(11) of the Congressional Budget and Impoundment Control Act of 1974.

SEC. 304. RESERVE FUND FOR EMERGENCIES IN PRESIDENT'S BUDGET.

Section 1105(f) of title 31, United States Code is amended by adding at the end the following new sentences: ''Such budget submission shall also comply with the requirements of subsections (b) and (c) of section 316 of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(11) of the Congressional Budget Act of 1974.''.

SEC. 305. BUDGETING FOR EMERGENCIES.

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

''EMERGENCIES

''SEC. 316. (a) ADJUSTMENTS.—

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

''(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 303 of the Spending Control Act of 2004, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(11); and

''(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

''(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

''(b) RESERVE FUND FOR NONMILITARY EMERGENCIES.—The amount set forth in the reserve fund for emergencies for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

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

''(2) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in paragraph (1), but only in the fiscal year for which such budget authority first becomes available for obligation.

''(c) TREATMENT OF EMERGENCIES TO FUND CERTAIN MILITARY OPERATIONS.—Whenever the Committee on Appropriations reports any bill or joint resolution that provides budget authority for any emergency that is a threat to national security and the funding of which carries out a military operation authorized by a declaration of war or a joint resolution authorizing the use of military force (or economic assistance funding in furtherance of such operation) and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause the total amount of budget authority or outlays provided for emergencies for the budget year in the joint resolution on the budget (pursuant to section 301(a)(4)) to be exceeded:

''(1) Such bill or joint resolution shall be referred to the Committee on the Budget of the House or the Senate, as the case may be, with instructions to report it without amendment, other than that specified in paragraph (2), within 5 legislative days of the day in which it is reported from the originating committee. If the Committee on the Budget of either House fails to report a bill or joint resolution referred to it under this subparagraph within such 5-day period, the committee shall be automatically discharged from further consideration of such bill or joint resolution and such bill or joint resolution shall be placed on the appropriate calendar.

''(2) An amendment to such a bill or joint resolution referred to in this subsection shall only consist of an exemption from section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 of all or any part of the provisions that provide budget authority (and the outlays flowing therefrom) for such emergency if the committee determines, pursuant to the guidelines referred to in section 303 of the Spending Control Act of

2004, that such budget authority is for an emergency within the meaning of section 3(11).

''(3) If such a bill or joint resolution is reported with an amendment specified in paragraph (2) by the Committee on the Budget of the House of Representatives or the Senate, then the budget authority and resulting outlays that are the subject of such amendment shall not be included in any determinations under section 302(f) or 311(a) for any bill, joint resolution, amendment, motion, or conference report.

''(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emergency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 303 of the Spending Control Act of 2004.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

''Sec. 316. Emergencies.''.

SEC. 306. APPLICATION OF SECTION 306 TO EMERGENCIES IN EXCESS OF AMOUNTS IN RESERVE FUND.

Section 306 of the Congressional Budget Act of 1974 is amended by inserting at the end the following new sentence: ''No amendment reported by the Committee on the Budget (or from the consideration of which such committee has been discharged) pursuant to section 316(c) may be amended.''.

SEC. 307. UP-TO-DATE TABULATIONS.

Section 308(b)(2) of the Congressional Budget Act of 1974 is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ''; and'', and by adding at the end the following new subparagraph:

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

The CHAIRMAN. Pursuant to House Resolution 692, the gentleman from Indiana (Mr. CHOCOLA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Indiana (Mr. CHOCOLA).

Mr. CHOCOLA. Mr. Chairman, I yield myself 2½ minutes.

The amendment I have offered is very straightforward. It is about simplicity, and it is about honesty in the budget process, which does not exist today.

It is about simplicity because it replaces 20 budget functions that we currently have in our annual budget process with five. Those five would include mandatory spending, defense and nondefense discretionary spending, interest, and emergency spending, or a rainy day fund.

By simplifying the process in this way, we make the budget process much easier; and we expedite it by focusing on overall spending, rather than focusing on 20 different so-called spending priorities. We spend too much time, frankly, debating and amending these spending priorities, when in the end they are not binding and they are ultimately, on too many occasions, ignored in the appropriations process.

My amendment is about honesty because it budgets money that we know we are going to spend. Every year we spend money on emergencies that are not budgeted. My amendment changes this practice by creating a rainy day fund that is based on the rolling 5-year average of actual money we spend on emergencies. By doing that, we will expedite the delivery of needed funds in the event of a true emergency, and we will provide a clearer definition of what an emergency is to deter characterizing routine spending and spending money in and above the budgeted and appropriated levels.

So, Mr. Chairman, this amendment would bring more clarity to the process; it would bring more simplification and bring more honesty. I encourage all of my colleagues to support this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I claim the time in opposition.

Mr. Chairman, this amendment, if adopted, would reduce the budget process to one page. And while the budget process has its flaws and has not worked well, it has certain advantages to it. First of all, it gives the House one of the few opportunities we have to make a judgment among competing priorities: how much money we will spend for education, versus how much money we will spend for housing, versus how much we will spend for defense.

Secondly, it gives us some kind of central mechanism where everybody can make a decision about whether or not we want to increase taxes and decrease taxes, and expedite the process for doing so by way of reconciliation. Or we may feel it is necessary that we reduce entitlement spending.

The committees of jurisdiction of those particular programs do not normally cotton to the idea of taking a cut out of the entitlement which falls under their jurisdiction. Once again, the reconciliation process in the budget helps us accomplish those ends.

And then, finally, one of the problems that I have, and I have served here 20 years, and I think many other Members would confess they have it too, is that everything we do is so broken up into so many different parcels and pieces that it is hard to get a picture of the whole. The budget resolution at least gives us a picture of the whole. It helps us keep a tab on spending, and it also allows us to know whether or not aggregate spending estimates and aggregate revenue estimates are accurate.

If you reduce spending to one total for discretionary spending, for example, you can claim that spending can be shrunk. But unless you have 20 different functions to show how that shrinkage will take place, how those reductions would be achieved and affected, then nobody can judge whether or not, or will not be able to judge as well whether or not, that spending reduction, which you are claiming is reasonable and pragmatic and achievable, is indeed that.

If you have to break it up into 20 different functions, it is one way the House gets together early in a session, expresses its priorities about those different functions; but it is also a way that we can tell whether or not that is realistic. On the other hand, if individual functions, whether it is defense or housing or health care or whatever, are understated well before this year's level, we may say that is not politically realistic, or that is not something I would like to see us do. And the budget resolution gives us an opportunity to vote on that as a House, one of the rare opportunities we get to express ourselves collectively.

That is why I would strenuously oppose the notion of reducing the budget process to this summary kind of process.

Mr. Chairman, I reserve the balance of my time.

Mr. CHOCOLA. Mr. Chairman, it is my pleasure to yield 1 minute to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in support of this amendment.

I am not sure how it benefits this House to vote on categories that have no enforcement ability whatsoever. When we have 13 appropriation bills and 20 budget functions that never meet, we are losing sight of another very important function that this budget ought to serve, and that is the function of protecting the family budget from the Federal budget.

Spending is out of control. It is a very important debate between relative expenditures within the Federal budget, but we also have to focus on how much money are we going to take away from the American family; how are we going to impact their dreams and their ability to realize their housing programs, their education programs, their child care programs.

We need to focus on what is enforceable, and we need to focus on protecting the family budget from the Federal budget. And if we believe in limited government, we will support this amendment.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume to simply say again, how do we know if the spending amounts that are provided for in the budget resolution in the aggregate are reasonable or attainable unless you break it down into their component parts and can see what is provided for defense and nondefense programs from entitlements and for discretionary programs alike?

This is not a good idea. It is a bad idea. It decimates the budget process, and I hope the House will reject it.

Mr. Chairman, I reserve the balance of my time.

Mr. CHOCOLA. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. RYAN).

□ 1730

Mr. RYAN of Wisconsin. Mr. Chairman, I just want to comment on a couple other aspects of this amendment that I think are very important. This amendment really dovetails well with another amendment that is coming, which is breaking it into five simple categories so that we do not have these stalemates we have every year in Congress between the other Chamber and the White House. What we want to do is make the budget amendment easier to achieve in the beginning of the process. Also what this does is it has emergency spending protection so that we save for emergencies ahead of time, so that we have a rainy day fund to prepare for these kinds of emergencies.

We also clean up the definition of emergencies in this amendment. Far too often in this body, we designate things that really do not pass the smell test as to what are emergencies. We want to have real emergencies being funded under the emergency spending reserve fund, not nonemergencies. That is why we think we need to clean up that rule that allows Congress to designate things like a summit house on top of Pikes Peak an emergency.

So this bill makes it easier to get a budget agreement, cleans up our emergency spending designation and helps us set money aside so we can prepare for these inevitable emergencies that occur every year Congress spends this money.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would simply say if the object of what we are doing tonight is to try to put some starch into the budget process, put some structure into it so we can get our hands around spending, get our hands around revenues, this is the opposite direction we should go.

Mr. CHOCOLA. Mr. Chairman, may I inquire how much time is remaining?

The CHAIRMAN. The gentleman from Indiana (Mr. CHOCOLA) has 1½ minutes remaining. The gentleman from South Carolina (Mr. SPRATT) has 1 minute and the right to close.

Mr. CHOCOLA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me just conclude by saying as I started out that this amendment is straightforward, and it is about simplicity and honesty. I think we owe the American people a simplified budget that they can understand, and by reducing the number of budget functions from 20 to 5, I think we are accomplishing that goal.

The 20 budget functions that we have already, as has been pointed out, are unenforceable and too often ignored in the budget appropriations process, and we are simply budgeting money that we know we are going to spend. Every single year we spend Federal money for emergencies that we spend above the budget and appropriated levels. So we are being honest with the American people, which I think they deserve.

So I encourage my colleagues to support this amendment, because it is based on simplicity and honesty. It is exactly what we should be doing here every day, exactly what the American taxpayers and the American citizens deserve.

Mr. Chairman, I yield back the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, once again, if we want to make the budget process opaque, more opaque, less transparent, then this will be the way to do it, but if you think we need more visibility, the House should assert more control, then we should have the kind of numbers we need to make honest judgments about the budget. We should stick at least with the process we have got. It is flawed, but this would be a travesty. This would destroy the budget process as it has existed since 1974.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. CHOCOLA).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CHOCOLA. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Indiana (Mr. CHOCOLA) will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. CASTLE

Mr. CASTLE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. CASTLE:

At the end, add the following new section:

SEC. . ESTABLISHMENT OF MACROECONOMIC CONGRESSIONAL BUDGETS.

(a) MACROECONOMIC CATEGORIES.—Section 301(a) of the Congressional Budget Act of 1974 (2 U.S.C. 632(a)) is amended by striking paragraph (4) and by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.

(b) ADDITIONAL MATTERS.—Section 301(b) of the Congressional Budget Act of 1974 (2 U.S.C. 632(b)) is amended by striking ''and'' at the end of paragraph (8), by striking the period and inserting ''; and'' at the end of paragraph (9), and by adding at the end the following new paragraph:

''(10) set forth appropriate levels for each fiscal year covered by such concurrent resolution for new budget authority and outlays for each major functional category established by the Committees on the Budget (after consultation with each other), based on allocations of the total levels set forth pursuant to subsection (a)(1).''.

The CHAIRMAN. Pursuant to House Resolution 692, the gentleman from Delaware (Mr. CASTLE) and the gentleman from South Carolina (Mr. SPRATT) each will control 5 minutes.

The Chair recognizes the gentleman from Delaware (Mr. CASTLE).

Mr. CASTLE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment is somewhat different but somewhat similar to the amendment we just had before us, which I would also support, but the challenge of passing a budget resolution, as we have seen particularly in recent years, and subsequent appropriation bills in a timely manner has proven to be an extraordinarily difficult series of tasks.

In my opinion, this is, in large part, due to the fact that there are 20 budget functions, 17 for broad areas of national need and 3 to ensure full coverage of the budget. This structure, therefore, forces us to engage in duplicitous debates over spending priorities.

The gentleman from Washington (Mr. HASTINGS) and I believe that by eliminating the requirement of the budget functions, that we will provide the Committee on the Budget increased flexibility in moving the process forward each year.

Specifically under this amendment, the Committee on the Budget will be given the opportunity to eliminate or restructure the budget functions. By granting the Committee on the Budget this ability, we will be giving them the ability to structure a budget in the most fair and efficient manner.

Let me give my colleagues an example of how this may happen. Under this amendment, the committee would have the freedom to see a macro budget consisting of four aggregate numbers as opposed to the current 20 budget functions. These aggregate numbers include total revenues, total budget authority and outlays, the surplus or deficit and the resultant debt.

A macro budget may also include the amount by which revenues would be lowered. Under a macro budget the resulting resolution would also contain reconciliation instruction to expedite action, primarily by the Senate, as well as separate titles to reconciliation instructions, enforcement procedures and possible reserve accounts, thus preserving the importance of the budget resolution and helping guide Congress.

The ability to use a macro budget empowers the committee to operate as they were originally intended, to provide the blueprint for the year's budget and to allow the appropriators to work out the details.

Our focus should be on the larger macroeconomic impact of budget policies rather than a summation of proposed spending, and I happen to believe that the current functional categories have really become dysfunctional mechanisms for setting our priorities as a Nation.

While I do not claim to have the perfect solution to fit our budget process into our fiscal timetable, I do, however,

believe that minimizing duplication of issue deliberations could significantly accelerate the budget and appropriations process. As we all know, one of the main holdups of the budget process is having the same debates on the same issues twice. I believe the details of spending within the set guidelines should fall to the appropriators. When the Committee on the Budget was formed in the 1970s, the intent was to look at the large blueprint. By eliminating the requirement of budget functions we allow the Committee on the Budget to set the broad parameters.

The Hastings-Castle amendment provides the Budget Committees with the discretion to include whatever functional categories, if any, that they deem appropriate. I encourage my colleagues to support this amendment as it will prevent us from constraining the economy by being beholden to the antiquated procedures that we have had over the past three decades.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

I wish there were some procedure in the House where we could give a hand signal or maybe use a code word and incorporate by reference all of our comments previously made on the same subject. I have to repeat myself because this amendment is, to some extent, the same as the amendment previously offered. This amendment would eliminate the requirement that the annual budget resolution include 20 budget functions. Once again, this is one of the opportunities we have as a House collectively, all of us, to have a debate in-depth about our priorities, whether we want to spend more for education or whether we need to spend more for defense or highways, priorities that are big functions of our budget. It takes away that opportunity. It also takes away our perception into the budget to see whether or not it is adequate to provide for the many things we want to do.

Secondly, as I have said, there are a lot of centrifugal forces in this House. There is a lot of fragmentation of what we do. It is very hard in this House and in the Congress to keep a picture of the whole, of what is happening altogether. The budget resolution gives us the ability to keep the puzzle kind of together, so we can get a perception into what is happening altogether. This particular budget resolution would not even require that discretionary spending allocations be split between defense and nondefense.

It would simply call for a total of all new budget authority and outlays. So the House would forgo the opportunity to say we want to do more for defense while we are going to do less for nondefense in order to pay for the additional commitment to defense. It calls for an aggregate statement of revenues, but nothing with respect to the House's expression to the Committee on Ways and Means as to what those revenues might be, no reconciliation instructions, so a key function of the Committee on the Budget, a key means of exerting discipline and control in the institution, would be lost, and then a simple statement of the surplus or deficit.

To me this is letting the reins go, giving up what little control and structure we have got, what little ability we have got to keep a picture of the whole composed at all times. I think it is a bad idea.

If we want to do away with the budget resolution, let us just repeal it altogether because what this leaves in place is practically useless.

Mr. Chairman, I reserve the balance of my time.

Mr. CASTLE. Mr. Chairman, I yield myself such time as I may consume. I disagree with the distinguished gentleman from South Carolina on the basis of what I have seen here in the years that I have been here. I have a great deal of faith in the Committee on the Budget. I have a great deal of faith in the gentleman as the ranking member and the chairman, but I have seen this process literally almost collapse in recent years. My judgment is that the transparency that the gentleman requests is not there and that the reality is that the Committee on the Budget's responsibility is to do something which we have not been doing which is to make sure that we are managing within the dollars that we have and setting parameters around those particular dollars but should not carry over to the functions of how the individual amounts of money are going to be spent. In addition, we do not necessarily match up the appropriations with the various designations in the budget resolution which we have.

It is my sense we need to break that impasse in some way or another so that we have some sense of the dollars we are spending in the House and the Senate and be working together in order to advance as far as the future is concerned.

I reiterate what I have already stated, and, that is, that I think we need to start moving in that direction. But I would also point out to the gentleman, and I think this is important, that this amendment does not disallow doing as much as the Committee on the Budget wishes to do. They could still do what they have done before. It just will be a simplification methodology which could be used in case you cannot come to agreement on that or for whatever reason we are not able to get the budget resolution passed and it has to be simplified. That is what it is all about, trying to give more power to the Committee on the Budget to make sure we do have a budget in place that we have all voted on, shaken hands on and that we all are going to live under. I am trying to give flexibility to it, not a limited solution to the problem of not being able to get a budget done.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

I am just suggesting to my good friend and someone for whom I have great respect that he gives so much flexibility to it that it is limp when we get through with it. There is nothing left. It is a process without any teeth, without any structure, without any starch to it. It is almost meaningless. It is the last rites for the budget process. If we are going to do this we may as well just not do it at all.

A couple of speakers have noted that the functions that we designate in the budget resolution do not correspond to the 302(b) allocation made by the members of the Committee on Appropriations. That is true. That is an old, old compromise. If we dared back away from that compromise, the gentleman from Florida (Mr. YOUNG) would be on his feet, I am sure, protesting vigorously that usurpation of their authority on the Committee on Appropriations. But it is an opportunity.

When the Committee on the Budget and one party or the other party wants to propose new initiatives in certain areas, it might be education, it might be NIH in health care, it might be defense, it gives us an opportunity to make that proposal, to show what the consequences are for the bottom line and for trade-offs against other programmatic areas and then allows us to have a debate on that subject on the House floor.

These aggregate numbers do not signify anything. They do not really tell you what is going to be cut and what is going to be increased, and that is the problem I have. We do not get the process started with that sort of message and direction that the budget resolution now gives to the process and the opportunity it gives to the House as a whole to make a statement of priorities and have something of a debate on programmatic priorities for the next 1 to 5 fiscal years.

Mr. Chairman, I reserve the balance of my time.

Mr. CASTLE. Mr. Chairman, I yield myself the balance of my time.

It does encompass total revenues, total budget authority and outlays, the surplus or deficit and the resultant debt. To me that is what the Committee on the Budget should be doing, not necessarily setting the priorities in the 20 different areas which is done now, although that could still happen. That is why I think that we should adopt this amendment.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

This would be making a distinction between defense and nondefense spending. This gives you one big aggregate for all discretionary spending. That is how far back it takes us and how little definition it leaves to what we end up doing. We come up with three or four big numbers and that is the end of the budget. The gentleman is suggesting we could do something much more elaborate, but this would be the only

statutory prerogative we would have which would mean that pretty soon we would probably not be doing any function allocations at all. It would not have any statutory basis. I am not saying they get great deference from the Committee on Appropriations today, but once we reduce the budget process to this, I doubt the Committee on the Budget would get any deference from the appropriators.

Mr. CASTLE. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Delaware.

Mr. CASTLE. On that particular subject, there may be times when we do need to put more money into discretionary spending. We may be in one of those times now in terms of the war in Iraq. There may be other emergency things that we have to deal with. For that reason, I believe that flexibility should be in the Committee on Appropriations.

Mr. HASTINGS of Washington. Mr. Chairman, this amendment would remove the requirement that 20 functional categories be included in the annual budget resolution, and grant the Budget Committee the discretion to include such categories, if any, as they deem appropriate.

With this change to the 30-year old Congressional Budget Act, we can properly return debate to the ''big picture,'' macroeconomic budget issues that were intended to be the focus of the budget resolution when the act was passed in 1974.

Annual budget debates have been bogged down in recent years by often bitter disputes over funding for scores of Federal programs within these 20 budget functions. This has become an enormous distraction for lawmakers on both sides of the aisle and harmed the process of making rational decisions about overall Federal fiscal policy.

The 20 functional categories are intended to illustrate how the Federal spending could be allocated under the budget resolution. However, the functions do not direct how much money is eventually spent for programs covered by each specific function. Function totals also do not specifically mandate how the Appropriations Committee makes allocations to its 13 subcommittees.

Yet, despite the reality that these functions have no real power over actual spending decisions, every year tremendous time, energy and resources are dedicated to influencing the levels of particular functions.

Interest groups mobilize and massive lobbying efforts are undertaken to try and affect often very slight changes in functions' totals and in budget report language. Yet, at the end of the day, these efforts do not effect the spending and taxing decisions the Congress will make later in the year.

This is a severe distraction from critically important budget questions that deserve attention and clear debate.

In the midst of the debate over how much to spend on this program, or that program or in this function or that function—what can get lost are the most fundamental matters of what the budget is going to look like:

How much is the government going to spend next year?

How much is going to be collected in taxes?

Will the government's budget be in balance? Or will there be a surplus or deficit?

How do all of these affect the public debt?

I believe we must clear away the distractions that have overtaken the budget process. The first step in the annual budget process in Congress should be discussion and reaching agreement on overall spending, tax and debt levels in a budget resolution. We must be a real handle on the federal budget and the macroeconomic factors that the budget resolution is designed to guide and over which it actually has control.

Decisions on spending on individual programs do not need to be debated twice—once during consideration of the budget resolution and again during open debate on Appropriations bills.

As the fiscal challenges that our Nation will face with the effects of a retiring Baby Boom generation, it is more important than ever to focus our budget decisions in a manner that best directs attention to the critical choices we face today and the effects they will have on our children and the country's future.

I urge all of my colleagues to support this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware (Mr. CASTLE).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Delaware (Mr. CASTLE) will be postponed.

It is now in order to consider amendment No. 4 printed in House Report 108–566.

AMENDMENT NO. 4 OFFERED BY MR. HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. HENSARLING:

Page 2, after line 3, insert the following:

TITLE I—EXTENSION OF DISCRETIONARY SPENDING LIMITS AND PAY-AS-YOU-GO REQUIREMENTS

Redesignate sections 2 through 9 as sections 101 through 108, respectively, and, at the end, add the following new titles:

TITLE II—SPENDING CAPS ON GROWTH OF ENTITLEMENTS AND MANDATORIES

SEC. 201. SPENDING CAPS ON GROWTH OF ENTITLEMENTS AND MANDATORIES.

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

''SEC. 252A. ENFORCING CONTROLS ON DIRECT SPENDING.

''(a) CAP ON GROWTH OF ENTITLEMENTS.—Effective for fiscal year 2005 and for each ensuing fiscal year, the total level of direct spending for all direct spending programs, projects, and activities (excluding social security) for any such fiscal year shall not exceed the total level of spending for all such programs, projects, and activities for the previous fiscal year after the direct spending for each such program, project, or activity is increased by the higher of the change in the Consumer Price Index for All Urban Consumers or the inflator (if any) applicable to that program, project, or activity and the growth in eligible population for such, project, or activity.

''(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session (other than of the second session of the One Hundred Eighth Congress), and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to reduce the amount of direct spending for the fiscal year beginning in the year the Congress adjourns by any amount necessary to reduce such spending to the level set forth in subsection (a) unless that amount is less than $250,000,000.

''(c) UNIFORM REDUCTIONS; LIMITATIONS.—The amount required to be sequestered for the fiscal year under subsection (a) shall be obtained from nonexempt direct spending accounts by actions taken in the following order:

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

''(2) SECOND.—Any additional reductions that may be required shall be achieved by reducing each remaining nonexempt direct spending account by the uniform percentage necessary to achieve those additional reductions, except that—

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

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

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

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

''(d) EXCLUSION OF MEDICARE PRESCRIPTION DRUG PROGRAM UNTIL FULLY OPERATIONAL.—For purposes of this section with respect to the limitation under subsection (a) for a fiscal year before fiscal year 2008, direct spending programs and direct spending shall not be construed to include part D of title XVIII of the Social Security Act (or spending under part C of such title that is attributable to such part D).''.

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

''Sec. 252A. Enforcing controls on direct spending.''.

SEC. 202. EXEMPT PROGRAMS AND ACTIVITIES.

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

''SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

''(a) SOCIAL SECURITY BENEFITS; TIER I RAILROAD RETIREMENT BENEFITS; AND CERTAIN MEDICARE BENEFITS.—(1) Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, and benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall be exempt from reduction under any order issued under this part.

''(2) Payments made under part A of title XVIII (relating to part A medicare hospital

insurance benefits) of the Social Security Act and payments made under part C of such title (relating to the Medicare Advantage program) insofar as they are attributable to part A of such title shall be exempt from reduction under any order issued under this part.

''(b) DESCRIPTIONS AND LISTS.—The following budget accounts or activities shall be exempt from sequestration:

''(1) net interest;

''(2) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

''(3) all payments from one Federal direct spending budget account to another Federal budget account; and all intragovernmental funds including those from which funding is derived primarily from other Government accounts, except to the extent that such funds are augmented by direct appropriations for the fiscal year for which the order is in effect;

''(4) activities resulting from private donations, bequests, or voluntary contributions to the Government;

''(5) payments from any revolving fund or trust-revolving fund (or similar activity) that provides deposit insurance or other Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

''(6) credit liquidating and financing accounts;

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

''Administration of Territories, Northern Mariana Islands Covenant grants (14–0412–0–1–806);

''Armed Forces Retirement Home Trust Fund, payment of claims (84–8930–0–7–705);

''Bureau of Indian Affairs, miscellaneous payments to Indians (14–230–0–1–452);

''Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14–9973–0–7–999);

''Claims, defense;

''Claims, judgments, and relief act (20–185–0–1–806);

''Compact of Free Association, economic assistance pursuant to Public Law 99 (14–0414–0–1–806);

''Compensation of the President (11–0001–0–1–802);

''Customs Service, miscellaneous permanent appropriations (20–9992–0–2–852);

''Eastern Indian land claims settlement fund (14–2202–0–1–806);

''Farm Credit Administration, Limitation on Administration Expenses (78–4131–0–3–351);

''Farm Credit System Financial Assistance Corporation, interest payments (20–1850–0–1–351);

''Internal Revenue collections of Puerto Rico (20–5737–0–2–852);

''Panama Canal Commission, operating expenses and capital outlay (95–5190–0–2–403);

''Payments of Vietnam and USS Pueblo prisoner-of-war claims (15–0104–0–1–153);

''Payments to copyright owners (03–5175–0–2–376);

''Payments to health care trust funds (75–0580–0–1–571);

''Payments to social security trust funds (75–0404–0–1–651);

''Payments to the United States territories, fiscal assistance (14–0418–0–1–801);

''Payments to widows and heirs of deceased Members of Congress (00–0215–0–1–801);

''Pension Benefit Guaranty Corporation Fund (16–4204–0–3–601);

''Salaries of Article III judges;

''Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401);

''(8) the following noncredit special, revolving, or trust-revolving funds:

''Coinage profit fund (20–5811–0–2–803);

''Comptroller of the Currency;

''Director of the Office of Thrift Supervision;

''Exchange Stabilization Fund (20–4444–0–3–155);

''Federal Housing Finance Board;

''Foreign Military Sales trust fund (11–82232–0–7–155);

''National Credit Union Administration, central liquidating facility (25–4470–0–3–373);

''National Credit Union Administration, credit union insurance fund (25–4468–0–3–373);

''National Credit Union Administration operating fund (25–4056–0–3–373); and

''Resolution Trust Corporation Revolving Fund (22–4055–0–3–373);

''(9) Thrift Savings Fund;

''(10) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

''(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

''(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

''(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account; and

''(12)(A) FDIC, Bank Insurance Fund (51–4064–0–3–373);

''(B) FDIC, FSLIC Resolution Fund (51–4065–0–3–373); and

''(C) FDIC, Savings Association Insurance Fund (51–4066–0–3–373);

''(c) FEDERAL RETIREMENT AND DISABILITY ACCOUNTS.—The following Federal retirement and disability accounts shall be exempt from reduction under any order issued under this part:

''Civil service retirement and disability fund (24–8135–0–7–602).

''Black Lung Disability Trust Fund (20–8144–0–7–601).

''Foreign Service Retirement and Disability Fund (19–8186–0–7–602).

''District of Columbia Judicial Retirement and Survivors Annuity Fund (20–8212–0–7–602).

''Judicial Survivors' Annuities Fund (10–8110–0–7–602).

''Payments to the Railroad Retirement Accounts (60–0113–0–1–601).

''Tax Court Judges Survivors Annuity Fund (23–8115–0–7–602).

''Employees Life Insurance Fund (24–8424–0–8–602).

''(d) FEDERAL ADMINISTRATIVE EXPENSES.—

''(1) Notwithstanding any provision of law other than paragraph (3), administrative expenses incurred by the departments and agencies, including independent agencies, of the Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to any sequestration order, without regard to any exemption, exception, limitation, or special rule otherwise applicable with respect to such program, project, activity, or account, and regardless of whether the program, project, activity, or account is self-supporting and does not receive appropriations.

''(2) Payments made by the Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Government for purposes of this section, and shall be subject to sequestration to the extent (and only to the extent) that other payments made by the Government under or in connection with that program, project, activity, or account are subject to that reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by that State under or in connection with the unemployment compensation programs specified in subsection (a)(11) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that subsection.

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

''(A) Comptroller of the Currency.

''(B) Federal Deposit Insurance Corporation.

''(C) Office of Thrift Supervision.

''(D) National Credit Union Administration.

''(E) National Credit Union Administration, central liquidity facility.

''(F) Federal Retirement Thrift Investment Board.

''(G) Resolution Funding Corporation.

''(H) Resolution Trust Corporation.

''(I) Board of Governors of the Federal Reserve System.

''(e) VETERANS' PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

''General Post Funds (36–8180–0–7–705).

''Veterans Insurance and Indemnities (36–0120–0–1–701).

''Service-Disabled Veterans Insurance Funds (36–4012–0–3–701).

''Veterans Reopened Insurance Fund (36–4010–0–3–701).

''Servicemembers' Group Life Insurance Fund (36–4009–0–3–701).

''Post-Vietnam Era Veterans Education Account (36–8133–0–7–702).

''National Service Life Insurance Fund (36–8132–0–7–701).

''United States Government Life Insurance Fund (36–8150–0–7–701).

''Veterans Special Life Insurance Fund (36–8455–0–8–701).

''(f) OPTIONAL EXEMPTION OF DEFENSE AND HOMELAND SECURITY ACCOUNTS.—

''(1) IN GENERAL.—The President may, with respect to any defense or homeland security account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

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

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

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

''SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.

''(a) NATIONAL WOOL ACT AND THE SPECIAL MILK PROGRAM.—Automatic spending increases are increases in outlays due to changes in indexes in the following programs:

''(1) National Wool Act; and

''(2) Special milk program.

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

''(b) STUDENT LOANS.—For all student loans under part B or D of title IV of the Higher Education Act of 1965 made during the period when a sequestration order under section 254 is in effect as required by section 252 or 253, origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point.

''(c) FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS.—Any sequestration order shall make the reduction otherwise required under the foster care and adoption assistance programs (established by part E of title IV of the Social Security Act) only with respect to payments and expenditures made by States in which increases in foster care maintenance payment rates or adoption assistance payment rates (or both) are to take effect during the fiscal year involved, and only to the extent that the required reduction can be accomplished by applying a uniform percentage reduction to the Federal matching payments that each such State would otherwise receive under section 474 of that Act (for such fiscal year) for that portion of the State's payments attributable to the increases taking effect during that year. No State's matching payments from the Government for foster care maintenance payments or for adoption assistance maintenance payments may be reduced by a percentage exceeding the applicable domestic sequestration percentage. No State may, after the date of the enactment of this Act, make any change in the timetable for making payments under a State plan approved under part E of title IV of the Social Security Act which has the effect of changing the fiscal year in which expenditures under such part are made.

''(d) LOW-INCOME PROGRAMS.—(1) Benefit payments or payments to States or other entities for the programs listed in paragraph (2) shall not be reduced by more than 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

''(2) The programs referred to in paragraph (1) are the following:

''Child Nutrition (12–3539–0–1–605).

''Food Stamp Programs (12–3505–0–1–605).

''Grants to States for Medicaid (75–0512–0–1–551).

''State Children's Health Insurance Fund (75–0515–0–1–551).

''Supplemental Security Income Program (75–0406–0–1–609).

''Temporary Assistance for Needy Families (75–1552–0–1–609).

''Special supplemental nutrition program for women, infants, and children (WIC) (12–3510–0–1–605).

''(e) VETERANS' MEDICAL CARE.—The maximum permissible reduction in budget authority for Veterans' medical care (36–0160–0–1–703) for any fiscal year, pursuant to an order issued under section 254, shall be 2 percent.

''(f) FEDERAL RETIREMENT PROGRAMS.—

''(1) For each of the programs listed in paragraph (2) and except as provided in paragraph (3), monthly (or other periodic) benefit payments shall be reduced by the uniform percentage applicable to direct spending sequestrations for such programs, which shall in no case exceed 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January or 7 weeks after the order is issued, whichever is later. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

''(2) The programs subject to paragraph (1) are:

''Central Intelligence Agency Retirement and Disability Fund (56–3400–0–1–054).

''Comptrollers General Retirement System (05–0107–0–1–801).

''Judicial Officer' Retirement Fund (10–8122–0–7–602).

''Claims Judges' Retirement Fund (10–8124–0–7–602).

''Pensions for former Presidents (47–0105–0–1–802).

''National Oceanic and Atmospheric Administration Retirement (13–1450–0–1–306).

''Railroad Industry Pension Fund (60–8011–0–7–601).

''Retired pay, Coast Guard (70–0602–0–1–403).

''Retirement pay and medical benefits for commissioned officers, Public Health Service (75–0379–0–1–551).

''Payments to Civil Service Retirement and Disability Fund (24–0200–0–1–805).

''Payments to the Foreign Service Retirement and Disability Fund (72–1036–0–1–153).

''Payments to Judiciary Trust Funds (10–0941–0–1–752).

''(g) VETERANS PROGRAMS.—To achieve the total percentage reduction required by any order issued under this part, the percentage reduction that shall apply to payments under the following programs shall in no event exceed 2 percent:

''Canteen Service Revolving Fund (36–4014–0–3–705).

''Medical Center Research Organizations (36–4026–0–3–703).

''Disability Compensation Benefits (36–0102–0–1–701).

''Education Benefits (36–0137–0–1–702).

''Vocational Rehabilitation and Employment Benefits (36–0135–0–1–702).

''Pensions Benefits (36–0154–0–1–701).

''Burial Benefits (36–0139–0–1–701).

''Guaranteed Transitional Housing Loans For Homeless Veterans Program Account (36–1119–0–1–704).

''Housing Direct Loan Financing Account (36–4127–0–1–704).

''Housing Guaranteed Loan Financing Account (36–4129–0–3–704).

''Vocational Rehabilitation and Education Direct Loan Financing Account (36–4259–0–3–702).

''(h) MILITARY HEALTH CARE AND RETIREMENT.—To achieve the total percentage reduction in military retirement required by any order issued under this part, the percentage reduction that shall apply to payments under the Military retirement fund (97–8097–0–7–602), payments to the military retirement fund (97–0040–0–1–054), and the Defense Health Program (97–0130–0–1–051) shall in no event exceed 2 percent.

''(i) MEDICARE PROGRAM.—

''(1) CALCULATION OF REDUCTION IN INDIVIDUAL PAYMENT AMOUNTS.—To achieve the total percentage reduction in those programs required by any order issued under this part, the percentage reduction that shall apply to payments under the health insurance programs under title XVIII of the Social Security Act (other than payments described in section 255(a)(2)) that are subject to such order for services furnished after any sequestration order is issued shall be such that the reduction made in payments under that order shall achieve the required total percentage reduction in those payments for that fiscal year as determined on a 12-month basis. However, the percentage reduction under any such program shall in no case exceed 2 percent under any sequestration order.

''(2) TIMING OF APPLICATION OF REDUCTIONS.—If a reduction is made under paragraph (1) in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order.

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

''(4) APPLICATION TO PARTS C AND D.—The reductions otherwise required under parts C and D of title XVIII of the Social Security Act with respect to a fiscal year shall be applied to the calendar year that begins after the end of the fiscal year to which the applicable sequestration order applies.

''(j) FEDERAL PAY.—

''(1) IN GENERAL.—For purposes of any order issued under section 254, new budget authority to pay Federal personnel shall be reduced by the applicable uniform percentage, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

''(2) DEFINITIONS.—For purposes of this subsection:

''(A) The term 'statutory pay system' shall have the meaning given that term in section 5302(1) of title 5, United States Code.

''(B) The term 'elements of military pay' means—

''(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code,

''(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

''(iii) cadet pay and midshipman pay under section 203(c) of such title.

''(C) The term 'uniformed services' shall have the meaning given that term in section 101(3) of title 37, United States Code.

''(k) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in expenditures under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under such program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

''(l) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under an order issued under this title by a percentage not to exceed the percentage by which

the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

''(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1954.

''(m) COMMODITY CREDIT CORPORATION.—

''(1) POWERS AND AUTHORITIES OF THE COMMODITY CREDIT CORPORATION.—This title shall not restrict the Commodity Credit Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

''(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—(A) Payments and loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time any sequestration order has been issued shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after any sequestration order is issued for a fiscal year, any cash payments made by the Commodity Credit Corporation—

''(i) under the terms of any one-year contract entered into in or after such fiscal year and after the issuance of the order; and

''(ii) out of an entitlement account,

to any person (including any producer, lender, or guarantee entity) shall be subject to reduction under the order.

''(B) Each contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of any sequestration order, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for succeeding crops of the commodity, under the authority provided in paragraph (3).

''(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if any sequestration order is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (2) may provide for reductions in outlays for the account involved to occur in the fiscal years following the fiscal year to which the order applies.

''(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) that are required to be made in connection with any sequestration order with respect to a fiscal year—

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

''(B) with respect to commodity price support and income protection programs, shall be made in such manner and under such procedures as will attempt to ensure that—

''(i) uncertainty as to the scope of benefits under any such program is minimized;

''(ii) any instability in market prices for agricultural commodities resulting from the reduction is minimized; and

''(iii) normal production and marketing relationships among agricultural commodities (including both contract and non-contract commodities) are not distorted.

In meeting the criterion set out in clause (iii) of subparagraph (B) of the preceding sentence, the President shall take into consideration that reductions under an order may apply to programs for two or more agricultural commodities that use the same type of production or marketing resources or that are alternative commodities among which a producer could choose in making annual production decisions.

''(5) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this title shall limit or reduce in any way any appropriation that provides the Commodity Credit Corporation with funds to cover the Corporation's net realized losses.

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

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

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

''(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

''(3) Administrative regulations or similar actions implementing a sequestration shall be made within 120 days of the sequestration order. To the extent that formula allocations differ at different levels of budgetary resources within an account, program, project, or activity, the sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

''(4) Except as otherwise provided, obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years.

''(5) If an automatic spending increase is sequestered, the increase (in the applicable index) that was disregarded as a result of that sequestration shall not be taken into account in any subsequent fiscal year.

''(6) Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by amending the item relating to section 256 to read as follows:

''Sec. 256. Exceptions, limitations, and special rules.''.

SEC. 204. TECHNICAL AND CONFORMING AMENDMENTS.

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

(1) Section 251(a)(1) is amended by inserting '', section 252A,'' after ''section 252''.

(2) Section 254(c)(4)(B) is amended by inserting ''or section 252A'' after ''section 252''.

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

''(5) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

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

''(B) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to comply with section 252A.''.

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

''(4) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the direct spending control sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequesterable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear for direct spending programs.''.

(5) Section 258C(a)(1) is amended by inserting '', 252A,'' after ''section 252''.

TITLE III—LONG-TERM UNFUNDED OBLIGATIONS AND OTHER AMENDMENTS

SEC. 301. LONG-TERM UNFUNDED OBLIGATIONS.

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

PART C—LONG-TERM UNFUNDED OBLIGATIONS

''SEC. 441. ANALYSIS OF LONG-TERM UNFUNDED OBLIGATIONS.

''Beginning in fiscal year 2006, the President's budget shall include an analysis of long-term unfunded obligations. This analysis shall include:

''(1) An analysis of the impact of long-term unfunded obligations in applicable entitlement programs on the long-term level of unified budget outlays and the unified budget surplus or deficit, in relation to the projected level of the Gross Domestic Product.

''(2) A report on the impact of legislation enacted during the previous session of Congress that increases the long-term unfunded obligation in any applicable group of entitlement program.

''(3) An analysis of the impact of legislation proposed in the President's budget on the long-term unfunded obligation in any applicable entitlement program.

''SEC. 442. STANDARD FOR DETERMINING INCREASE IN LONG-TERM UNFUNDED OBLIGATION.

''For the purpose of this part, legislation shall be considered to increase the long-term unfunded obligation of an applicable group of entitlement programs if it either—

''(1) increases the excess of the discounted present value of the expenditures of programs in the group above the discounted present value of the dedicated receipts of programs in the group over a long-term estimating period by more than an applicable threshold; or

''(2) increases the dollar level of the expenditures of programs in the group above the dedicated receipts of programs in the group above the dedicated receipts of programs in the group in the last year of the estimating period by more than the applicable threshold.

''SEC. 443. LONG-TERM UNFUNDED OBLIGATION ANALYSES BY CONGRESSIONAL BUDGET OFFICE.

''The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

''(1) an estimate of any increase of the long-term unfunded obligation of any applicable entitlement program which would be incurred in carrying out such bill or resolution as measured by the increase of the excess of the discounted present value of the expenditures of such program above the discounted present value of the dedicated receipts of such program over a long-term estimating period by more than an applicable threshold; and

''(2) an estimate of any increase in the dollar level of the expenditures of such program above the dedicated receipts of such program above the dedicated receipts of such program in the last year of the estimating period by more than the applicable threshold.

The estimates and description so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed.

''SEC. 444. DEFINITIONS.

''As used in this part—

''(1) the term 'applicable entitlement program' shall be defined as any one of the following programs:

''(A) Old Age, Survivors, and Disability Insurance.

''(B) Medicare (combined hospital insurance and supplemental medical insurance).

''(C) Civilian retirement and disability (combined Civil Service Retirement System and Federal Employees Retirement System).

''(D) Foreign Service Retirement and Disability (combined Foreign Service Retirement and Disability System and Foreign Service Pension System).

''(E) Retired Employees Health Benefits.

''(F) Military Retirement System.

''(G) Uniformed Services Retiree Health Care System.

''(H) Railroad Retirement System (combined Rail Industry Pension Fund, Social Security Equivalent Benefit Account, and National Railroad Retirement Investment Trust).

''(I) Supplemental Security Income (SSI).

''(J) For estimates made on or after January 1, 2006, veterans disability compensation.

''(K) Any other entitlement program with regularly available long-term estimates.

''(2) The term 'entitlement program with regularly available long-term estimates' means a program for which the Director of the Congressional Budget Office, in consultation with the Committees on the Budget of the House of Representatives and the Senate and the Director of the Office of Management and Budget, has determined that it is feasible to make long-term estimates of expenditures and dedicated receipts based on explicit demographic, economic, and other estimating assumptions. The Director shall notify the House and Senate Committees on the Budget in writing, whenever he or she makes such a determination.

''(3) The term 'applicable group of entitlement programs' shall be defined as any of the following:

''(A) Old Age, Survivors, and Disability Insurance.

''(B) All applicable entitlement programs except Old Age, Survivors, and Disability Insurance.

''(4) The term 'long-term estimating period' shall be defined as 75 years, starting with the current year, for all applicable entitlement programs except for Old Age, Survivors, and Disability Insurance. For Old Age, Survivors, and Disability Insurance, the term shall be defined as the infinite period of years utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act.

''(5) The term 'last year of the estimating period' shall be defined as the 75th year of the long-term estimating period.

''(6) The term 'dedicated receipts' shall be defined, for all applicable entitlement programs other than Medicare, as taxes and fees received from the public, payments received from Federal agencies on behalf of Federal agency employees who are participants in the program, transfers received by the program under section 7(c)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(2)), and transfers from the general fund of amounts equivalent to income tax receipts under section 86 of the Internal Revenue Code. Dedicated receipts shall not include payments from the general fund to amortize a program's unfunded liability or payments of interest on a program's trust fund holdings. For Medicare, 'dedicated receipts' shall be defined according to section 801(c)(3) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

''(7) The term 'expenditures' shall be defined, for all applicable entitlement programs other than Medicare, to include benefit payments, administrative expenses to the extent paid from a dedicated fund, and transfers to other programs made under section 7(c)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(2)). For Medicare, 'expenditures' shall be defined according to section 801(c)(4) of the Medicare prescription Drug, Improvement, and Modernization Act of 2003.

''(8) The term 'applicable threshold' shall be defined as:

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

''(i) 0.02 percent of the present value of the taxable payroll of the group of programs over the estimating period, for legislation affecting Old Age, Survivors, and Disability Insurance or Medicare; and

''(ii) 1 percent of the present value of the expenditures over the estimating period of the programs in the group that are affected by the legislation.

''(B) For a group of applicable entitlement programs in the last year of the estimating period—

''(i) 0.02 percent of the taxable payroll of the group of programs in that year, for legislation affecting Old Age, Survivors, and Disability Insurance or Medicare;

''(ii) 0.01 percent of Gross Domestic Product in that year; or

''(iii) 1 percent of the expenditures in that year of the programs in the group that are affected by the legislation.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by 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. Standard for determining increase in long-term unfunded obligation.

''Sec. 443. Long-term unfunded obligation analyses by congressional budget office.

''Sec. 444. Definitions.

The CHAIRMAN. Pursuant to House Resolution 692, the gentleman from Texas (Mr. HENSARLING) and the gentleman from South Carolina (Mr. SPRATT) each will control 5 minutes.

The Chair recognizes the gentleman from Texas (Mr. HENSARLING).

□ 1745

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

First, I want to offer my congratulations to the gentleman from Iowa (Chairman NUSSLE) for his fine work on an incredibly important topic that we take up today, and that is the topic of limiting the size, the scope, the power, the expense of government. In his underlying bill, he has placed a cap on the growth, on the growth of discretionary spending.

This amendment would also offer a cap on the growth of mandatory spending, again, a cap on the growth. Under this particular amendment, mandatory spending would grow by either CPI, the consumer price index, or the program inflator, plus new enrollees. There are certain exemptions, certain programs that, if this were to be enforced by a sequester, would have a 2 percent protection.

But the truth is this is an amendment that goes to the heart of the question: Does this body believe in limited government? Is government ever too big? Is spending ever out of control? Should we ever do anything to protect the family budget from the Federal budget? Many of us believe that spending is indeed out of control.

Mr. Chairman, since I have been on the face of the planet, the Federal budget has grown seven times faster, seven times faster, than the family budget as measured by median worker income. I believe that is an unsustainable growth rate, and an unconscionable growth rate. If we look at it on a per capita basis, net interest outlays have increased 3.6 percent faster than inflation each year since 1997. We see where the trend lines are headed. Ten years of spending history: total spending growth has averaged 5 percent each year since 1994, and the incline gets greater and greater and greater.

Until we finally draw a line in the sand and tell the American people at some point we are going to quit taking money away from them, at some we are going to go in and begin to reform programs, we are going to prioritize programs, we are going to go in and begin to root out the waste, the fraud, the abuse, the duplication that permeates every corner, then American families will not be able to realize their dreams, their dream of a better tomorrow, their dream of better education for their children, their dream of better health care for their family. We must decide at some point that we are going to limit the growth of government, and this amendment would do that.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill would set an arbitrary cap on some of the most important spending in the Federal budget, the spending that supports Medicare, on which millions depend for their health care; the spending that supports Medicaid. All kinds of spending falls under the rubric of category of direct spending or mandatory spending, including debt service, the interest we pay on our national debt. So we fix a level that corresponds to the existing level of expenditure, and then every year it increases.

The gentleman does allow for the spending level to increase with the rate of inflation measured by the CPI. As everyone in this room knows, the cost of health care every year, for as long as I have known it, goes up substantially more than the consumer price index so that over time in holding Medicare to no more than the rate of growth of the CPI, while the rest of health care spending is going up at a substantially higher rate, this is going to erode away spending authority for Medicare. It is going to result in automatic cuts in Medicare and other programs, affected programs. If the cuts are not taken out of Medicare, they will have to come all the more out of other programs.

Secondly, since debt service, the interest we pay on the national debt, is included, we could have this anomaly: we could have a huge tax cut that would result in a substantial deficit, requiring us to borrow large sums of money. Interest on the principal for the additional debt would go up, and that increment over and above the entitlement cap would have to be taken out of other spending programs like the Medicaid or children's health insurance or TRICARE for Life, trade adjustment assistance. All of these programs fall under that category and would be subject to automatic cuts if we had any anomalous action like that.

So this is not a good idea. Certainly these are not programs we want to put in that kind of jeopardy. We would like to exercise some control over their growth, and we have from time to time in the past voted to reduce rates of expenditure to curb the growth in Medicare and Medicaid and these other programs. But to do it automatically, to do it mindlessly, to do it with a meat cleaver is not the way to go on these programs on which so many people depend.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I just want to respond to a few things the gentleman from South Carolina said.

Number one, the cap is indexed to inflation at the CPI or another inflation adjuster, such as, in the case of Medicare, medical inflation, Medicare price. So how can he say that it is a cut if each of these programs grows by inflation plus new beneficiaries and the inflation within those kinds of programs?

The problem we have, Mr. Chairman, is when we put most of the Federal Government off limits to budget discipline, it grows out of control. I hope that those who are in charge of discretionary spending in Congress also join with us in trying to control mandatory spending, because if we can control mandatory spending, we can get our hands around the big problem in our budget system in the Federal Government, and that is out-of-control spending. We do this in an honest way, we do this in a sincere way, and we do this in a way to protect those. That is why earned entitlements are off limits, like Social Security and Medicare benefits. We do this in a way that we protect beneficiaries, we protect them from inflation, and we get our hands around the biggest part of our Federal budget, entitlements.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

In response to the gentleman's statement, it is still my understanding that child care, direct student loans, farm price supports, TRICARE for Life, military health care benefits, and trade adjustment assistance, among other things, would be subject to these automatic cuts. If there was some sort of growth over and above the cap that he has imposed, all of these things would get whacked unless Congress somehow intervened and saved them from being cut by administering cuts elsewhere in the budget.

It is not a good idea. It is not a workable idea. And I continue to oppose the amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 30 seconds to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, I thank the gentleman from Texas for yielding me this time, and I commend him for this amendment.

If we are serious about getting spending under control, we simply have to address the mandatory side. It is as simple as that. In 1963 mandatory spending was 25 percent of the Federal budget. Today it is over 60 percent; and it is on its way up in absolute terms, as a percentage term. It is growing faster than any reasonable measure. And to allow, as this amendment does, for it to grow at the sum of the rate of growth of the population and inflation, allows us to maintain the level of benefits. It just puts a break on the out-of-control spending.

Mr. SPRATT. Mr. Chairman, I yield 1½ minutes to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Chairman, I thank the gentleman for yielding me this time.

This amendment points out the difficulty in the one-way PAYGO. If we have a crunch, we can only deal with it by cutting spending. We cannot deal with it any other kind of way. With the one-way PAYGO, if we want to deal with the problem through tax cuts, if we have health care we want to deliver, we can do it in tax cuts. Just give tax credits. There is no limit to what we can do. But if we have a crunch and the budget is tight, we have got to have this mindless across-the-board cut. If we do it through tax cuts, we could have tax cuts at the same time that we are cutting the spending.

This is what happens when we have a two-way PAYGO, that is, if we are going to cut taxes, we have to cut spending. If we increase spending, we have got to raise taxes or any combination. The green was with PAYGO; the red is what happens when we have unlimited tax cuts with PAYGO. This just says we have got to cut mindlessly across the board with spending. If we have a crunch and we have a new need, we cannot make it; we cannot meet it. If we want to meet it, the only way we can do it is through some tax plan where we are unlimited. But if we have a new program, if there is a housing need, if there is a health care need, something new we want to do, we cannot do it. This is why we need a two-way PAYGO and a more sensible way to deal with our budget, not mindless across-the-board tax cuts.

Mr. HENSARLING. Mr. Chairman, I yield the balance of my time to the gentleman from Arizona (Mr. SHADEGG).

Mr. SHADEGG. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in strong support of this amendment. My colleagues on the Committee on Appropriations correctly point out that the engine driving the train here is entitlement spending, not discretionary spending, over which they have control. And they are right.

Every American, I think, understands in their gut that entitlement spending is out of control. It is out of control because there are no restraints on it. I would like to point out, as my colleague from Pennsylvania did just a moment ago, in 1963, not that long ago, 25 percent of our spending was entitlement spending. Today it is over 60 percent of all our spending. We have to control that, and this is a rational basis to do it because it limits the growth to the growth in the population of the constituency plus inflation. That is the only way we can rationally limit spending. And it is not a meat cleaver.

I urge my colleagues to support the amendment.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the caps that are being proposed here could create shortfalls of billions of dollars over the next 10 years, triggering huge cuts. And let me tell the Members the programs that would be cut: veterans compensation, veterans pensions, food stamps, Medicaid, children's health insurance, childcare, direct student loans, farm

price supports, TRICARE for Life, military benefits, and trade adjustment assistance among others.

This is not a good plan. We do not need to put those in jeopardy of automatic cuts, and I oppose the amendment and urge others to do so also.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HENSARLING).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas (Mr. HENSARLING) will be postponed.

It is now in order to consider amendment No. 5 printed in House Report 108–566.

AMENDMENT NO. 5 OFFERED BY MR. HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mr. HENSARLING:

At the end, add the following new section:

SEC. . GOVERNMENT SHUTDOWN PROTECTION.

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

''§ 1311. Continuing appropriations

''(a)(1) If any regular appropriation bill for a fiscal year does not become law before the beginning of such fiscal year or a joint resolution making continuing appropriations is not in effect, there are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, such sums as may be necessary to continue any project or activity for which funds were provided in the preceding fiscal year—

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

''(B) if the corresponding regular appropriation bill for such preceding fiscal year did not become law, then in a joint resolution making continuing appropriations for such preceding fiscal year.

''(2) Appropriations and funds made available, and authority granted, for a project or activity for any fiscal year pursuant to this section shall be at a rate of operations not in excess of the lower of—

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

''(B) in the absence of such an Act, the rate of operations provided for such project or activity pursuant to a joint resolution making continuing appropriations for such preceding fiscal year;

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

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

''(3) Appropriations and funds made available, and authority granted, for any fiscal year pursuant to this section for a project or activity shall be available for the period beginning with the first day of a lapse in appropriations and ending with the earlier of—

''(A) the date on which the applicable regular appropriation bill for such fiscal year becomes law (whether or not such law provides for such project or activity) or a continuing resolution making appropriations becomes law, as the case may be; or

''(B) the last day of such fiscal year.

''(b) An appropriation or funds made available, or authority granted, for a project or activity for any fiscal year pursuant to this section shall be subject to the terms and conditions imposed with respect to the appropriation made or funds made available for the preceding fiscal year, or authority granted for such project or activity under current law.

''(c) Appropriations and funds made available, and authority granted, for any project or activity for any fiscal year pursuant to this section shall cover all obligations or expenditures incurred for such project or activity during the portion of such fiscal year for which this section applies to such project or activity.

''(d) Expenditures made for a project or activity for any fiscal year pursuant to this section shall be charged to the applicable appropriation, fund, or authorization whenever a regular appropriation bill or a joint resolution making continuing appropriations until the end of a fiscal year providing for such project or activity for such period becomes law.

''(e) This section shall not apply to a project or activity during a fiscal year if any other provision of law (other than an authorization of appropriations)—

''(1) makes an appropriation, makes funds available, or grants authority for such project or activity to continue for such period; or

''(2) specifically provides that no appropriation shall be made, no funds shall be made available, or no authority shall be granted for such project or activity to continue for such period.

''(f) For purposes of this section, the term 'regular appropriation bill' means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of projects and activities:

''(1) Agriculture, rural development, Food and Drug Administration, and related agencies programs.

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

''(3) The Department of Defense.

''(4) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

''(5) Energy and water development.

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

''(7) The Department of Homeland Security.

''(8) The Department of the Interior and related agencies.

''(9) The Departments of Labor, Health and Human Services, and Education, and related agencies.

''(10) The Legislative Branch.

''(11) Military construction, family housing, and base realignment and closure for the Department of Defense.

''(12) The Departments of Transportation and Treasury, and independent agencies.

''(13) The Departments of Veterans Affairs and Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.''.

(b) CLERICAL AMENDMENT.—The analysis of chapter 13 of title 31, United States Code, is amended by inserting after the item relating to section 1310 the following new item:

''1311. Continuing appropriations.''

The CHAIRMAN. Pursuant to House Resolution 692, the gentleman from Texas (Mr. HENSARLING) and the gentleman from South Carolina (Mr. SPRATT) each will control 5 minutes.

The Chair recognizes the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is a very simple amendment. In the past when this House has not agreed with the other body on a budget, occasionally we have faced a government shutdown, a train wreck. The government has shut down 17 times since 1977, for a total of 109 days. These shutdowns should not happen. They are not good for the American people. Parks close. Applications for visas go unprocessed. Toxic waste clean-up is postponed.

This amendment is very simple. It says if for whatever reason we cannot come to an agreement on the budget, we do not shut down the government. We go back to the last agreement on the table. We put in place a continuing resolution until such time as we can come to agreement so we do not hold the American people hostage.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield 2½ minutes to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, I thank the gentleman for yielding me this time.

I will speak quickly because time is so limited. We are dealing with a constitutional issue in what we are talking about today. We have raised that issue many times.

Section 9 of article I is very specific: ''No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.'' But it goes further to say ''and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.''

If we were to agree to put into place an automatic continuing resolution, we would not follow the Constitution. We put the administration on auto pilot; and we let the Congress say that it is going to be a lot easier to avoid those difficult days and hours, those difficult decisions. Just go on automatic pilot with a CR. Ignore the Constitution.

This is not a good amendment.

□ 1800

This is not a good plan. I supported the first amendment of the gentleman, but I cannot support this amendment. I think it flies in the face of the Constitution.

Mr. Chairman, I yield back the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this particular amendment could have a perverse and unintended result, and that is it could lower, lessen the incentive for Congress to get its work done, knowing that if we could not come together and pass appropriation bills, all 13 of them, if we could not get them on the President's desk in time, why, it would be automatic. This continuing resolution would just automatically kick into effect.

Anyone bent upon sort of disrupting the process and preventing an appropriations bill that he thought was maybe too much or maybe too little could manipulate this result, manipulate the situation if this rule were in place. So I do not think it helps the process at all.

I think when we have to pass a continuing resolution, it is a bit embarrassing that we have to get up and say to the country and the public, as well as the President, we have not gotten our work done yet, so keep on spending money at the existing level. It gives us a strong incentive to go ahead and finally come to those final compromises that help us close the appropriations process.

So this would probably complicate, prolong the process, and lead to situations where we did not even pass appropriation bills because there would be an automatic reversion to the prior year's spending level.

It is not a good idea. It has been debated before, debated more thoroughly than it has been debated tonight, and there is a good reason it has never become law, it is not a workable or viable idea.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first I would like to thank the gentleman from Florida for allowing me to bat 500 with him.

Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, this is, I think, just a matter of responsible government. This is a very good amendment. It is responsible because the status quo is not. It is not responsible to have the threat of a government shutdown looming over this process. It is not responsible to have the American people wondering whether or not government services are going to be suspended, whether or not important functions are going to be disrupted. That is what is irresponsible.

What is responsible is to say if we are unable to come to a resolution and pass a new appropriation bill, then we will, by an act of Congress, continue under the previously enacted appropriation bill.

Contrary to my good friend and a colleague I respect, the gentleman from Florida, I do not see any constitutional problem with this whatsoever. It still is an exercise in Congressional authority in establishing the level of appropriations, but it happens to do so at the previous year's level. There is nothing in the Constitution that says we have to change the level of spending from one year to the next, so I tend to disagree with that.

The other problem I have with the status quo and the reason that I like this amendment so much is that in the absence of an automatic continuing CR, let us face it, we know what happens. There is a big game of political chicken that happens.

If we do not have an agreement, there is a big tension, a big question about which side is going to get the blame if there is a government shutdown. If one side thinks there is political gain to be had from precipitating a shutdown, it has an incentive to precipitate one, to cause it. That goes back to the issue of responsible government. That is not the way we ought to be running this place. So that is a second thing.

Here is a third reason why I think this makes a lot of sense, and some of my colleagues do not like this reason. But the fact is sometimes we have operated for months on end with a continuing resolution, continuing spending at the previous year's level. And do you know what we discovered? No huge outcry. No great catastrophe. American society did not collapse, it was not the end of the world. We discovered that basically freezing spending at the previous year's level in many areas was no big deal.

Now, if you are interested in more spending, that is a problem. But if you are interested in getting spending under control, this is a very good amendment, and I urge my colleagues to support it.

Mr. SPRATT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Texas has 2 minutes remaining.

Mr. HENSARLING. Mr. Chairman, I yield 30 seconds to the gentleman from Iowa (Mr. NUSSLE), the esteemed chairman of the Committee on the Budget.

Mr. NUSSLE. Mr. Chairman, I support the gentleman's amendment.

More than anything else, I just want to make an observation: There has been a lot of coming to the floor and saying the budget process is broken. Part of the reason that this amendment is being offered is because it is the appropriations process that cannot get done on time.

We have had so many years when appropriations do not get done on time, and, because of that, the threat hangs over for government shutdown. It is the reason why we are looking, grappling for a way to make sure that does not happen. But it is because of the appropriations process that with the budget process and other processes around here have some challenges.

So do not come down and just talk about the budget. It is also the appropriations process that has challenges.

Mr. HENSARLING. Mr. Chairman, I yield 30 seconds to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I just would like to bring some illumination to this with numbers. This brinksmanship that this process brings us to has brought us a lot of extra spending. In fiscal year 2002, the discretionary spending level in the budget resolution was $661 billion. We spent $734 billion.

In FY 2003, the discretionary spending level was set out in the budget resolution at $750 billion. We ended up spending $849 billion.

In FY 2004, the discretionary spending was $784 billion. We ended up spending $873 billion.

This brinksmanship brings us to this overspending limit. This amendment stops that.

Mr. HENSARLING. Mr. Chairman, I yield 30 seconds to the gentleman from Arizona (Mr. SHADEGG).

Mr. SHADEGG. Mr. Chairman, I thank the gentleman for yielding me time, and I rise in support of this amendment.

Mr. Chairman, the reality is, it is a common-sense amendment. I was here in 1995 when the government shut down. My colleague from South Carolina said look, it is simply not needed. The current process works and this process helps us.

Since 1977, in 27 years, we have shut this government down 17 different times for a total of 109 days. What that means to the American people is that in 1995, 368 national parks closed, 7 million visitors were turned away, a loss of $14 million in tourism revenue, and 20,000 to 30,000 applications for visas went unprocessed every single day.

It is not a yielding of our constitutional authority, it is indeed a rational way to deal with the process. We need to do our budget work, and if we cannot get it done in time, we need a process to keep the government open and running to serve the people.

Mr. Chairman, I urge my colleagues to support the amendment.

Mr. HENSARLING. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I have the greatest amount of respect for the gentleman from Florida, the chairman of the Committee on Appropriations, and the ranking member on the Committee on the Budget, but it seems to me rarely has an amendment been endowed with such common sense as this one. Why do we shut down the government if we cannot get our business done? Do we understand the implications to the average American out there in the street?

This is common sense. It needs to get done. On behalf of the people of America, I would urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HENSARLING).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. HENSARLING. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Texas (Mr. HENSARLING) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 1 offered by Mr. BRADY of Texas; amendment No. 2 offered by Mr. CHOCOLA of Indiana; amendment No. 3 offered by Mr. CASTLE of Delaware; amendment No. 4 offered by Mr. HENSARLING of Texas; and amendment No. 5 offered by Mr. HENSARLING of Texas.

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 1 OFFERED BY MR. BRADY OF TEXAS

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. BRADY) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 15-minute vote, followed by four 5-minute votes.

The vote was taken by electronic device, and there were—ayes 272, noes 140, not voting 21, as follows:

[Roll No. 305]

AYES—272

Aderholt
Akin
Alexander
Baca
Bachus
Baird
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Bell
Berry
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Cardoza
Carson (OK)
Carter
Case
Castle
Chabot
Chocola
Coble
Cole
Cooper
Costello
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (TN)
Davis, Jo Ann
Deal (GA)
DeFazio
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Dooley (CA)
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graves
Green (TX)
Green (WI)
Gutknecht
Hall
Harman
Hart
Hayes
Hayworth
Hefley
Hensarling
Herger
Herseth
Hill
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Hooley (OR)
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Israel
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Lampson
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Marshall
Matheson
McCotter
McCrery
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Moore
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Ortiz
Osborne
Otter
Oxley
Pascrell
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Ruppersberger
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Schiff
Schrock
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tanner
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Turner (TX)
Udall (NM)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (SC)
Wu
Young (AK)

NOES—140

Abercrombie
Ackerman
Allen
Andrews
Baker
Baldwin
Becerra
Berkley
Bishop (GA)
Bishop (NY)
Blumenauer
Boucher
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Chandler
Clay
Clyburn
Conyers
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doyle
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frelinghuysen
Greenwood
Grijalva
Gutierrez
Hinchey
Holt
Honda
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kolbe
Kucinich
LaHood
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lynch
Majette
Maloney
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
Meek (FL)
Menendez
Michaud
Miller (MI)
Miller (NC)
Miller, George
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ose
Owens
Pallone
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Scott (VA)
Serrano
Sherman
Simpson
Slaughter
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Van Hollen
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Wilson (NM)
Wolf
Woolsey
Wynn
Young (FL)

NOT VOTING—21

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Davis, Tom
Deutsch
Gephardt
Granger
Harris
Hastings (FL)
Hastings (WA)
Jefferson
Jones (OH)
McDermott
Meeks (NY)
Mollohan
Rothman
Roybal-Allard
Tauzin
Velázquez

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 1837

Ms. JACKSON-LEE of Texas, Ms. CORRINE BROWN of Florida, Ms. DeGETTE, Ms. McCARTHY of Missouri, Mr. EVANS, and Mr. CROWLEY changed their vote from ''aye'' to ''no.''

Mrs. EMERSON, and Messrs. LEWIS of California, BOEHNER, PETERSON of Pennsylvania, GILCHREST, WICKER, RUPPERSBERGER, SNYDER and EHLERS changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Stated for:

Ms. HARRIS. Mr. Chairman, on rollcall No. 305 I was unavoidably detained. Had I been present, I would have voted "aye."

AMENDMENT NO. 2 OFFERED BY MR. CHOCOLA

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Indiana (Mr. CHOCOLA) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 126, noes 290, not voting 17, as follows:

[Roll No. 306]

AYES—126

Akin
Bachus
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Boozman
Boswell
Brady (TX)
Burgess
Burns
Burton (IN)
Camp
Cannon
Carter
Castle
Chabot
Chocola
Coble
Cole
Cox
Crane
Cubin
Davis, Jo Ann
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Duncan
Dunn
Ehlers
Feeney
Flake
Foley
Forbes
Fossella
Franks (AZ)
Garrett (NJ)
Gerlach
Gingrey
Goode
Goodlatte
Green (TX)
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hayworth
Hensarling
Herger
Hoekstra

Holden
Hostettler
Houghton
Hulshof
Isakson
Johnson (CT)
Johnson, Sam
Jones (NC)
Keller
Kennedy (MN)
King (IA)
Kirk
Kline
Leach
Manzullo
McCrery
McInnis
McKeon
Miller (FL)
Miller, Gary
Moore
Moran (KS)
Murtha
Musgrave
Myrick
Neugebauer
Ney
Norwood
Otter
Pearce
Pence
Petri
Pitts
Platts
Pryce (OH)
Radanovich
Ramstad
Reynolds
Rogers (AL)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryan (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shimkus
Shuster
Smith (MI)
Smith (WA)
Souder
Stearns
Sullivan
Tancredo
Thornberry
Tiberi
Toomey
Upton
Vitter
Weller
Wilson (NM)
Wilson (SC)

NOES—290

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Baird
Baker
Baldwin
Becerra
Bell
Berkley
Berry
Bishop (GA)
Bishop (NY)
Boehlert
Bonilla
Bonner
Bono
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burr
Buyer
Calvert
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Case
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Edwards
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Ford
Frank (MA)
Frelinghuysen
Frost
Gallegly
Gibbons
Gilchrest
Gillmor
Gonzalez
Gordon
Goss
Graves
Grijalva
Gutierrez
Hall
Harman
Hayes
Hefley
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Honda
Hooley (OR)
Hoyer
Hunter
Hyde
Inslee
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (IL)
Johnson, E. B.
Kanjorski
Kaptur
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moran (VA)
Murphy
Nadler
Napolitano
Neal (MA)
Nethercutt
Northup
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Pickering
Pombo
Pomeroy
Porter
Portman
Price (NC)
Putnam
Quinn
Rahall
Rangel
Regula
Rehberg
Renzi
Reyes
Rodriguez
Rogers (KY)
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shays
Sherman
Sherwood
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tierney
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Whitfield
Wicker
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Barton (TX)
Bereuter
Berman
Blumenauer
Carson (IN)
Collins
Davis, Tom
Deutsch
Gephardt
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
McDermott
Mollohan
Rothman
Tauzin

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). Members are advised 2 minutes remain in this vote.

□ 1845

Mr. RADANOVICH changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 3 OFFERED BY MR. CASTLE

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Delaware (Mr. CASTLE) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 185, noes 230, not voting 18, as follows:

[Roll No. 307]

AYES—185

Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Bradley (NH)
Brady (TX)
Brown (SC)
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Carter
Castle
Chabot
Chocola
Cole
Cox
Crane
Crenshaw
Culberson
Davis (TN)
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall
Harman
Harris
Hart
Hayworth
Hensarling
Herger
Herseth
Hoekstra
Holden
Hostettler
Hulshof
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Latham
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Manzullo
McCrery
McInnis
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Murtha
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nussle
Osborne
Ose
Paul
Pearce
Pence
Petri
Pickering
Pitts
Platts
Portman
Pryce (OH)
Putnam
Ramstad
Regula
Rehberg
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryan (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Simmons
Skelton
Smith (MI)
Smith (TX)
Smith (WA)
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tanner
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Upton
Vitter
Walden (OR)
Wamp
Weldon (PA)
Whitfield
Wicker
Wilson (SC)

NOES—230

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Becerra
Bell
Berkley
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Brown-Waite, Ginny
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Chandler
Clay
Clyburn
Coble
Cooper
Costello
Cramer
Crowley
Cubin
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graves
Grijalva
Gutierrez
Hayes
Hefley
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Honda
Hooley (OR)
Houghton
Hoyer
Hunter
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (IL)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kleczka
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
LaTourette
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moore
Moran (VA)
Murphy
Nadler
Napolitano
Neal (MA)
Nunes
Oberstar
Obey
Olver
Ortiz
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Pombo
Pomeroy
Porter
Price (NC)
Quinn
Radanovich
Rahall

Rangel
Renzi
Reyes
Rodriguez
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Sherwood
Simpson
Slaughter
Smith (NJ)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walsh
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weller
Wexler
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—18

Barton (TX)
Bereuter
Berman
Carson (IN)
Case
Collins
Conyers
Davis, Tom
Deutsch
Gephardt
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
McDermott
Mollohan
Rothman
Tauzin

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). Members are advised 2 minutes remain in this vote.

□ 1852

Ms. HARMAN changed her vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 4 OFFERED BY MR. HENSARLING

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. HENSARLING) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 96, noes 317, not voting 20, as follows:

[Roll No. 308]

AYES—96

Akin
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Bishop (UT)
Blackburn
Blunt
Boehner
Brady (TX)
Burgess
Burns
Cannon
Cantor
Carter
Chabot
Chocola
Coble
Cole
Cox
Crane
Cubin
Culberson
Deal (GA)
DeLay
DeMint
Diaz-Balart, M.
Doolittle
Duncan
Dunn
Feeney
Flake
Forbes
Franks (AZ)
Garrett (NJ)
Gibbons
Gingrey
Goode
Goodlatte
Green (WI)
Gutknecht
Hall
Harris
Hayworth
Hefley
Hensarling
Hoekstra
Hostettler
Isakson
Istook
Johnson, Sam
Keller
Kennedy (MN)
King (IA)
Kingston
Kline
Manzullo
McKeon
Miller (FL)
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Norwood
Ose
Otter
Paul
Pearce
Pence
Pitts
Pombo
Putnam
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shimkus
Smith (MI)
Souder
Stearns
Sullivan
Tancredo
Taylor (NC)
Thornberry
Tiahrt
Toomey
Vitter
Wamp
Weldon (FL)
Wilson (SC)

NOES—317

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Becerra
Bell
Berkley
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Boehlert
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burr
Burton (IN)
Buyer
Calvert
Camp
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Case
Castle
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
DeFazio
DeGette
Delahunt
DeLauro
Diaz-Balart, L.
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Dreier
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Foley
Ford
Fossella
Frank (MA)
Frelinghuysen
Frost
Gallegly
Gerlach
Gilchrest
Gillmor
Gonzalez
Gordon
Goss
Graves
Green (TX)
Greenwood
Grijalva
Gutierrez
Harman
Hayes
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Jones (NC)
Kanjorski
Kaptur
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McGovern
McHugh
McInnis
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Platts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Shays
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Tauscher
Taylor (MS)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Tiberi
Tierney
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Waters
Watson
Watt
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—20

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Davis, Tom
Deutsch
Gephardt
Granger
Hart
Hastings (FL)
Hastings (WA)
Herger
Issa
Jones (OH)
McDermott
Mollohan
Ros-Lehtinen
Rothman
Tauzin

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). Members are advised 2 minutes remain in this vote.

□ 1859

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Ms. HART. Mr. Chairman, on rollcall No. 308 I was unavoidably detained. Had I been present, I would have voted ''aye.''

Mr. HERGER. Mr. Chairman, on rollcall No. 308 I was unavoidably detained. Had I been present, I would have voted ''aye.''

Stated against:

Ms. ROS-LEHTINEN. Mr. Chairman, on rollcall No. 308 I was unavoidably detained. Had I been present, I would have voted ''no.''

AMENDMENT NO. 5 OFFERED BY MR. HENSARLING

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. HENSARLING) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 111, noes 304, not voting 18, as follows:

[Roll No. 309]

AYES—111

Akin
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Bilirakis
Bishop (UT)
Blackburn
Boehner
Brady (TX)
Brown-Waite, Ginny
Burr
Cannon
Cantor
Chabot
Chocola
Coble
Cole
Cox
Crane
Cubin
Davis, Jo Ann
Deal (GA)
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Duncan
Dunn
English
Feeney
Flake
Foley
Forbes
Fossella
Franks (AZ)
Garrett (NJ)
Gibbons
Gillmor
Gingrey
Goode
Goodlatte
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hayworth
Hefley

Hensarling
Herger
Hoekstra
Hostettler
Hulshof
Isakson
Issa
Johnson, Sam
Keller
Kennedy (MN)
King (IA)
Kline
Linder
Manzullo
McCrery
McInnis
McKeon
Mica
Miller (FL)
Moran (KS)
Musgrave
Myrick
Neugebauer
Norwood
Nunes
Nussle
Ose
Otter
Paul
Pence
Pitts
Pombo
Radanovich
Ramstad
Reynolds
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Shuster
Smith (MI)
Smith (TX)
Souder
Stearns
Sullivan
Tancredo
Terry
Thomas
Tiberi
Toomey
Upton
Vitter
Walden (OR)
Wilson (NM)
Wilson (SC)

NOES—304

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baldwin
Becerra
Bell
Berkley
Berry
Biggert
Bishop (GA)
Bishop (NY)
Blumenauer
Blunt
Boehlert
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Burgess
Burns
Burton (IN)
Buyer
Calvert
Camp
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Carter
Case
Castle
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Edwards
Ehlers
Emanuel
Emerson
Engel
Eshoo
Etheridge
Everett
Farr
Fattah
Ferguson
Filner
Ford
Frank (MA)
Frelinghuysen
Frost
Gallegly
Gerlach
Gilchrest
Gonzalez
Gordon
Goss
Graves
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hayes
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Houghton
Hoyer
Hunter
Hyde
Inslee
Israel
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Jones (NC)
Kanjorski
Kaptur
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Moore
Moran (VA)
Murphy
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Oberstar
Obey
Olver
Ortiz
Osborne
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Platts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Rahall
Rangel
Regula
Rehberg
Renzi
Reyes
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Sherman
Sherwood
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tierney
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walsh
Wamp
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—18

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Davis, Tom
Deutsch
Evans
Gephardt
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
McDermott
Mollohan
Rothman
Tauzin
Waters

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). There are 2 minutes remaining in this vote.

□ 1906

Mr. NUNES changed his vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. NUSSLE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. TERRY) having assumed the chair, Mr. LATOURETTE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, had come to no resolution thereon.

PERMISSION FOR AMENDMENT NO. 18 TO BE CONSIDERED OUT OF SEQUENCE AND WITHDRAWN AFTER DEBATE DURING FURTHER CONSIDERATION OF H.R. 4663, SPENDING CONTROL ACT OF 2004

Mr. DREIER. Mr. Speaker, I ask unanimous consent that during further consideration of H.R. 4663 pursuant to House Resolution 692, amendment No. 18 in House Report 108–566 may be considered out of sequence in the Committee of the Whole, and that the amendment may be withdrawn by its proponent after debate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

SPENDING CONTROL ACT OF 2004

The SPEAKER pro tempore. Pursuant to House Resolution 692 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4663.

□ 1905

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, with Mr. BASS (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose earlier today, amendment No. 5 printed in House Report 108–566 offered by the gentleman from Texas (Mr. HENSARLING) had been disposed of.

Pursuant to the order of the House of today, amendment No. 18 printed in the report may be considered out of sequence and may be withdrawn by its proponent after debate thereon.

AMENDMENT NO. 18 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. YOUNG OF FLORIDA

Mr. YOUNG of Florida. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 18 in the nature of a substitute No. 18 offered by Mr. YOUNG of Florida:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Spending Control Act of 2004''.

SEC. 2. EXTENSION OF DIRECT SPENDING CONTROLS.

(a) PURPOSE.—Section 252(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

''(a) PURPOSE.—The purpose of this section is to assure that any legislation that causes a net increase in direct spending will trigger an offsetting sequestration.''.

(b) TIMING.—Section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''any net deficit increase'' and all that follows through ''2002,'' and by inserting ''any net increase in direct spending,''.

(c) CALCULATION OF DIRECT SPENDING INCREASE.—(1) Section 252(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

''(2) CALCULATION OF DIRECT SPENDING INCREASE.—OMB shall calculate the amount of increase or decrease in direct spending. If, in the President's budget submission pursuant to section 1105(a) of title 31, United States Code, baseline estimates for direct spending for the current year exceed the direct spending baseline estimates for the current year assumed in the previous year's budget as a result of legislation enacted since the previous budget, that shall be treated as an increase in direct spending for purposes of this section.

(2) CONFORMING AMENDMENT.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraph:

''(35) a separate statement identifying the changes in direct spending baseline estimates for the current year resulting from economic factors, technical factors, or enacted legislation.''.

(d) CONFORMING AMENDMENTS.—(1) The heading of section 252(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows: ''ELIMINATING A DIRECT SPENDING INCREASE.—''.

(2) Paragraphs (1), (2), and (4) of section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking ''or receipts'' each place it appears.

(3) Section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''or receipts'' and by striking '', outlays, and receipts'' and inserting ''and outlays''.

(4) Section 254(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(A) in subparagraph (A) by striking ''net deficit increase or decrease'' and by inserting ''net increase or decrease in direct spending'';

(B) in subparagraph (B) by striking ''amount of deficit increase or decrease'' and by inserting ''increase or decrease in direct spending''; and

(C) in subparagraph (C) by striking ''a deficit increase'' and by inserting ''an increase in direct spending''.

SEC. 3. PROJECTIONS UNDER SECTION 257.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after paragraph (6) the following new paragraph:

''(7) EMERGENCIES.—New budgetary resources designated under section 251(b)(2)(A) or 251(b)(2)(I) shall not be assumed beyond the fiscal year for which they have been enacted.''.

SEC. 4. EXCEPTION FOR OUTLAY COMPONENTS OF EXPIRING RECEIPTS LEGISLATION.

Section 252(d)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''and'' at the end of subparagraph (A), by striking the period and inserting ''; and'' at the end of subparagraph (B), and by adding at the end the following new subparagraph:

''(C) extending provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 or provisions in sections 101 through 104, section 202, or sections 301 and 302 of the Jobs and Growth Tax Relief Reconciliation Act of 2003.''.

SEC. 5. TECHNICAL CORRECTIONS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In section 250(a), strike ''SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES'' and insert ''Sec. 256. General and special sequestration rules'' in the item relating to section 256.

(2) In subparagraphs (F), (G), (H), (I), (J), and (K) of section 250(c)(4), insert ''subparagraph'' after ''described in'' each place it appears.

(3) In section 250(c)(18), insert ''of'' after ''expenses''.

(4) In section 251(b)(1)(A), strike ''committees'' the first place it appears and insert ''Committees''.

(5) In section 251(b)(1)(C)(i), strike ''fiscal years'' and insert ''fiscal year''.

(6) In section 251(b)(1)(D)(ii), strike ''fiscal years'' and insert ''fiscal year''.

(7) In section 252(b)(2)(B), insert ''the'' before ''budget year''.

(8) In section 252(c)(1)(C)(i), strike ''paragraph (1)'' and insert ''subsection (b)''.

(9) In section 254(c)(3)(A), strike ''subsection'' and insert ''section''.

(10) In section 254(f)(4), strike ''subsection'' and insert ''section'' and strike ''sequesterable'' and insert ''sequestrable''.

(11) In section 255(g)(1)(B), move the fourteenth undesignated clause 2 ems to the right.

(12) In section 255(g)(2), insert ''and'' after the semicolon at the end of the next-to-last undesignated clause.

(13) In section 255(h)—

(A) strike ''and'' after the semicolon in the ninth undesignated clause;

(B) insert ''and'' after the semicolon at the end of the tenth undesignated clause; and

(C) strike the semicolon at the end and insert a period.

(14) In section 256(k)(1), strike ''paragraph (5)'' and insert ''paragraph (6)''.

(15) In section 257(b)(2)(A)(i), strike ''differenes'' and insert ''differences''.

SEC. 6. CHANGE OF FISCAL YEAR.

(a) FISCAL YEAR TO BEGIN NOVEMBER 1.—Section 1102 of title 31, United States Code, is amended by striking ''October 1'' and inserting ''November 1'' and by striking ''September 30'' and inserting ''October 31''.

(b) TITLE OF APPROPRIATION ACTS.—Section 105 of title 1, United States Code, is amended by striking ''September 30'' and inserting ''October 31''.

(c) TRANSITION TO NEW FISCAL YEAR.—(1) As soon as practicable, the President shall prepare and submit to the Congress—

(A) after consultation with the Committees on Appropriations of the House of Representatives and the Senate, budget estimates for the United States Government for the period commencing October 1, 2005, and ending October 31, 2005, in such form and detail as he may determine; and

(B) propose legislation he considers appropriate with respect to changes in law necessary to provide authorizations of appropriations for that period.

(2) The Director of the Office of Management and Budget shall provide, by regulation or otherwise, for the orderly transition of all departments, agencies, and instrumentalities of the United States Government and the government of the District of Columbia from the use of the fiscal year in effect on the date of enactment of this Act to the use of the new fiscal year prescribed by section 1102 of title 31, United States Code, (as amended by subsection (a)). The Director shall prepare and submit to the Congress such additional proposed legislation as he considers necessary to accomplish this objective.

(d) EFFECTIVE DATE.—This section and the amendments made by it (except for subsection (c)) apply to fiscal year 2006 and subsequent fiscal years.

SEC. 7. SUNSETTING OF DISCRETIONARY PROGRAMS AND UNEARNED ENTITLEMENTS.

(a) FISCAL YEAR 2007.—Effective October 1, 2006, authorizations for all programs (except earned entitlements) shall terminate unless such programs are reauthorized after the date of enactment of this Act and before October 1, 2006.

(b) DEFINITIONS.—For purposes of subsection (a), the term ''earned entitlement'' means an entitlement earned by service or paid for in total or in part by assessments or contributions such as social security, veterans' benefits, retirement programs, and medicare.

SEC. 8. SPECIAL RULE FOR FISCAL YEAR 2005.

For purposes of ensuring the full funding of the transportation guarantees in fiscal year 2005, the amounts provided for fiscal year 2005 for discretionary new budget authority and outlays allocated to the House Committee on Appropriations as though under section 302(a) of the Congressional Budget Act of 1974 shall be increased by not less than $2,057,000,000 in budget authority and $634,000,000 in outlays.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Florida (Mr. YOUNG) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I offer this substitute, which includes many similar amendments to those we have already considered and others we will consider, as a total substitute for the bill. However, the primary reason I offer this substitute is because my friends on the Committee on Rules did not give appropriators any time at all under the rule to have a serious debate on our position relative to this bill. So we are taking this approach.

Now, I want to announce to the Members that I agree that the budget process needs to be changed and needs to be improved. And I am not suggesting that my chairman, the gentleman from Iowa (Mr. NUSSLE), has done anything wrong. It is just the fact that the current process is not working, especially at the other end of the Capitol. But what I intended to do in one of the amendments I submitted and the Committee on Rules rejected, was to create a commission, a bicameral, bipartisan group of Members of the House and the Senate, to sit down and study this problem from all perspectives not just that of the Committee on the Budget, or the Committee on Appropriations, or the Committee on Ways and Means, or the authorizing committees—but from all perspectives. Everybody has something good to offer if they are given an opportunity.

But my amendment was not made in order, so we are not going to do that here today. So what I intend to do, Mr. Chairman, is to develop a bill on my own. And I intend to seek and solicit the ideas and information from all of those committees that I have mentioned and then I will propose, what I would consider to be, a very realistic budget reform proposal. That is the way I intend to proceed.

Now, although I am going to withdraw this amendment, I think as appropriators who are affected by this bill more than anyone else in the Congress, that we do have a right to have some additional time to state our views. So I will use this amendment to obtain that time.

Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky (Mr. ROGERS), the chairman of the Subcommittee on Homeland Security.

Mr. ROGERS of Kentucky. Mr. Chairman, I thank the chairman for yielding me this time.

I think we all share the zeal to reform the budget process. It is broken.

But in that zeal, I want us to be sure we do not step on the Constitution. One of the hallmarks of that great Constitution that has sustained us so far is the separation of powers between the executive, the legislative, and the judicial. It is the Congress, by the Constitution, that has the prerogative and, in fact, the duty to allocate the spending for the executive branch.

Nowhere in the Constitution does it allow the executive to tell the Congress how the money should be spent, how much money should be spent. The Congress enacts appropriation bills, spending bills, and the executive executes those bills.

The budget resolution that is before us calls for statutory spending limits. Now, I understand the motivation behind that is to try to get something that will cap spending. We all want that. But the President would have to sign such a budget resolution. That brings the executive branch, OMB, into the process of negotiating a figure, a cap, for those years. To me, that violates the separation of powers.

We would not be able to enact a budget resolution, a statutory cap, independent of the White House because the President must sign the bill; and, therefore, he will exact his impressions on that.

So I would hope that the chairman of my committee will follow through on his promise just now to work on a process of bringing spending under control. In the meantime, let us do not step on the U.S. Constitution by requiring a statutory Presidentially signed spending cap.

The CHAIRMAN pro tempore. Who claims time in opposition to the amendment?

Mr. NUSSLE. Mr. Chairman, I claim time in opposition, and I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I certainly have no objection to the gentleman's withdrawing the amendment.

Mr. NUSSLE. Mr. Chairman, if the gentleman wishes to debate, I would be happy to yield half the time in opposition to the gentleman from South Carolina (Mr. SPRATT).

The CHAIRMAN pro tempore. Without objection, the gentleman from South Carolina (Mr. SPRATT) will control half of the time claimed by the gentleman from Iowa (Mr. NUSSLE).

There was no objection.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

As I was just informing the House, Mr. Chairman, I have, obviously, no objection to what the gentleman wishes to do. I understand all of his sentiments. This process needs to be fixed.

If the gentleman from Florida (Mr. YOUNG) will remember, we had a conference in 1997 when we did the balanced budget agreement of 1997. Most of the budget principles, when they were affected, the subcommittee chairmen of the Committee on Appropriations came. It would be good if we could get together again, something like that, where you do have interest from all of the House, and we could sit down and I would hope in a nonpartisan way try to come up with a better process than we have right now, because the process we have now is in the ditch.

I would still have problems with the gentleman's amendment because it does not provide for the full double-edged PAYGO. It has now a provision in it that changes the fiscal year to November 1. I do not quite understand why the gentleman would want to do that.

But, nevertheless, it is a moot point now. We appreciate the gentleman's removing it from consideration. There are some ideas in there I do agree with. For example, the gentleman would tell CBO not to assume that expiring tax provisions are not going to be renewed. They are most likely going to be renewed, and that is the way the projection ought to be carried out, I think. And so I agree with a number of those provisions like that in the gentleman's proposal.

Mr. Chairman, I reserve the balance of my time.

Mr. YOUNG of Florida. Mr. Chairman, I yield myself such time as I may consume to tell the gentleman that I appreciate his comments. This is a way for me to get time and for Members of my committee to get time, but we are not going to pursue this amendment.

Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California (Mr. LEWIS), chairman of the Subcommittee on Defense of the Committee on Appropriations, who successfully passed his bill a couple of days ago with 403 votes, and he reports to me just now that the Senate has now passed it on a vote of 98 to 0.

□ 1915

Mr. LEWIS of California. Mr. Chairman, I thank the gentleman from Florida (Mr. YOUNG) for yielding me this time.

Mr. Chairman, it is interesting for me to note that throughout the history of the country, there was that kind of constant understanding that the President in the arena of spending proposes and the Congress disposes.

The President, the executive makes a decision about spending in a specific area, and over time, the committees that affect that area make a decision as to exactly what our policy should be and what direction we should take by way of finally spending. Eventually that became the President's budget proposing, and then us disposing.

Over the years, it seems the Congress finds itself spending a lot more money than they had. A deficit began to accumulate over time. People were frustrated with one another about who had the right kind of priorities, et cetera. That led to specially a budget committee to help provide advice and counsel to the big committees, the Committee on Appropriations, the Subcommittee on Defense, the Committee on Ways and Means, et cetera.

That was going to solve all of our problems, and indeed, about the time I arrived, it was presumed that maybe that advice and counsel might work. And, yet, the deficit continued to expand.

Not so shortly thereafter, the majority changed, and in the budget process the whole committee made the decision to try to make sense out of an annual budget balance. And, indeed, that led to our putting voluntary limitations within the process using the budget to do that, and pretty well the Committee on Appropriations has stuck to those limits. And it has worked reasonably well, even though at times of war, like currently, we have great difficulty with that. Nonetheless, overall, it worked pretty well.

There seems to be a bit of stumble here in recent years, people not being happy with the way that process has worked for them in terms of priority, maybe not cutting spending as much as some like versus others, but as of this moment, we are at war. As of this moment, this bill includes statutory caps, which not only affects the President's budget, but has the President in a position to renegotiate again, essentially giving the administration a second bite at the apple. That concerns me; and, therefore, the chairman is absolutely correct. We need to go at this one more time. And I appreciate my colleague yielding.

Mr. YOUNG of Florida. Mr. Chairman, I would like to inquire of the gentleman from Iowa (Mr. NUSSLE), the chairman of the Committee on the Budget, if he intends to use any time, and if so, maybe we could alternate.

Mr. NUSSLE. Mr. Chairman, I only have one speaker, and that is to close.

Mr. YOUNG of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. WALSH), the chairman of the Subcommittee on VA, HUD and Independent Agencies.

Mr. WALSH. Mr. Chairman, we all know from our study of history that the Founding Fathers provided the executive, legislative and judicial branch with powers, separating powers. Within the Legislature, they gave the House the power of the purse. We all know in our dealings with the Senate that they have certain powers and abilities that we do not have, but we have the purse.

Now, we already tried once to give part of that power to the Executive Branch. We passed a line-item veto, and the Supreme Court saved us from ourselves. I suspect that if any legislation that passed this Congress that allowed us to submit to mandatory or statutory caps on spending, the Supreme Court would do the same thing again. We have got to stop trying to hand off our responsibilities to someone else to save ourselves from ourselves. What we are seeing is Band-Aids laid over an elegant but simple process, statutory budget caps, line-item vetos, automatic continuing resolutions.

My goodness, New York State, my State, passed automatic continuing

resolutions. They have not passed a budget on time in 20 years. They even went so far as to say we will not pay ourselves until we pass a budget, and even that did not work. We have to have some discipline. We have the responsibility and have had it for 150 years to deal with these priorities.

In 1974, when we passed a budget resolution, the Budget Reform Act, the deficits have gone through the roof since that occurred. I would submit, with all due respect to the Committee on the Budget, the simplest and most elegant solution is to eliminate the Committee on the Budget and take the discretionary spending and get control of it by making mandatory spending discretionary. We cannot continue on allowing mandatory spending to go through the roof.

I appreciate the difficulty the job the Committee on the Budget has. I appreciate the effort that they have made, but we cannot continue to overlay Band-Aids on a system that does not work.

So I would urge to reject the underlying bill and support the chairman's amendment if he retains it.

Mr. YOUNG of Florida. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. HOBSON), the distinguished chairman of the Subcommittee on Energy and Water Development, whose bill will be on the floor tomorrow.

(Mr. HOBSON asked and was given permission to revise and extend his remarks.)

Mr. HOBSON. Mr. Chairman, I have been a member of the Committee on the Budget when we balanced the budget. I was the Speaker's delegate to the budget, so I know the difficult problems that can go on in the Committee on the Budget, but I think this so-called budget reform does harm to our process. We have a process that we need to follow and maintain. We cannot abrogate our responsibilities to make those hard choices here on the floor by giving the President, or whoever the administration is, three bites at the apple.

Recently I have had experience with this. We passed a bill in the House that solved the problem for two Members that had been going on for 14 years. The bill was signed by the President of the United States. OMB decided they were not going to follow it. They just were not going to do it. So we have had to go back and do it again. I do not think we should give up our process to people like that when we are dealing with this.

There are reforms to discretionary spending enforcements that should be considered in the broader reforms, such as meaningful controls on the growth of mandatory programs and putting the Congressional authorization process back on track. I would urge the defeat of the underlying bill.

Mr. YOUNG of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. REGULA), chairman of the Subcommittee on Labor, Health and Human Services, Education and Related Agencies.

(Mr. REGULA asked and was given permission to revise and extend his remarks.)

Mr. REGULA. Mr. Chairman, the gentleman from Florida and I were probably the only two Members who were here when the Budget Committee was created and the budget process that we are talking about today. We had at that time great hopes that this would accomplish the goals of achieving fiscal responsibility. I think it is time that we take a look at this process to see if there are changes that can be made. I, for one, think that we might take a look at a 2-year budget as a possibility so that we can bring more certainty to the process. Because what we are doing is setting the parameters for those who execute the decisions that we make in terms of policy. But keep in mind, we always say this is the people's House. This is not the Office of Management and Budget's House. That is what we are talking about here, whether we would give OMB the ability to establish the priorities for the people. That is our job. That is why we get elected.

That is why Daniel Webster, if you read the statement above the Speaker's chair said, ''Let us develop the resources of our land, call forth its powers, built up its institutions, promote all its great interests and see whether we also in our day and generation may not perform things worthy to be remembered.'' Daniel Webster was a Member of the House. He was speaking in terms of the people's House. I think we have a responsibility to make these priority decisions. The subcommittee I chair is second only to defense in terms of funding levels and it is the one that touches the lives of 280 million Americans, providing funding for education, health research, and labor. We have dozens of hearings to give the people a chance to tell us what their priorities are and what is important in their lives. That is why it is essential that we have the responsibility for establishing through the budget process the broad parameters of spending, but more precisely the specific appropriations that reflect the priorities of the people should remain in the people's House.

If we truly want to make this the people's House and keep it that way, I think we should retain control of setting those priorities.

Mr. YOUNG of Florida. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. FRELINGHUYSEN), chairman of the Subcommittee on the District of Columbia.

Mr. FRELINGHUYSEN. I thank the gentleman for yielding me this time.

Mr. Chairman, I also rise in support of the Young amendment, but recognize, like others before me, that the underlying bill violates the separation of powers devised by the Framers of the Constitution, and our system of shared power that we know from our history books as checks and balances, and that even the Young amendment cannot salvage the Budget Enforcement Act from its fatal flaws.

Mr. Chairman, we are a Nation at war fighting a global war on terror. We are a country with a growing, yet evolving economy and changing national priorities. This Congress, this Appropriations Committee, this Budget Committee, needs the flexibility to address priorities on an annual basis. We need the ability to deal with the challenges and opportunities as they arise on a State-by-State, district-by-district, month-by-month, year-to-year basis. This Budget Enforcement Act makes it almost impossible to do it.

Mr. YOUNG of Florida. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Kansas (Mr. TIAHRT), a very important member of the Committee on Appropriations.

Mr. TIAHRT. I thank the gentleman from Florida for yielding me this time.

Mr. Chairman, the problem that we are facing tonight is the control of spending, how do we control spending and reduce the Federal deficit. The easy target is the appropriations process because that is where we spend most of our time. We develop 13 bills for discretionary spending and we focus on all 13. But the real culprit is mandatory spending and off-budget items.

If we look at Medicare which is mandatory spending, for example, it grew 14 percent last year, much faster than the rate of inflation. Yet we do not have nearly the time focused on Medicare that we do on these 13 appropriations bills. We also have the highway bill coming up, TEA–LU, which is moving towards $318 billion over the next 6 years. That is going to exceed what the trust fund provides. Where will that excess money come from? It will come out of the appropriations process for discretionary spending and once again, this burden will be there and the blame once again will be placed on the appropriations process.

If we are going to control spending, we are going to have to learn how to focus on mandatory spending as well as off-budget items, because the appropriations process has all 13 appropriation bills submitted within budget. It is mandatory where the real problem is, and we are failing to deal with it.

Mr. YOUNG of Florida. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, let me say that this appropriations committee is made up of very good Members of both parties. They work hard. They are here whether the House is in session or whether the House is not in session. This committee passes 13 appropriations bills every year, and two to three supplementals. Then we go to conference with the other body, and despite the suggestion that the appropriations process is broken, since I have had the privilege of chairing this committee, we have gotten all of those

bills done eventually, some sooner and some later. And we have to work with real numbers. We cannot assume numbers. We cannot pick a number out of the air. We have to work with real numbers and with real laws.

The chairman of the Committee on the Budget should understand the problems we have in moving 15 bills through conference because he has one budget resolution to move and he has trouble getting that done, not by any fault of his, but the fault of the other body.

I know I am not supposed to say that, but nevertheless it is the fact. That information is not classified.

The Appropriations Committee is a very good committee. It works hard and it produces good legislation. I would say that just in the last fiscal year, your Appropriations Committee defeated amendments that would have increased spending by $18 billion. Most of those amendments sounded really good. They would have been nice to vote for. But we did not have the money. We were committed to staying within the budget and we did. I would also say that it is the mandatory spending programs that we have no control over. We do not deal with them and it is mandatory spending that is causing this deficit to rise higher and higher and higher.

I would suggest that just one example: we had a colloquy today between the chairman of the Committee on Transportation and Infrastructure and the chairman of the Committee on the Budget on firewalls for the transportation bill, TEA–LU. I support that bill. We need to improve our infrastructure and our bridges and our highways in our communities. The problem, and what they never really admit and concede, is that there are guarantees in that bill. If the trust funds do not make up the guarantees, the appropriations committee has to swallow the guarantees. That means we have to take it away from education or health benefits or something else. The 302(a)s should be adjusted if we are saddled with a mandatory spending of this kind.

Mr. Chairman, I yield back the balance of my time.

□ 1930

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

First of all, let me say this has been a fascinating thing to listen to. Let me start by saying ''methinks thou doth protest'' just a little bit too much.

It is fascinating to me that in the middle of the appropriations process, all of these very good friends of mine, who are every one from the Committee on Appropriations chairman himself to the, what are often time around here called cardinals, subcommittee Chairs, who have the job of managing these appropriation bills, seem to find the time to come to the floor for this somewhat innocuous debate today. It is kind of interesting they spent their entire afternoon on the floor concerned about this process.

And I would suggest that it is not because the Committee on the Budget is where everyone is pointing the fingers. The Committee on the Budget did not cause the deficits that we are faced with here today any more than the Committee on Appropriations did, any more than the Committee on Ways and Means did, any more than the Republicans or the Democrats or the President or the Congress did. We spend so much time blaming other people and pointing fingers around here that we forget sometimes to look in the mirror as to how this all happened. And everyone is going to have their own version. I am not going to bore everyone with mine. But if they do not remember a couple of things that are important over the last few years, they are really missing the point.

We created a budget in 2001, and we had a surplus on September 10 of 2001. And then we all know what happened the next day. And thank goodness we had a budget, and thank goodness we had the flexibility in the budget to go into a room and say guess what, guys, the jig is up. We had to create a new Department of Homeland Security. I was in the room when the bidding began on how much money to send to New York. Do my colleagues know what the opening bid was? I will never forget it. I will never forget the way the meeting went. It started by someone mentioning that we might have to send $6 billion up to New York. Does the gentleman from Florida (Chairman YOUNG) remember that? And by the end of a half hour meeting, the number was $40 billion. We went from 6 to 40 in one half hour.

Was it the right thing to do? Yes. Did the budget allow it to happen? Yes. Did the Committee on Appropriations cause it to happen? Yes. Did the American people support it? Yes. Did it add to the deficit? Yes. And thank goodness we have got the full faith and credit and the great economy that can bounce back from something like that so that we can do it.

So do not come here today, please, I beg of my colleagues, and blame the Committee on Appropriations for the deficit, or as I heard a gentleman actually suggest not too long ago that maybe it was because of the Budget Committee that we had a deficit. I mean, my goodness, let us be real about this.

The next thing I would like to say is that there was a gentleman who mentioned a moment ago about a perceived spending problem. Okay. If that is how he would like to refer to it as a perceived spending problem, that is fine. But would he please go home and talk to his constituents, because if they are like the constituents I represent in Iowa, there is no perception about it. They are telling me there is a spending problem in Washington that we have got to get a handle on. And, yes, Mr. Chairman, it is on the appropriations side, and 60 percent of it is also on the mandatory side. And I have said that until I am blue in the face. Unfortunately, a lot of the people who spoke have now left, and they never get the benefit of hearing me say that I do not blame the Committee on Appropriations for everything.

Last but not least, let me just mention the offer that the very distinguished gentleman from Florida, who is an excellent friend of mine, and I am honored to have the opportunity to even stand next to him on the floor and debate, the gentleman from Florida does an amazing job under extremely difficult circumstances, and he is right; I only have it to do this once. I have only got to pass one budget. He has to do it 13 times. Yes, that is heavy lifting. No question about that, and I respect that.

But having said that, to suggest we can come together and come to an agreement on a new process and leave out the Committee on Appropriations and to suggest this does not have at least one small part to do with how the Committee on Appropriations operates or how Committee on Appropriations' bills come to the floor, that is where we break down. It is when the Committee on Ways and Means says, You can do that, but just do not include me; or the Committee on Transportation and Infrastructure says, as the gentleman said, Do for everything but what we firewall off; or the Committee on Appropriations says, Blame it on the Budget Committee, our appropriations process should not be part of this discussion.

If we are going to have this discussion, we all have to have the discussion, and we have got to put all our rules on the table. We cannot say, just say separation of powers say that we have the right to do this. And let me end with that.

There was a gentleman who came to the floor who said that this Committee on the Budget and the budget process was created to provide advice. No, it was not. It was created because back in the 1960s, there was absolutely no coordination during the 5 months Congress was in session. That is it. During the 5 months Congress was in session, the Committee on Appropriations and the Committee on Ways and Means, who managed revenues and appropriations, never talked to each other. And at the end of the year, maybe miraculously in a good year, there might be a surplus, but most of the time there were deficits. There was never a coordination.

And so the main reason why this was established was to reconcile those two processes, and that is why we have something now called the reconciliation process. And I overheard the gentleman and he is right. When was the last time we did that? We do not do it anymore. And that is why the process is broken. Because Members have been taken out of the process. The political part of this, small ''p,'' has been taken

out, and we are trusting that a process can get us to a result. And at the end of the day, I have got to tell the Members we can monkey with this process all day long until we are blue in the face. It still comes back to how I opened the debate. It is still about how we as individual Members want to operate in here.

If the gentleman from South Carolina (Mr. SPRATT) and I want to argue for the next 10 years and have differences of opinion, we will never come together. If for some miraculous reason we could sit down one day and come up with a joint list of priorities, it would work. That is what it comes down to, Members working together. The process cannot supplant that. It still has to be Members making political, small ''p,'' decisions about how to represent their districts in this Congress.

So I respect everything that my friends from the Committee on Appropriations have said, but I would just remind them that ''methinks thou doth protest'' just a little bit too much. This is not about them. This is about us.

The CHAIRMAN pro tempore (Mr. BASS). The time of the gentleman from Iowa (Mr. NUSSLE) has expired.

Mr. SPRATT. Mr. Chairman, I yield the balance of my time to the gentleman from Florida (Mr. YOUNG) and ask unanimous consent that he be allowed to control that time.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Florida (Mr. YOUNG) has 6 minutes remaining.

Mr. YOUNG of Florida. Mr. Chairman, I thank the gentleman for yielding me this time. We were rather rushed in trying to get some of our speakers to the floor.

Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Georgia (Mr. KINGSTON), chairman of the Legislative Subcommittee of the Committee on Appropriations.

Mr. KINGSTON. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in opposition to the Nussle budget reform proposal, but I do so with great respect for the Committee on the Budget and his leadership on that, and I want to say that this is the proper discussion and a discussion which we should be having.

As a member of the Committee on Appropriations, I see it a little bit differently. I think that we are both going towards the same goal, the Committee on the Budget and the Committee on Appropriations; yet we are taking a different course. What our concern is about is the so-called statutory caps in the Nussle proposal give the executive branch, the President, three different bites of the apple: one when he submits the budget, the next using his veto pen, and then another one forcing his will on Congress. He will very much be at the table. And as our Founding Fathers established the separation of powers, I believe that there should be a little more than a philosophical firewall between the executive and the legislative branches. That is our view on it.

I believe, as an alternative, what the Committee on Appropriations would like to see is a little more cross-pollination between the Committee on the Budget and the Committee on Appropriations and perhaps the Committee on Ways and Means.

I come from the State legislature. I was a member of the Ways and Means Committee of the Georgia legislature for 8 years, and it seemed ridiculous to me when I got here that we split up our budget process into three dynamic committees all with a point of view and yet none of them with the franchise and the final responsibility of getting the job done at the end of the day.

I would like to see us work not just more closely with the Committee on the Budget but actually have some voting influence on each other, and I think there are some things that we can discuss in that vein.

I am also a supporter of a bill by the gentleman from Kansas (Mr. TIAHRT) that would set up a BRAC-type Base Realignment and Closure Commission for spending that would sort of pick up some pieces of some of the Grace Commission thoughts, but something of that nature where we could take a step outside the process and say, okay, how do we get this together?

Another alternative is the Istook Balanced Budget Amendment, which I have supported. We need to get that on the floor. We need to get the other body to pass it and the President to put it into law.

We also need to have good old-fashioned fiscal discipline. As the chairman of the Legislative Subcommittee, I am proud I have worked with the gentleman from Virginia (Mr. MORAN). We brought in a level funding bill this year; and in addition to that, we had a lot of other reforms, some outsourcing, some privatization, some reduction of committee spending and agency spending, some cuts, real cuts. Not just reductions in the projected increase, but less money than last year. We did that after a lot of debate back and forth. We want the other body to hold the spending on this. I believe that we as a legislative body could have even more cuts. We offered other amendments for cuts, and they were not approved by the committee. But perhaps on the floor we can get those done.

We are in the same church. We are only in a different pew when it comes to controlling spending.

Mr. YOUNG of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. CULBERSON), who is one of the newer, but one of the dynamic, members of the Committee on Appropriations.

Mr. CULBERSON. Mr. Chairman, I want to focus in this 2 minutes on the merits of the gentleman from Florida's (Chairman YOUNG) proposal which he is withdrawing tonight so that he can work with the members of the Committee on the Budget, Members of this House, and listen to all of the best advice that he can gather to come up with some substantive and meaningful reform of our appropriations process and the budget process.

We all recognize the Committee on Appropriations only controls about 20 percent of Federal spending. The gentleman from Florida's (Chairman YOUNG) proposal, which really merits our support, has laid out a system to shut down or sequester mandatory spending in the event the Office of Management and Budget baseline estimates are exceeded because Congress has passed more mandatory spending programs. And that is where the bulk of the problem lies, because Congress continues to pass programs that require us to spend more money.

The gentleman from Florida's (Chairman YOUNG) bill would also establish baseline estimates that do not include emergency spending. Obviously, in time of war emergency, we need to move bills through. We are going to spend money that we did not contemplate. The chairman's bill would also set out a change of start date of the fiscal year to November 1.

But the part that I am particularly pleased about and excited to see, the chairman has proposed sunsetting of all Federal programs, except earned entitlements, effective October 1 of 2006 unless reauthorized. And I know the chairman, coming out of the State legislature in Florida, is interested in listening to and hearing advice from our State legislators. The American Legislative Exchange Council is meeting in Seattle this summer, a very good organization made up of State legislators whom we need to listen to and talk to about how we can help them balance their State budgets and how they can help us with their best ideas on balancing the Federal budget.

I believe the gentleman from Florida's (Chairman YOUNG) amendment, which he will turn into a bill, merits our support. I look forward to working with him, as I know he will work with the Committee on the Budget and all Members of this Congress to bring together the best ideas so we can truly bring spending under control.

Mr. YOUNG of Florida. Mr. Chairman, I yield myself the balance of my time.

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Mr. Chairman, again I want to thank the gentleman from South Carolina (Mr. SPRATT) for giving me the advantage of the additional time he had allocated to him. We have tried to use it in a constructive way.

I also want to thank the gentleman from Iowa (Chairman NUSSLE) for the good debate and for the understanding, that he has exhibited, of our concerns. He said this is not about the appropriators or the Committee on the Budget.

He said it is about us, and he is right. It is about the entire Congress, and that is what we are concerned about today: the prerogatives, the privileges and the constitutional responsibilities of the Congress of the United States.

So I want everybody to know that the gentleman from Iowa (Chairman NUSSLE) and I are still very good friends. We were before this started; we will be after the final vote. We just tend to have some honest differences; and that is what this place is all about—to air the differences. If we did not do that, then I would like to be in charge and we would do everything my way.

But that is not the way it happens. That is why we have this great debating society in the United States House of Representatives.

I would say to the gentleman from Iowa (Chairman NUSSLE), while he was walking down the aisle, that I complimented him for the conduct of this debate, which I appreciate very much.

Mr. Chairman, under the previously agreed to unanimous consent request, I withdraw this amendment.

The CHAIRMAN pro tempore (Mr. BASS). The amendment is withdrawn.

It is now in order to consider amendment No. 6, printed in House Report 108–566.

AMENDMENT NO. 6 OFFERED BY MR. KIRK

Mr. KIRK. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. KIRK:

At the end, add the following new section:

SEC. . ANNUAL CBO REPORTS ON ENTITLEMENT SPENDING.

Section 202(e) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

''(4) On or before February 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, a report for the fiscal year ending on September 30 of the preceding year, with respect to entitlement spending, including (A) a comparison of actual spending for entitlements, on an account by account basis, with projected spending for such entitlements assumed in the concurrent resolution of the budget for that fiscal year and (B) an identification of those entitlements for which the actual spending exceeded the projected spending.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Illinois (Mr. KIRK) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois (Mr. KIRK).

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have all heard of forecasting to estimate future spending by our government. Our experience with forecasting the cost of entitlement spending shows wild inaccuracies.

A classic example comes from forecasts we used on the spending under a new entitlement program to care for patients suffering from kidney failure. Under estimates before our Congress, Representatives were told 90,000 patients would enroll for taxpayer-funded dialysis by 1995. 90,000 patients enrolled in this new Federal entitlement program by 1985, 10 years earlier than expected. By 1995, there were 239,000 patients in the program, not the 90,000 estimated. Today, in fact, there are 400,000 patients in this program, so spending is wildly above that which was estimated when the program was voted on before this House.

My point with the amendment before us is simple: we need better forecasts before we change or improve entitlement spending programs. We would do that if we started a process which every budget analyst fears, and that is called backcasting. Backcasting by the Congressional Budget Office would require analysts to look at the actual spending over the previous year, with an eye to reviewing the actual errors they made in the estimates used the previous year.

Backcasting would give our budget analysts a grade. It would show the Congress clearly where actual spending of a program differed from the assumptions used in the previous forecast.

Backcasting is now a standard procedure used in nearly every investment house on Wall Street, and every American family with an IRA reviews the estimates of promised performance by their mutual funds and then compares it to what actually happened with their retirement nest egg.

I think it is about time we use this time-tested procedure to improve estimates used to prepare our budget using a rigorous analysis, comparing our previous estimates and the errors made compared to our actual budget experience.

This amendment comes just in time for the budget history of the United States. Right now, over 60 percent of our budget is spent through entitlement spending. Soon 70 percent of the budget will be spent in entitlement spending. This means that the estimates we use to set benefits and beneficiaries are not just important; they are crucial to the long-term financial strength of the United States.

We make vital promises to America's seniors. We must use advanced forecasting and backcasting to make sure that the promises we make to America's seniors are promises that taxpayers can afford to keep.

I appreciate the support of the gentleman from Iowa (Chairman NUSSLE) on this amendment and the lack of opposition from our senior, very distinguished ranking Democratic member on this.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore. Who seeks time in opposition?

Mr. SPRATT. Mr. Chairman, I claim the time in opposition. I should claim it before the gentleman completely commits me to the support of his amendment.

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) is recognized for 5 minutes.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have no great objection to it, it is true, simply because I think CBO already does this. You get every year the economic forecast and budget outlook. You get one in January. You get the President's budget again. There will be one coming up in August. The levels of entitlement spending are there. It may not be in quite the format you anticipate here, but if you want to go back to the previous year's volume and lay out what spending was that year, you can find projected levels in the baseline. It can be done.

Mr. Chairman, I will not object to this. I will accept it. But I honestly think it is redundant to what CBO is already doing and already providing.

Mr. KIRK. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. NUSSLE), my distinguished chairman.

Mr. NUSSLE. Mr. Chairman, my only purpose for asking for the time, like the gentleman from South Carolina (Mr. SPRATT), I have no objection to this at all. It sounds not only like a good idea, but something I think we do already, but maybe not in the detail the gentleman from Illinois is looking for.

What I would certainly offer to do with the gentleman is to approach CBO in a bipartisan way and see if we cannot work out some way to achieve what the gentleman is asking for, possibly even without the necessity of having an amendment to the budget to do that. But the gentleman can proceed how he would like. If the gentleman wants more detail so that we can have more information about the accuracy, I am all for that. That may be something that the gentleman from South Carolina and I can do.

Mr. SPRATT. Mr. Chairman, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from South Carolina.

Mr. SPRATT. Mr. Chairman, that is an excellent idea. The three of us can sit down with CBO and our staff and come up with the information the gentleman wants, and we will not be bound by statutory language, but by a good-faith commitment to get it done.

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would urge adoption of the amendment. You can imagine CBO analysts do not exactly want to be forced to go back and compare exactly how actual performance deviated from the estimate that they provided.

Mr. NUSSLE. Mr. Chairman, if the gentleman would yield further, since it is possible this bill may not become law, if that is possible, and I have heard that, why do we not work on this anyway as a project. I think it would be important to get that information.

Mr. KIRK. Mr. Chairman, reclaiming my time, absolutely. You can imagine

CBO analysts are somewhat reticent for us to formally go back and see how their estimates varied.

I urge adoption of the amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois (Mr. KIRK) has expired.

Mr. SPRATT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. KIRK).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. KIRK. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Illinois (Mr. KIRK) will be postponed.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 7 printed in House Report 108–566.

AMENDMENT NO. 7 OFFERED BY MR. RYAN OF WISCONSIN

Mr. RYAN of Wisconsin. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. RYAN of Wisconsin:

At the end, add the following new sections:

SEC. . JOINT BUDGET RESOLUTIONS.

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

''(4) the term 'joint resolution on the budget' means—

''(A) a joint resolution setting forth the congressional budget for the United States Government for a fiscal year as provided in section 301; and

''(B) any other joint resolution revising the congressional budget for the United States Government for a fiscal year as described in section 304.''.

(b) JOINT RESOLUTION ON THE BUDGET.—(1) Section 301(a) of the Congressional Budget Act of 1974 is amended by striking ''concurrent resolution'' each place it appears including in the caption and inserting ''joint resolution''.

(2) Section 301(b) of such Act is amended by striking ''concurrent resolution'' each place it appears including in the caption and inserting ''joint resolution''.

(3) Section 301(c) of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(4) Section 301(e) of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(5) Section 301(f) of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(6) Section 301(g) of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(7) Section 301(h) of such Act is amended by striking ''concurrent resolution'' and inserting ''joint resolution''.

(8) Section 301(i) of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(9) The section heading of section 301 of such Act is amended by striking ''**ANNUAL ADOPTION OF CONCURRENT**'' and inserting ''**ANNUAL ADOPTION OF JOINT**''.

(10) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking ''Annual adoption of the concurrent'' in the item relating to section 301 and inserting ''Annual adoption of the joint''.

(11) Section 302 of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(12) Section 303 of such Act, including the heading, is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(13) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking ''Concurrent'' in the item relating to section 303 and inserting ''Joint''.

(14) Section 304 of such Act is amended by striking ''concurrent resolution'', including in the heading, each place it appears and inserting ''joint resolution''.

(15) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking ''Concurrent'' in the item relating to section 304 and inserting ''Joint''.

(16) Section 305 of such Act is amended by striking ''concurrent resolution'', including in the heading, each place it appears and inserting ''joint resolution''.

(17) Section 308 of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(18) Section 310 of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

(19) Section 311 of such Act is amended by striking ''concurrent resolution'' each place it appears and inserting ''joint resolution''.

SEC. . BUDGET REQUIRED BEFORE SPENDING BILLS MAY BE CONSIDERED; FALLBACK PROCEDURES IF PRESIDENT VETOES JOINT BUDGET RESOLUTION.

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

(b) AMENDMENTS TO SECTION 303 AND CONFORMING AMENDMENTS.—(1) Section 303 of the Congressional Budget Act of 1974 is amended—

(A) in subsection (b), by striking paragraph (2), by inserting ''or'' at the end of paragraph (1), and by redesignating paragraph (3) as paragraph (2); and

(B) by striking its section heading and inserting the following new section heading: ''CONSIDERATION OF BUDGET-RELATED LEGISLATION BEFORE BUDGET BECOMES LAW''.

(2) Section 302(g)(1) of the Congressional Budget Act of 1974 is amended by striking ''and, after April 15, section 303(a)''.

(3)(A) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting ''303(a),'' before ''305(b)(2),''.

(B) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting ''303(a),'' before ''305(b)(2),''.

(C) Subsection (e) of section 904 of the Congressional Budget Act of 1974 is repealed.

(c) EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET.—(1) Title III of the Congressional Budget Act of 1974 is amended by adding after section 315 the following new section:

''EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET

''SEC. 316. (a) SPECIAL RULE.—If the President vetoes a joint resolution on the budget for a fiscal year, the majority leader of the House of Representatives or Senate (or his designee) may introduce a concurrent resolution on the budget or joint resolution on the budget for such fiscal year. If the Committee on the Budget of either House fails to report such concurrent or joint resolution referred to it within five calendar days (excluding Saturdays, Sundays, or legal holidays except when that House of Congress is in session) after the date of such referral, the committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar.

''(b) PROCEDURE IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.—

''(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the House of Representatives and in the Senate of joint resolutions on the budget and conference reports thereon shall also apply to the consideration of concurrent resolutions on the budget introduced under subsection (a) and conference reports thereon.

''(2) Debate in the Senate on any concurrent resolution on the budget or joint resolution on the budget introduced under subsection (a), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours and in the House such debate shall be limited to not more than 3 hours.

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

''(d) EFFECT OF CONCURRENT RESOLUTION ON THE BUDGET.—Notwithstanding any other provision of this title, whenever a concurrent resolution on the budget described in subsection (a) is agreed to, then the aggregates, allocations, and reconciliation directives (if any) contained in the report accompanying such concurrent resolution or in such concurrent resolution shall be considered to be the aggregates, allocations, and reconciliation directives for all purposes of sections 302, 303, and 311 for the applicable fiscal years and such concurrent resolution shall be deemed to be a joint resolution for all purposes of this title and the Rules of the House of Representatives and any reference to the date of enactment of a joint resolution on the budget shall be deemed to be a reference to the date agreed to when applied to such concurrent resolution.''.

(2) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

''Sec. 316. Expedited procedures upon veto of joint resolution on the budget.''.

(e) LIMITATION ON CONTENTS OF BUDGET RESOLUTIONS.—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

''(e) LIMITATION ON CONTENTS.—(1) It shall not be in order in the House of Representatives or in the Senate to consider any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter referred to in paragraph (2).

''(2) Any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter not permitted in section 301(a) or (b) shall not be treated in the House of Representatives or the Senate as a budget resolution under subsection (a) or (b) or as a conference report on a budget resolution under subsection (c) of this section.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Wisconsin (Mr. RYAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, let me just briefly explain what this amendment does. What this does is this elevates the budget resolution to a level of a law.

Specifically, this would change the current nonbinding concurrent budget resolution into a joint resolution, which would give the force of law when signed by the President. This would encourage the President to get involved early in the process, instead of having this typical annual brinksmanship that we have in the budget process at the end of the year, so that we can settle on the numbers between the other body, this body, and the White House and move on to good legislation.

A joint resolution would be binding and have the force of law so that both the Congress and the White House would work these issues out in the beginning of the annual year.

The simplicity of this budget resolution makes agreements easier to reach because negotiations will be forced early on in the process.

I would like to go through how this would work. I have a chart that makes it easier for me to explain this.

First, like we have anytime, the President submits his budget. Then Congress would pass a joint budget resolution. Then the question is whether the President would sign it or not. If with those negotiations the President then signs that joint budget resolution, then Congress passes its appropriations, its reconciliation, its tax and entitlement bills and its conference reports, and the President signs those bills into law. Very easy, very clear process.

If, for example, the President does not sign that joint budget resolution, there is a fallback provision similar to what we have today, where it would go back to Congress and Congress would adopt a concurrent resolution, much like we have right now.

For example, this year, where we actually do not have a concurrent resolution in place because we could not get one through the other body, we would end up deeming it.

The point is this, Mr. Chairman: we have to front-load this system so we can get these agreements reached at the beginning of the year so we can move forward on the same page. Most importantly, we need to make this budget have the force of law so that it can be enforced. That is the problem. Our budget resolutions ends up becoming mere guidelines and do not actually have the force of law. Therefore, they are not enforceable. We always break our budgets.

If we make this have the force of law, it becomes enforceable. Therefore, we can actually stick to the budgets we have.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore. Who seeks time in opposition?

Mr. SPRATT. Mr. Chairman, I claim the time in opposition.

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) is recognized for 5 minutes.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have heard some eloquent statements from members of the Committee on Appropriations, largely Republican members of the Committee on Appropriations, to the effect that the President already has, as they put it, three bites at the apple. This gives the President a fourth bite, and, believe me, a big bite.

This clearly is a shift of leverage from the House and the Senate, the Congress, to the Presidency. The President would emerge from this kind of deal with much, much greater authority in dictating what the budget is going to be. You have heard it more eloquently from members of the Committee on Appropriations, what the results would be in determining priorities. This definitely would be a big shift.

Now, would it make the budget process any stronger, any more effective? My concern is, contrary to the belief that it might streamline the process by elevating the status of the budget resolution, I think it would probably prolong the process, protract the process. As a result, we would find ourselves with less time to do appropriation bills because it would take a much longer time to get the budget resolution done, because not only would we have to agree among ourselves, from party to party, we would have to agree with the White House.

There is some advantage to that, trying to bring us together; but I think there is a lot of disadvantage, and there is a lot of room for chicanery. There is a lot of room for manipulating the process if we do it, and it could result in a protracted budget process, such that every year we will be, as we are now, in the heart of the summer, trying to pass appropriation bills before the fiscal year ends.

This has been around the track a number of times. It has a certain appeal to it, until you begin considering all the ramifications and the transfer of power that it would effect, a very subtle transfer, but a real one.

I would suggest this is an idea that we should not adopt.

Mr. Chairman, I reserve the balance of my time.

Mr. RYAN of Wisconsin. Mr. Chairman, before yielding to my cosponsor of this amendment, I yield myself 10 seconds.

Number one, the President already has the power to sign these bills into law. He signs appropriation bills, he signs tax bills, he signs entitlement bills. So this does not give him new power he does not already have.

Number two, the gentleman from South Carolina, who is a leader in this area, has been a leader in this area for a long time, sponsored a bill in 1991 that did just this. So I think this is a good idea.

Mr. SPRATT. Mr. Chairman, I yield myself 15 seconds to respond to that.

Mr. Chairman, I do not know what bill the gentleman is referring to, but the gentleman from Iowa (Mr. NUSSLE) proposed this idea some time ago. I never did support this idea. I never have.

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, it is my understanding the gentleman supported this in the past. Either way, good people can disagree on these things.

Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Chairman, one of my favorite Rodney Dangerfield routines is when he comes home one night and his wife is packing, and he asked her, ''Are you leaving?'' She said, ''Yes.'' He looked at her and said, ''Is there another man?'' She said, ''There must be.''

When you look at the system we have today, and I have listened to the debate so far, people are in a sense saying the system is broken, but we cannot fix it.

The system is broken, and if you look at the way the system works, it guarantees that we will overspend.

Now, earlier today I went through the numbers, and I have done this several times, what we passed in our budget resolution and what we ended up spending. And a lot of people are walking around saying, gee, I do not know how that happened. Well, here is how it happens. Here is the dirty little secret.

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What happens is, we over here in the House might low-ball certain things and high-ball other things, and the folks over in the Senate will low-ball certain things and high-ball other things, and what we wind up doing with a lot of these things, and we all know this happens, is we go to conference at one level and the Senate is at another level and we end up compromising at another level beyond the other 2, and the reason is we are all working off different blueprints. We have what the President proposes and what he ultimately will agree to, and then what the House proposes and what the Senate proposes.

What we are saying with this amendment is, and I think it is pretty simple: let us get all of the players on the same page early in the process.

Some people say, well, that will take away the constitutional powers of the House. If you stop and think about it, I say to my colleagues, that is ludicrous. The House will still maintain the power of the purse, and the President will still have that one arrow in his quiver called the veto. But we are going to try to bring everybody to the table early so that we are all using the same blueprint, so that at the end of the day, we build a house we can all be proud of.

Is there a better way? There must be.

Now, maybe this is not perfect, but I think this would be a giant step in the

right direction. Let me remind my colleagues, I think most of our constituents think that that is the way the system is today. When we explain to them that the budget resolution does not have the power of law, they look at us with a blank look.

We ought to pass this amendment 300 to nothing.

Let me begin with an analogy that might explain the purpose of this amendment—If you're constructing a building and the steel workers, architects and masons are all working with a different blueprint, you're bound to build one ugly building. But, that's exactly what's happening with the budget process. The House, Senate and Administration are all using a different blueprint, and the result is a pretty ugly budget.

The Joint Budget Resolution is very basic but does one extremely important thing—forces both Congress and President to stay within the budget resolution levels. The budget would be signed by the President into law.

Another vital aspect of this amendment is that Congress and the Administration would be engaged and working on the same priorities from day one. This amendment would go a long way to eliminating the practice of waiving budget points of order and large omnibus spending bills. A law cannot be waived or broken.

When Congress allowed our spending caps and PAYGO expire, spending rose. Numbers are stubborn things and let me provide some history . . .

Discretionary Spending in FY 2002 Budget Resolution was $661.3 billion. Congress spent $734.6 billion. Discretionary Spending in FY 2003 Budget Resolution was $759 billion. Congress spent $849.1 billion. Discretionary Spending FY 2004 Budget Resolution was $784.5 billion. Congress spent $873.1 billion. The Joint Budget Resolution is not a radical idea—it's common sense. That is why grassroots organizations like Americans for Tax Reform, American Conservative Union, Citizens Against Government Waste, Citizens for a Sound Economy and the National Taxpayers Union have endorsed this amendment.

We need a budget that will be enforced and that is why I have offered this amendment to restore fiscal sanity back to the federal budget process. We need to protect the taxpayers from Congress' bad spending habits. If you believe that we need to control spending and put common sense back into the budget process—I urge your support on the Ryan/Gutknecht Amendment.

From 1995—2000, overall spending has increased by an average of 3.2% (House Budget Committee).

Since 2001, overall spending has increased by an average of 6.4% (House Budget Committee).

Since 2001, discretionary spending has increased on average of 9.7% (House Budget Committee).

Sine 9–11 the weak economy has been the #1 factor contributing to our deficits. As our economy recovered, spending increased substantially, becoming the #2 factor contributing to our deficits (Joint Economic Committee).

Post 9–11, spending grew by 11% (2001–2003), which represents the largest two-year increase in nearly a decade. This does not include defense and 9–11 costs (Heritage Foundation).

Mandatory spending now represents 55% of the entire federal budget—this does not include the recently enacted medicare bill (House Budget Committee).

The federal budget now totals more than $20,000 per household—the first time since WWII (Heritage Foundation).

"The progress in the 1990s in reducing budget deficits might have been elusive were it not for the budget rules that worked far better than many skeptics, myself included, had expected." (Alan Greenspan, House Budget Committee, September 2002).

"Now is not the time to abandon the discipline and structure that worked so well for so long. The framework enacted in the Budget Enforcement Act of 1990 . . . must be preserved." (Alan Greenspan, House Budget Committee, September 2002).

"I would like to see the restoration of PAYGO and discretionary caps which essentially will restrain the expansion of the deficit and indeed, ultimately contain it. It did that back in the early '90s and I thought it was quite and surprisingly successful in restraining what had been a budget which had gotten out of kilter." (Alan Greenspan, House Budget Committee, July 2003).

"I do believe that tax cuts, if properly constructed, can be a significant factor in long-term economic growth, but it obviously requires that if you cut taxes and maintain a viable long-term budget deficit, or surplus policy, you have to address spending as well." (Alan Greenspan, House Budget Committee, July 2003).

"We don't have a trillion-dollar debt because we haven't taxed enough—we have a trillion dollar debt because we spend too much." (President Ronald Reagan, 1982).

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I thank the gentleman for yielding me this time.

I think it is useful to put this debate into perspective: enthusiastic ideas about how the budget process can work; talking about building a new house for the construction of the Nation's budget. It reminds me of a contractor that you might hire that has left the house in utter shambles, the project nowhere done, no hope of completion, yet he wants to talk to you about the next house, the next project.

We do not have a budget. We have a Republican President, we have a Republican Senate, we have a Republican House, and they cannot pass a budget.

So what is the amendment before us? It says we have to have a concurrent law for a budget. That will make it all right.

Mr. Chairman, if we just took all of this time and put it to work in trying to get a budget; after all, it should not be so hard: Republican controlled, Republican controlled, Republican controlled. If they just did the task in front of them, that would be a really good place to start. And in the absence of getting the budget done, all of the rest of this does not mean anything.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

The current system we have is dysfunctional. It has games built into the system so that the House can do one thing; the other body, the Senate, but I am not supposed to say that word, can do another; and the President can do a third thing. What happens in the current budget system is we go into a stalemate and to get out of that stalemate at the end of the year, we end up spending more money than the budget ever planned on spending.

What we simply want to do is to bring this budget up to the level of the law so that we are all on the same page at the beginning of the budget process so that we can enforce that budget because it is in law.

The budgets we pass here are not really binding, they are guidelines. They are not legally protected. We cannot protect and enforce our budget if it does not rise to the level of the law. We cannot be on the same page at the beginning of the year, if we are not on the same page at the beginning of the year. That is why we are trying to pass this very common sense idea, so that we are all on the same page and so that this can be law and, therefore, our budgets can be enforced.

I urge adoption of this amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I honestly fail to see what we will accomplish, except protracting the process; what we will accomplish positively by making this concurrent resolution a joint resolution that has the effect of law. I really do not know what will be different from what we have right now, except we would have to come to some agreement with the White House much, much sooner in the year than we otherwise have to.

What is going to be different? The statutory? What would be different about it?

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, this is part of our larger effort, which is in our substitute. But what this will do is allow to have a sequester to kick in if Congress exceeds its spending items. Just like the sequesters we have talked about before in the old Committee on the Budget days, if Congress overspends, because we have this in law, a sequester kicks in and brings spending back into conformity with the budget.

Mr. SPRATT. But that is done already under existing law.

Mr. RYAN of Wisconsin. But we waive our budget caps all of the time under the current system.

Mr. SPRATT. Sure. We would waive them again, put it in a bill, send it to the White House, the President would sign it.

Mr. RYAN of Wisconsin. This way the President could veto breaking the

budget caps early in the process and we could keep to these numbers.

Mr. SPRATT. Well, I am convinced it will prolong the process, complicate the process, and lead to less results rather than better results. It is something we can long argue about.

Mr. NUSSLE. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Iowa.

Mr. NUSSLE. Mr. Chairman, I am not going to change the gentleman's mind, I understand that. But we have heard a lot today about bringing everybody together. There is nothing like bringing everybody together by the need to pass a law as opposed to just passing a resolution. By doing it by resolution, the House can have a version, the other body can have a version, the President has a version. You can go through the entire year with three versions.

I understand we are not going to change the gentleman's mind or probably a lot of people's minds, but what the gentleman is suggesting is by doing it this way, everyone has to come together at least once. That is the reason.

The CHAIRMAN pro tempore (Mr. BASS). The time of the gentleman from South Carolina (Mr. SPRATT) has expired. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin (Mr. RYAN).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) will be postponed.

It is now in order to consider Amendment No. 8 printed in House report 108–566.

AMENDMENT NO. 8 OFFERED BY MR. RYAN OF WISCONSIN

Mr. RYAN of Wisconsin. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. RYAN of Wisconsin:

At the end, add the following new sections:

SEC. . ESTABLISHMENT OF BUDGET PROTECTION MANDATORY ACCOUNT.

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

''BUDGET PROTECTION MANDATORY ACCOUNT

''SEC. 316. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the 'Budget Protection Mandatory Account'. The Account shall be divided into entries corresponding to the House or Senate committees, as applicable, that received allocations under section 302(a) in the most recently adopted concurrent resolution on the budget, except that it shall not include the Committee on Appropriations of that House and each entry shall consist of the 'First Year Budget Protection Balance' and the 'Five Year Budget Protection Balance'.

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

''(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to a bill that reduces the amount of mandatory budget authority provided either under current law or proposed to be provided by the bill under consideration, that Member or Senator may state the portion of such reduction achieved in the first year covered by the most recently adopted concurrent resolution on the budget and in addition the portion of such reduction achieved in the first five years covered by the most recently adopted concurrent resolution on the budget that shall be—

''(A) credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance in the House or Senate, as applicable;

''(B) used to offset an increase in other new budget authority;

''(C) allowed to remain within the applicable section 302(a) allocation; or

''(D) used to offset a decrease in receipts.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, as applicable, if the amendment is agreed to.

''(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

''(3) When computing the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to a bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members or Senators offering such amendments as amounts to be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, or that fall within the last sentence of paragraph (1).

''(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

''(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—For the purposes of enforcing section 302(a), upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the applicable committee or committees of that House which reported the bill as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

''(e) DEFINITION.—As used in this section, the term 'appropriation bill' means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.''.

SEC. . ESTABLISHMENT OF BUDGET PROTECTION DISCRETIONARY ACCOUNT.

''BUDGET PROTECTION DISCRETIONARY ACCOUNT

''SEC. 317. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the 'Budget Protection Discretionary Account'. The Account shall be divided into entries corresponding to the subcommittees of the Committee on Appropriations of that House and each entry shall consist of the 'Budget Protection Balance'.

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

''(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to an appropriation bill to reduce new budget authority in any account, that Member or Senator may state the portion of such reduction that shall be—

''(A) credited to the Budget Protection Balance;

''(B) used to offset an increase in new budget authority in any other account;

''(C) allowed to remain within the applicable section 302(b) suballocation or

''(D) used to offset a decrease in receipts.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the Budget Protection Balance, as applicable, if the amendment is agreed to.

''(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any appropriation bill by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

''(3) When computing the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to an appropriation bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members offering such amendments as amounts to be credited to the Budget Protection Balance, or that fall within the last sentence of paragraph (1).

''(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

''(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—(1) For the purposes of enforcing section 302(a), upon the engrossment of any appropriation bill by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the Committee on Appropriations as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

''(2) For purposes of enforcing section 302(b), upon the engrossment of any appropriation bill by the House or Senate, as applicable, the 302(b) allocation provided to the

subcommittee for the bill just engrossed shall be deemed to have been reduced by the amount of budget authority and outlays calculated, pursuant to subsection (c)(3).

''(e) DEFINITION.—As used in this section, the term 'appropriation bill' means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new items:

''Sec. 316. Budget protection mandatory account.

''Sec. 317. Budget protection discretionary account.''.

SEC. . REVENUE ADJUSTMENT.

If an amendment is designated to be used to offset a decrease in receipts for a fiscal year pursuant to section 316(c)(1)(D) or section 317(c)(1)(D) of the Congressional Budget Act of 1974, then the applicable level of revenues for such fiscal year for purposes of section 311(a) of such Act shall be reduced by the amount of such amendment.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Wisconsin (Mr. RYAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

I bring this amendment to the desk with my cosponsor, the gentleman from Texas (Mr. NEUGEBAUER). Let me briefly explain it.

This is what we call budget protection accounts. Here is how the current appropriations process works. If we have a piece of spending in the budget that we think is wasteful, let me take two examples here; the $200,000 for the Rock and Roll Hall of Fame in Cleveland, Ohio, or the $500,000 for the Anaheim Resort Transit to fund buses at Disneyland, or the $50 million to fund the Coralville Rain Forest Museum in Coralville, Iowa.

Let us take, for example, if we want to get rid of that spending, we can bring an amendment to the floor, pass it, make sure that spending does not go to those projects, but by the rules of this institution, that money has to be spent somewhere else in the Federal government. That is ridiculous, Mr. Chairman.

All we are proposing is this: if Members can come to the floor with amendments to eliminate or reduce wasteful spending, they ought to be able to save that money. That is all we are proposing.

So what we do here is when a cutting amendment comes to the floor to reduce spending, the entire 302(a) allocation, the entire discretionary allocation goes down by the amount of that amendment. So that at the end of the year, that money either goes to reducing the deficit or that money goes to reduce taxes. We have a mechanism that makes sure that this reconciles with the other body appropriately.

Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I claim the time in opposition, and I yield myself such time as I may consume.

Mr. Chairman, like many of the amendments that were offered to this base bill, I have only had the chance to peruse quickly this one. This is an idea that has been around the track before. In the late 1980s, early 1990s, we were searching for ways to get our hands around the problem. This is one of the things that was proposed by several different people in several different variations.

Anyone who tried to implement this and have legislative counsel draw it in a form that would be truly enforceable ran into multiple complications. It is maddeningly complicated, as the gentleman can tell from reading the bill. The bill takes it a step further than any version of this idea I have ever read before, and it taxed all my concentration here on the House Floor to make it from the first page to the last page, and I am in a maze. I do not really know how it works.

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, I can explain it. Basically, it works like this. A Member brings an amendment to the House Floor to cut spending. The 302(a) allocation goes down by that amount. At the end of the day, the conference report for the appropriation bills goes down by the lower of the two different amounts between the House amendments and the Senate amendments. At the end of the year, because the 302(a) will have gone down by that amount, the Committee on Ways and Means can use the savings for tax relief. If it does not do that by the end of the fiscal year, the savings, the lower of the amendments between the House or the Senate, is going toward deficit reduction.

That is essentially how it works. I know it is complicated.

Mr. SPRATT. Mr. Chairman, reclaiming my time, keep in mind that other body called the Senate moves in a separate orbit from this body, and somebody over there is going to have a different idea, and there is going to be an entry under a different program. When we go to conference, the conferees are going to have a different idea, and the bookkeepers around here are going to be switching credits from account to account, taking back credits as the money that was saved is now spent. The project that was going to be killed or cut is now restored, and it becomes a nightmare.

That is why this idea has had all of the longevity of a lead balloon. It has never gotten off the ground.

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman briefly yield again?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, I appreciate the gentleman's indulgence. First of all, it is true that you could eliminate a piece of pork here on the House Floor and it could get placed back in on the Senate floor. But by these rules, at least that amount of money would have to be saved, because the 302(a) allocation will go down by that amount. It would be up to the Committee on Appropriations to decide where that money comes from. But the point is, that money would have to be saved.

Mr. SPRATT. Mr. Chairman, if one could keep the trail of it, and that is the problem.

Mr. RYAN of Wisconsin. Mr. Chairman, that is up to the Committee on the Budget.

Mr. SPRATT. Mr. Chairman, reclaiming my time, the core idea is basically an appealing idea and lots of Members around here have had the experience where they have found something that they thought could be a legitimate saving, they have offered the amendment and prevailed, only to see the money is spent somewhere else. I disagree with the gentleman when he said a little while ago, and I think it was in a moment of zealousness, that if the savings were taken out of, say, the Cleveland Rock and Roll Museum, it would have to be spent somewhere else. It does not have to be spent somewhere else; it can be saved, and this mechanism was a way on to sort of lock box money, so that it could not be used again.

But there are so many moving pieces. We have an authorization bill, an appropriation bill; a House and a Senate conference committee, and any time anybody makes any kind of change or different entry, there has to be an adjustment. This is a $2.2 trillion budget, and I think the bookkeepers, their minds would be boggled trying to keep account of this, as mine was when I was trying to read the gentleman's bill.

So I do not discredit the idea, it is just the mechanism for enforcing it and truly making it work is so complicated, I think it collapses upon itself.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) has 1 minute remaining; the gentleman from Wisconsin (Mr. RYAN) has 3½ minutes remaining.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 2 minutes to the cosponsor of this amendment, the gentleman from Texas (Mr. NEUGEBAUER).

Mr. NEUGEBAUER. Mr. Chairman, I rise today in support of the Budget Accounts amendment. I appreciate having the chance to work with the gentleman from Wisconsin (Mr. RYAN) on this amendment which enhances the budget legislation we are considering today.

In this and other debates today, we have heard a lot of talk about a provision called PAYGO. Well, I think this

amendment creates something that I call save-go.

Budget Protection Accounts allow us to actually save money for the taxpayers as we go through the appropriations and other spending bills; money that is set aside for the taxpayers, either in the form of tax relief or debt reduction.

When Members offer amendments on appropriations bills today that reduce spending, any money reduced automatically becomes available to be spent on another program or a project in that bill or in another bill. If the Budget Projection Accounts are created, Members would be able to direct savings resulting from their amendments to the debt reduction or tax relief. Members are not required to do so, but they are simply given that option. Imagine being able to go home back to your district and actually tell your constituents that you saved them some money.

This is an important option to have if we are serious about doing something about reducing spending. Members have little incentive to offer amendments that reduce spending when they know that the money the amendment claims to save is automatically given to other projects. If Members have the option to direct savings to relief of deficit reduction or incentive to go after other waste and fraud, they will actually do so.

Budget Protection Accounts allow Members to be for savings and fiscally responsible, rather than always against projects or programs.

Let us give the House the opportunity to save the taxpayers some money when we are going through spending bills and the opportunity to use those savings for the benefit of the taxpayers. As many have said today, and I continue to say, Mr. Chairman, we do not have an income problem, we have a spending problem, and I believe that the Budget Protection Accounts help us with that problem.

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Mr. SPRATT. Mr. Chairman, I reserve the balance of my time.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield the remaining time to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, this is really a simple idea. And I think I am understanding the gentleman from South Carolina to say that he agrees with the concept, the concept being that if you identify a specific item that appears to one of the Members here as wasteful and he prevails in his vote on the floor, that that money should not be spent somewhere else. It is not that complicated. And, God knows, we got a lot of items that fit this description. The last omnibus spending bill we allocated $4 million to study fruit flies in France, $2 million to teach kids to play golf in Florida, and, yes, $50 million to build an indoor tropical rain forest in Iowa.

The gentleman from South Carolina, if I understand correctly, seems to be objecting to the amendment on the grounds that it is difficult to draft this in a way that really works. And I am the first to say it is tricky. But we got a lot of very bright people in this town. If this is not the absolute perfect way to draft it, although it might be, I appreciate my colleague conceding that the gentleman from Wisconsin (Mr. RYAN) has done an excellent job, maybe the best job yet on this, I would say let us support the amendment and let us work on refining it and improving it and let us dedicate both sides' staffs to figuring out how to get this done.

But the concept of saying if a certain amount of spending is going to be withheld on this floor, that that money is not available to be spent anywhere else, that is not that hard. I am convinced we can do it.

So I would urge my colleagues to reconsider and to support this amendment and work together to find the language that achieves the objective that apparently we all agree with.

Mr. SPRATT. Mr. Chairman, to close I yield the remaining time to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, this proposal would allow a vote on the Senate to reduce the House 302(b) allocation. A vote on the Senate reduces our allocation. This is an absurd idea on its face. But it perverts the name ''lockbox.'' Previously we all agreed on lockbox. Lockbox meant we did not spend Social Security, we did not spend Medicare revenues on anything but Social Security and Medicare.

The deficit policies of the majority now spend every nickel of the surplus of Social Security and Medicare, every nickel; $500 billion this year alone. They want to get up on the floor of the House and talk about creating this Mickey Mouse lockbox of theirs to capture fruit fly spending. It is ridiculous.

Let us talk about the real issue: blowing all the revenues of Social Security, all the revenues of Medicare, all of the surplus intended to strengthen these programs, gone because of runaway deficit spending, the absolute core result of Republican fiscal policies.

Rather than pass a budget to deal responsibly with beginning to get us out of this hole, they put us through this charade tonight. Shame on my colleagues. Defeat this amendment.

The CHAIRMAN pro tempore (Mr. BASS). The question is on the amendment offered by the gentleman from Wisconsin (Mr. RYAN).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) will be postponed.

It is now in order to consider amendment No. 9 printed in House Report 108–566.

AMENDMENT NO. 9 OFFERED BY MR. RYAN OF WISCONSIN

Mr. RYAN of Wisconsin. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. RYAN of Wisconsin:

At the end, add the following new section:

SEC. . ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS.

(a) IN GENERAL.—Part B of title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.) is amended by redesignating sections 1013 through 1017 as sections 1014 through 1018, respectively, and by inserting after section 1012 the following new section:

''ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS

''SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any budget authority provided in an appropriation Act that he identifies as wasteful spending. If the President proposes a rescission of budget authority, he may also propose to reduce the appropriate discretionary spending limits for new budget authority and outlays flowing therefrom set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount that does not exceed the amount of the proposed rescission. Funds made available for obligation under this procedure may not be proposed for rescission again under this section.

''(b) TRANSMITTAL OF SPECIAL MESSAGE.—

''(1) The President may transmit to Congress a special message proposing to rescind amounts of budget authority and include with that special message a draft bill that, if enacted, would only rescind that budget authority unless the President also proposes a reduction in the appropriate discretionary spending limits set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985. That bill shall clearly identify the amount of budget authority that is proposed to be rescinded for each program, project, or activity to which that budget authority relates.

''(2) In the case of an appropriation Act that includes accounts within the jurisdiction of more than one subcommittee of the Committee on Appropriations, the President in proposing to rescind budget authority under this section shall send a separate special message and accompanying draft bill for accounts within the jurisdiction of each subcommittee.

''(3) Each special message shall specify, with respect to the budget authority proposed to be rescinded, the following:

''(A) The amount of budget authority which he proposes to be rescinded.

''(B) Any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved.

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

''(D) To the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission.

''(E) All facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and to the maximum extent practicable, the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority is provided.

''(F) A reduction in the appropriate discretionary spending limits set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, if proposed by the President.

''(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

''(1)(A) Before the close of the second legislative day of the House of Representatives after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of the House of Representatives shall introduce (by request) the draft bill accompanying that special message. If the bill is not introduced as provided in the preceding sentence, then, on the third legislative day of the House of Representatives after the date of receipt of that special message, any Member of that House may introduce the bill.

''(B) The bill shall be referred to the Committee on Appropriations. The committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of that House after the date of receipt of that special message. If that committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

''(C) A vote on final passage of the bill shall be taken in the House of Representatives on or before the close of the 10th legislative day of that House after the date of the introduction of the bill in that House. If the bill is passed, the Clerk of the House of Representatives shall cause the bill to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the bill is passed.

''(2)(A) A motion in the House of Representatives to proceed to the consideration of a bill under this section shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

''(B) Debate in the House of Representatives on a bill under this section shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion to further limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this section or to move to reconsider the vote by which the bill is agreed to or disagreed to.

''(C) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

''(D) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any rescission bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

''(3) A bill transmitted to the Senate pursuant to paragraph (1)(D) shall be referred to its Committee on Appropriations. That committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of the Senate after it receives the bill. A committee failing to report the bill within such period shall be automatically discharged from consideration of the bill, and the bill shall be placed upon the appropriate calendar.

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

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

''(C) Debate in the Senate or any debatable motion or appeal in connection with a bill under this section shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control of the passage of a bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

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

''(d) AMENDMENT AND DIVISIONS PROHIBITED.—No amendment to a bill considered under this section shall be in order in either the House of Representatives or the Senate. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole) or in the Senate. No motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to suspend the application of this subsection by unanimous consent.

''(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded in a special message transmitted to Congress under subsection (b) shall be made available for obligation on the day after the date on which either House rejects the bill transmitted with that special message.

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

''(1) The term 'appropriation Act' means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

''(2) The term 'legislative day' means, with respect to either House of Congress, any day of session.

''(3) The term 'rescind' means, with respect to an appropriation Act, to reduce the amount of budget authority appropriated in that Act, and reducing budget authority shall include reducing obligation limitations set forth in that Act.''.

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

(1) in subsection (a), by striking ''and 1017'' and inserting ''1012, and 1017''; and

(2) in subsection (d), by striking ''section 1017'' and inserting ''sections 1012 and 1017''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1011 of the Congressional Budget Act of 1974 (2 U.S.C. 682(5)) is amended by repealing paragraphs (3) and (5) and by redesignating paragraph (4) as paragraph (3).

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

(A) in subsection (b)(1), by striking ''or the reservation''; and

(B) in subsection (e)(1), by striking ''or a reservation'' and by striking ''or each such reservation''.

(3) Section 1015(a) of such Act (2 U.S.C. 686) is amended by striking ''is to establish a reserve or'', by striking ''the establishment of such a reserve or'', and by striking ''reserve or'' each other place it appears.

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

(A) in subsection (a), by striking ''rescission bill introduced with respect to a special message or'';

(B) in subsection (b)(1), by striking ''rescission bill or'', by striking ''bill or'' the second place it appears, by striking ''rescission bill with respect to the same special message or'', and by striking '', and the case may be,'';

(C) in subsection (b)(2), by striking ''bill or'' each place it appears;

(D) in subsection (c), by striking ''rescission'' each place it appears and by striking ''bill or'' each place it appears;

(E) in subsection (d)(1), by striking ''rescission bill or'' and by striking '', and all amendments thereto (in the case of a rescission bill)'';

(F) in subsection (d)(2)—

(i) by striking the first sentence;

(ii) by amending the second sentence to read as follows: ''Debate on any debatable motion or appeal in connection with an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event that the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.'';

(iii) by striking the third sentence; and

(iv) in the fourth sentence, by striking ''rescission bill or'' and by striking ''amendment, debatable motion,'' and by inserting 'debatable motion';

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

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

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

''Sec. 1013. Enhanced consideration of certain proposed rescissions.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Wisconsin (Mr. RYAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I will explain this. We are going to go after wasteful spending in another direction with this amendment. This is a bipartisan amendment with the gentleman from Texas (Mr. STENHOLM), also with the gentleman from Delaware (Mr. CASTLE), who is not here with us on the floor this moment, supporting this amendment. This is what we call enhanced rescissions.

The way this amendment works is that the President, after signing a bill into law, an appropriations bill into law, has the ability to pull out a wasteful spending measure or a number of wasteful spending measures that he or she deems wasteful.

Now, this makes sure that we retain the power of the purse so that that bill comes back to the House and the Senate among expedited procedures where we vote up or down on that rescission package.

Now, if my colleagues will recall, during the line item veto debate of a number of years ago, the Supreme Court ended up striking down the line item veto. The reason the Supreme Court struck down the line item veto is a reason I agree with, which was it is unconstitutional for the legislative branch to delegate its lawmaking power to the executive branch the power of the purse.

So what we are doing in place of that is this. As a consequence to those who oppose the line item veto at the same time, they were the folks who were actually proposing this legislation, what happens is the President pulls out spending from a spending bill, sends it back to Congress on an expedited procedural basis, Congress votes up or down on those spending cuts. And we have the final say as to whether or not that spending occurs.

Now, the great point of all of this is we end up having to vote on these huge appropriation bills. Last year's omnibus appropriation bill had seven different appropriation bills bundled into one. So we had one vote on the conference report up or down. So we had to vote on veterans health care, on Labor Department spending, on Health and Human Services; but we also had to vote for the $50 million rain forest museum in Coralville, Iowa.

This gives the President the ability to say we probably should not be spending money on that rain forest museum in Coralville, Iowa, and a few other things. I am pulling those out of this bill and sending it back to Congress for a revote, and then Congress has the final decision as to whether or not that spending takes place.

We retain the power of the purse, but we have a tool to go after wasteful spending.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN pro tempore. Who claims time in opposition to the amendment?

Mr. SPRATT. Mr. Chairman, I claim the time in opposition, but I may not oppose the bill. I simply claim the time.

The CHAIRMAN pro tempore. Without objection, the gentleman from South Carolina will control the time.

There was no objection.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, I am very happy to join with the gentleman from Wisconsin (Mr. RYAN) and the gentleman from Delaware (Mr. CASTLE) to offer this amendment tonight.

Expedited rescission has been around a long time. Dan Quayle first introduced it in 1975. Senator CARPER, Dick Armey did yeoman's work in passing this legislation. I have been working in support of expedited rescission legislation since 1992. And I worked with many Members on my side of the aisle, including the gentleman from South Carolina (Mr. SPRATT), the gentleman from Michigan (Mr. CONYERS), and others on similar proposals.

There is a fundamental question that we need to ask. Line item veto was unconstitutional, and I was never comfortable giving any President one-third-plus-one minority override over a decision of Congress, and the Supreme Court upheld that as being unconstitutional, but imperfectly willing to give any President line item veto over any pork spending, if that is what you want to call it, by me or the gentleman from Wisconsin (Mr. RYAN) or anyone else, provided I have an opportunity to have a majority of the House agree with me or to agree with the President. That is what expedited rescission is all about.

I respect the concern of Members on my side of the aisle that that amendment will give too much power to the President, but it matters not to me who is President. I am perfectly willing to give any President that opportunity because it will have a very cleansing effect because anyone that sticks in as many add-ons as we have been adding on to the appropriation process, and I found it rather amusing listening to the appropriators a moment ago, when you look at what has happened with all of the add-ons, all of the add-ons that have been added in the appropriations process, I would love to see a President come in and line item veto that, even if it is mine or anyone else's, because it would have a cleansing effect.

If one cannot stand up on the floor and defend that which he has asked appropriators to put in the bill, he should not do it. And that is what this amendment is all about.

This amendment will not make a significant dent in our deficit, and I do not claim that it will. But it will have a very real cleansing effect on the legislative process. And it will take a step towards reducing the public cynicism about the political process.

The time has come for to us support this additional tool for accountability and fiscal responsibility.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 2 minutes to gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, we have talked about a number of individual items that we have found questionable in past omnibus bills, including, in particular, a tropical rain forest that, by the way, was not in the district of the Committee on the Budget chairman.

One of the points that I want to make about the beauties of this particular amendment is that often, this is going to be shocking to people listening to this debate, but often we have an appropriation bill, especially when it is an omnibus appropriation bill, that can be thousands and thousands of pages long, and who knows how many tens of thousands of lines in this. And sometimes we have had all of several hours to go through every single line in these thousands and thousands of pages. The stack is usually here somewhere, set up here. If one can get here and they are the first person there, then they can get it and they can look through and they can discover the $4 million for fruit flies in France or whatever else it might be. And they could raise their objection and deal with that. But sometimes you might not get the opportunity to go through this whole thing. In fact, as a practical matter, none of us do. We discover later on what all has been inserted in this bill.

What this mechanism does is it provides an opportunity after the bill, and many of us do not want to vote against veterans funding or important programs that are also in these bills, ends up passing; but what this amendment does, it gives the President an opportunity to say, okay, hold on a second here, we got a little out of hand, let us take the following handful of items and let us rethink that on an up-or-down vote just these items.

This is just common sense, responsible budgeting and appropriating. So I would urge my colleagues to support this amendment.

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I have actually sponsored legislation like this in the past. I have voted for it and argued for it on the House floor. When we had the vote on the line item veto, I came over here and tried to offer an alternate amendment to it and argued to the House, the other side principally, that if they would adopt this, and the Supreme Court did what I predicted they would do and held it unconstitutional, then this would be in place as the alternative. We would have it by now if that had been attempted, the bill passed. And that was not put in it.

There was a strong suspicion on my colleagues' side that if we put that in, the Senate would take out the line item veto and pass the rescission provisions. In truth, there are certain Senators who are probably laying in wait for this rescission provision already.

We did add some features to it that I would recommend for your consideration. One is when it came through the Committee on Government Reform we added a provision that would not only allow spending to be treated this way, but also targeted tax cuts. Because these targeted tax cuts are often tax expenditures and they were defined as tax cuts which had a beneficiary class, a few of them. I thought it was a good idea and a good improvement on the bill.

We bring these tax bills over here to the floor, they are not amendable. We vote on them up or down. At least on the appropriations bill, if one wants to, they have an opportunity to go after individual items. Instead, the tax bills have all kinds of provisions.

We also had some provisions in it about how you could break out for separate treatment all or certain parts of the package if one could get a petition with so many Members. This is an idea that has been around and around the track, and it is actually an idea that has been embellished and improved as it went around the track. I am not quite sure how many of those ideas there are in this particular version of it, but I recommend those for my colleagues' consideration.

Mr. Chairman, I reserve the balance of my time.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, I want to answer the points the gentleman from South Carolina made. We did look at the issue of whether there are tax expenditures included in the enhanced rescission power, and some raised the constitutional question. Because in article I, section 7, the U.S. Constitution clearly states that bills for raising revenue shall originate only in the House of Representatives.

There are some who have a constitutional concern, and this is a debated point, that it would be unconstitutional for the President to alter tax legislation because this would be an originating bill even after this other bill would be passed into law.

So there is a constitutional question about the tax expenditure side. But, more importantly, we want to focus on spending. We wanted to focus this tool to go after wasteful spending.

Let me just conclude with showing a few things that we have done around here. Both parties are to blame for this; 13.4 million for community resilience project in Virginia.

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Mr. Chairman, $916,000 for a study about what makes a meaningful day, $500,000 for the Anaheim Resort Transit to fund buses for Disneyland, $270,000 for wool research in Montana and Wyoming, $72,000 for the study by the National Institute of Health on dorm room wall decorations and Web pages.

These are ridiculous expenditures that I believe are an embarrassment to this body, and it is a good thing, and I think we all agree, to have the President have the ability to bring those things out and send it back and have us vote on those things in the light of day instead of tucking them in big appropriations bill.

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, sometimes it is rather amusing if you have been around for a few years, as I have. The last time this was seriously discussed, my friends on this side of the aisle opposed it. They believe the expedited rescission was a bad idea and that we ought to go with line-item veto. The person that interjected taxes into this was Bob Michel, the minority leader, in suggesting that if you really want to do this in a way in which it will work, you put everything on the table.

The gentleman from South Carolina (Mr. SPRATT) supported that, and today it is why it is so difficult. The gentleman from Iowa (Chairman NUSSLE) was talking about, it is us. It is we. It is pretty difficult for ''we'' to work on things when we keep changing what we think because of the current political environment that we have.

Mr. Chairman, I am happy to yield to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, a couple of us were not in Congress back then when you guys decided that, so we have been consistent.

Mr. STENHOLM. I know, but it is great. You can come in here and get 85 votes, and it does not get things done. We can get 300 votes.

Mr. CASTLE. Mr. Chairman, I rise today in support of the Ryan/Castle/Stenholm amendment. I have supported this executive power in many forms, but I see this amendment as a version that all of us can stand behind.

Under this power, the President, regardless of party, may submit to Congress, provisions from a spending bill that he deems wasteful. The difference between our approach, and the Line-Item Veto which was overturned by the Supreme Court in 1998, is that Congress remains the deciding factor. The power of the purse remains in the hands of Congress.

This ''expedited'' rescission is intended to ensure a vote on those rescission requests sent from the President. Under expedited rescission, Congressional approval would still be necessary to cancel the funding by an up-or-down vote on an individual spending provision.

I believe that Congressional power is actually increased under this amendment—because Members are able to exercise more discretion over wasteful spending. Additionally, I believe that under this provision, Members will hesitate to abuse the practice of earmarking funds when they are held accountable to the full House.

The Line Item Veto Act of 1996 amended the Congressional Budget and Impoundment Control Act of 1974, to give the President ''enhanced rescission authority'' to cancel certain items. The President was only to exercise the cancellation authority if he determined that such cancellation would reduce the federal budget deficit and would not impair essential government functions or harm the national interest; and then notified the Congress. The act provided 30 days for the expedited congressional consideration of disapproval bills to reverse the cancellations from the President.

When the Supreme Court overturned the Line item Veto in 1998, the subsequent policy discussions produced alternative versions that would address issues of Constitutionality. This enhanced rescission would give lawmakers the ability to clean up waste in spending bills while protecting the priorities of the bill.

We believe that this amendment has the opportunity to eliminate wasteful and abusive spending, while maintaining Congressional power of the purse and I encourage my colleagues to support Ryan/Castle/Stenholm.

The CHAIRMAN pro tempore (Mr. BASS). The question is on the amendment offered by the gentleman from Wisconsin (Mr. RYAN).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. RYAN of Wisconsin. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) will be postponed.

It is now in order to consider in sequence amendments numbered 10 through 14 printed in House Report 108–566. The Chair has been advised that the amendments will not be offered.

AMENDMENT NO. 15 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SPRATT

Mr. SPRATT. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 15 in the Nature of a Substitute Offered by Mr. SPRATT

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Budget Enforcement Act of 2004''.

SEC. 2. EXTENSION OF DISCRETIONARY SPENDING LIMITS.

(a) DISCRETIONARY SPENDING LIMITS.—(1) Section 251(c)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (relating to fiscal year 2004) is amended—

(A) in subparagraph (A), by striking ''$31,834,000,000'' and inserting ''$28,052,000,000''; and

(B) in subparagraph (B), by striking ''$1,462,000,000'' and inserting ''$1,436,000,000'' and by striking ''$6,629,000,000'' and inserting ''$6,271,000,000''.

(2) Section 251(c)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting a dash after ''2005'', by redesignating the remaining portion of such paragraph as subparagraph (D) and by moving it two ems to the right, and by inserting after the dash the following new subparagraphs:

''(A) for the general purpose discretionary category: $832,474,000,000 in new budget authority and $870,895,000,000 in outlays;

''(B) for the highway category: $30,585,000,000 in outlays; and

''(C) for the mass transit category: $1,554,000,000 in new budget authority and $6,787,000,000 in outlays; and''.

(3) Section 251(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting a dash after ''2006'', by redesignating the remaining portion of such paragraph as subparagraph (D) and by moving it two ems to the right, and by inserting after the dash the following new subparagraphs:

''(A) for the general purpose discretionary category: $856,879,000,000 in new budget authority and $865,993,000,000 in outlays;

''(B) for the highway category: $33,271,000,000 in outlays; and

''(C) for the mass transit category: $1,671,000,000 in new budget authority and $7,585,000,000 in outlays; and''.

(4) Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by redesignating paragraphs (4) through (9) as paragraphs (7) through (12) and inserting after paragraph (3) the following new paragraphs:

''(4) with respect to fiscal year 2007—

''(A) for the highway category: $35,248,000,000 in outlays; and

''(B) for the mass transit category: $1,785,000,000 in new budget authority and $8,110,000,000 in outlays;

''(5) with respect to fiscal year 2008—

''(A) for the highway category: $36,587,000,000 in outlays; and

''(B) for the mass transit category: $1,890,000,000 in new budget authority and $8,517,000,000 in outlays; and

''(6) with respect to fiscal year 2009—

''(A) for the highway category: $37,682,000,000 in outlays; and

''(B) for the mass transit category: $2,017,000,000 in new budget authority and $8,968,000,000 in outlays;''.

(b) DEFINITIONS.—Section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subparagraph (B), by—

(A) striking ''the Transportation Equity Act for the 21st Century and the Surface Transportation Extension Act of 2003'' and inserting ''the Transportation Equity Act: A Legacy for Users''; and

(B) inserting before the period at the end the following new clauses:

''(v) 69-8158-0-7-401 (Motor Carrier Safety Grants).

''(vi) 69-8159-0-7-401 (Motor Carrier Safety Operations and Programs).'';

(2) in subparagraph (C), by—

(A) inserting ''(and successor accounts)'' after ''budget accounts''; and

(B) striking ''the Transportation Equity Act for the 21st Century and the Surface Transportation Extension Act of 2003 or for which appropriations are provided pursuant to authorizations contained in those Acts (except that appropriations provided pursuant to section 5338(h) of title 49, United States Code, as amended by the Transportation Equity Act for the 21st Century, shall not be included in this category)'' and inserting ''the Transportation Equity Act: A Legacy for Users or for which appropriations are provided pursuant to authorizations contained in that Act''; and

(3) in subparagraph (D)(ii), by striking ''section 8103 of the Transportation Equity Act for the 21st Century'' and inserting ''section 8103 of the Transportation Equity Act: A Legacy for Users''.

SEC. 3. ADJUSTMENTS TO ALIGN HIGHWAY SPENDING WITH REVENUES.

Subparagraphs (B) through (E) of section 251(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

''(B) ADJUSTMENT TO ALIGN HIGHWAY SPENDING WITH REVENUES.—(i) When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall make adjustments to the highway category for the budget year and each outyear as provided in clause (ii)(I)(cc).

''(ii)(I)(aa) OMB shall take the actual level of highway receipts for the year before the current year and subtract the sum of the estimated level of highway receipts in subclause (II) plus any amount previously calculated under item (bb) for that year.

''(bb) OMB shall take the current estimate of highway receipts for the current year and subtract the estimated level of receipts for that year.

''(cc) OMB shall add one-half of the sum of the amount calculated under items (aa) and (bb) to the obligation limitations set forth in the section 8103 of the Transportation Equity Act: A Legacy for Users and, using current estimates, calculate the outlay change resulting from the change in obligations for the budget year and the first outyear and the outlays flowing therefrom through subsequent fiscal years. After making the calculations under the preceding sentence, OMB shall adjust the amount of obligations set forth in that section for the budget year and the first outyear by adding one-half of the sum of the amount calculated under items (aa) and (bb) to each such year.

''(II) The estimated level of highway receipts for the purposes of this clause are—

''(aa) for fiscal year 2004, $30,572,000,000;

''(bb) for fiscal year 2005, $34,260,000,000;

''(cc) for fiscal year 2006, $35,586,000,000;

''(dd) for fiscal year 2007, $36,570,000,000;

''(ee) for fiscal year 2008, $37,603,000,000; and

''(ff) for fiscal year 2009, $38,651,000,000.

''(III) In this clause, the term 'highway receipts' means the governmental receipts credited to the highway account of the Highway Trust Fund.

''(C) In addition to the adjustment required by subparagraph (B), when the President submits the budget under section 1105 of title 31, United States Code, for fiscal year 2006, 2007, 2008, or 2009, OMB shall calculate and the budget shall include for the budget year and each outyear an adjustment to the limits on outlays for the highway category and the mass transit category equal to—

''(i) the outlays for the applicable category calculated assuming obligation levels consistent with the estimates prepared pursuant to subparagraph (D), as adjusted, using current technical assumptions; minus

''(ii) the outlays for the applicable category set forth in the subparagraph (D) estimates, as adjusted.

''(D)(i) When OMB and CBO submit their final sequester report for fiscal year 2004, that report shall include an estimate of the outlays for each of the categories that would result in fiscal years 2005 through 2009 from obligations at the levels specified in section 8103 of the Transportation Equity Act: A Legacy for Users using current assumptions.

''(ii) When the President submits the budget under section 1105 of title 31, United States Code, for fiscal year 2006, 2007, 2008, or 2009, OMB shall adjust the estimates made in clause (i) by the adjustments by subparagraphs (B) and (C).

''(E) OMB shall consult with the Committees on the Budget and include a report on adjustments under subparagraphs (B) and (C) in the preview report.''.

SEC. 4. LEVEL OF OBLIGATION LIMITATIONS.

(a) HIGHWAY CATEGORY.—For the purposes of section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the level of obligation limitations for the highway category is—

(1) for fiscal year 2004, $34,309,000,000;

(2) for fiscal year 2005, $35,671,000,000;

(3) for fiscal year 2006, $36,719,000,000;

(4) for fiscal year 2007, $37,800,000,000;

(5) for fiscal year 2008, $38,913,000,000; and

(6) for fiscal year 2009, $40,061,000,000.

(b) MASS TRANSIT CATEGORY.—For the purposes of section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the level of obligation limitations for the mass transit category is—

(1) for fiscal year 2004, $7,266,000,000;

(2) for fiscal year 2005, $7,750,000,000;

(3) for fiscal year 2006, $8,266,000,000;

(4) for fiscal year 2007, $8,816,000,000;

(5) for fiscal year 2008, $9,403,000,000; and

(6) for fiscal year 2009, $10,029,000,000.

For purposes of this subsection, the term ''obligation limitations'' means the sum of budget authority and obligation limitations.

SEC. 5. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended ''2002'' both places it appears and inserting ''2009''.

SEC. 6. REPORTS.

Subsections (c)(2) and (f)(2)(A) of section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking ''2002'' and inserting ''2006 (or 2009 solely for purposes of enforcing the discretionary spending limits for the highway and mass transit categories)''.

SEC. 7. EXPIRATION.

Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''2002'' and inserting ''2006 (or 2009 solely for purposes of enforcing the discretionary spending limits for the highway and mass transit categories)'' and by striking ''2006'' and inserting ''2013''.

SEC. 8. TECHNICAL CORRECTIONS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In section 250(a), strike ''SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES'' and insert ''Sec. 256. General and special sequestration rules'' in the item relating to section 256.

(2) In subparagraphs (F), (G), (H), (I), (J), and (K) of section 250(c)(4), insert ''subparagraph'' after ''described in'' each place it appears.

(3) In section 250(c)(18), insert ''of'' after ''expenses''.

(4) In section 251(b)(1)(A), strike ''committees'' the first place it appears and insert ''Committees''.

(5) In section 251(b)(1)(C)(i), strike ''fiscal years'' and insert ''fiscal year''.

(6) In section 251(b)(1)(D)(ii), strike ''fiscal years'' and insert ''fiscal year''.

(7) In section 252(b)(2)(B), insert ''the'' before ''budget year''.

(8) In section 252(c)(1)(C)(i), strike ''paragraph (1)'' and insert ''subsection (b)''.

(9) In section 254(c)(3)(A), strike ''subsection'' and insert ''section''.

(10) In section 254(f)(4), strike ''subsection'' and insert ''section'' and strike ''sequesterable'' and insert ''sequestrable''.

(11) In section 255(g)(1)(B), move the fourteenth undesignated clause 2 ems to the right.

(12) In section 255(g)(2), insert ''and'' after the semicolon at the end of the next-to-last undesignated clause.

(13) In section 255(h)—

(A) strike ''and'' after the semicolon in the ninth undesignated clause;

(B) insert ''and'' after the semicolon at the end of the tenth undesignated clause; and

(C) strike the semicolon at the end and insert a period.

(14) In section 256(k)(1), strike ''paragraph (5)'' and insert ''paragraph (6)''.

(15) In section 257(b)(2)(A)(i), strike ''differenes'' and insert ''differences''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from South Carolina (Mr. SPRATT) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this substitute would extend the so-called PAYGO rule

through September 30, 2009, to require that both the cost of all net direct, mandatory or entitlement spending increases and all tax cuts both, this is two-edged, double-edged PAYGO, enacted during a session be fully offset. In other words, this amendment would reinstate the rules that expired two years ago, the rule that is applicable to entitlement increases, the rule that is applicable to tax cuts known as the PAYGO rule.

In addition, this amendment would set total discretionary spending limits for 2005 and 2006 equal to the levels in the Democratic budget resolution which we offered on the House floor a few months ago. There are no total funding caps for other years.

Like H.R. 4663, it specifies that annual mass transit and highway funding for each year through 2009 will be set at the levels also included in the House-passed transportation reauthorization bill, known as TEA–LU.

Mr. Chairman, in the 1980s and 1990s, as we have struggled with deficits and as the effects of Gramm-Rudman-Hollings fizzled out, various rules, some of which have been surfaced on the House floor tonight, were proposed and tried. Two, however, emerged as meritorious and were included in what became the Budget Enforcement Act of 1991. It was a spin-off from the Bush Budget Summit in the year 1990. These were the disciplinary tools to implement the Bush Budget Summit Agreement, which really has not gotten the credit it is due for laying the foundation for what we accomplished in the 1990s. Neither have these rules gotten the full credit of their due, but they got a nice accolade from a source who admitted that he was a cynic, if not a skeptic, at that time, Chairman Alan Greenspan of the Federal Reserve.

He told our committee, the Committee on the Budget, just a few weeks ago when we asked him about the renewal of these rules, if he thought from his observation as an outside observer of the budget that these were worthwhile tools. He said, you know, I was a skeptic. I did not think they would work. I thought they were diversionary tactic, but I have been proven wrong. They were remarkably effective.

And when we questioned him and asked him, he said, I would reinstate both rules, both the discretionary spending caps, and I would reinstate the pay-as-you-go rule, which provides that if you want to have a tax cut when you have got a deficit, then you have to make it deficit neutral; you have to have an offset. You either cut entitlement spending one place in the budget, or you increase revenues as an offset in another place.

And by the same token, if you want to enhance an entitlement, you have got to identify a revenue stream to pay for it, or you have to have a commensurate cut and another entitlement program elsewhere in the budget so that in all respects, they are deficit neutral at the end of the session.

These two rules, the PAYGO rule, the double-edged PAYGO rule and the statutory spending caps on discretionary spending, are the heart and soul of this particular substitute that I am offering here. This cuts to the very core.

Rather than go through all of these convoluted rules, let us go back to two rules that work. Let us be pragmatic. Let us pick from the past experience that we have had those rules that contributed the most to our success in the 1990s, and after all, we moved the budget from a $290 deficit to a $236 surplus in six fiscal years, and these two rules helped us do it.

They have both expired now. We could do a world of good for the budget process, for the budget, for the deficit, by reinstating these two rules, and really, it is all we need to do that and fixing realistically discretionary spending caps.

Let me say, we proposed 5 years of spending caps. The chairman has reduced his effort to just 2 years. In an effort to get something that he could possibly pass over there, he went with two years. I really do not think we have effective discretionary spending limits unless we have longer terms than that. So we have a 5-year spending limitation on discretionary spending, and I should acknowledge that we have set this a bit above current service, a bit above the CBO baseline. Why did we do that? Because we fully accommodated the President's defense request, nondefense discretionary, and our cap is pretty close to baseline, pretty close to current services, just a bit over.

Total discretionary is somewhat more in excess of the CBO baseline because we followed the President's defense members. We put in the $50 billion this year for the Iraq and Afghanistan and supplemental expenses. That is realistic, and there is one rule that we learned in the 1990s we should apply here, too. It applies to the 1997 budget which was uniquely successful when we set the statutory caps on discretionary spending at a very, very tight and unrealistic level.

When we got to the ideas, we fudged on them substantially and that is primarily because partly because we set them too tight to start with. Here, we have set them realistically. We have got two rules that work. They have proved their worth.

The chairman of the Federal Reserve says I do not see why you would not reinstate them and make the PAYGO rule in particular applicable to tax cuts as well as entitlement increases. I submit to the House, if we want to do something tonight, if we want some concrete, valuable outcome for all of our efforts, these two things would do a world of good, and we could leave here feeling that we had done something good for the budget and something successful tonight.

Mr. Chairman, I reserve the balance of my time.

Mr. NUSSLE. Mr. Chairman, I claim the time in opposition, and I yield 2 minutes to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, I thank the chairman for the time, and I would like to stress there are two big problems with this approach and reasons that I oppose this amendment.

First of all, with respect to the discretionary spending caps, I commend the gentleman from South Carolina for extending them longer than we have in our bill. I think it is a constructive idea. Unfortunately, he starts off with caps at higher levels so we end up spending considerably more money, not only in the first couple of years, but thereafter as well, and so I have to strongly disagree with that approach on the discretionary spending caps side.

I also want to talk about the change that the gentleman from South Carolina proposes with regards to the PAYGO provisions and specifically the idea that we ought to apply this PAYGO provision to the tax cuts, as well as to the mandatory spending increases, which is what we have in the majority bill.

Now, obviously the superficial appeal of this idea is that both an increase in mandatory spending or a decrease in taxes appear to have the same directional effect on the size of the deficit in the short run. With respect to the government's budget, that is, of course, true, but there is something I think much more important here. The fact is that increasing spending and cutting taxes are not equivalent to the American people because the former, increasing mandatory spending, which we try to control, that slows down economic growth, and it reduces personal freedom, but the latter, cutting taxes, that accelerates economic growth and it expands personal freedom. The difference is just night and day.

In addition to that, the former, which is to say increasing mandatory spending, which we control in our bill, in the absence of that constraint which we impose, then we definitely increase the size of the structural deficit. That is clearly a problem that we are trying to rein in.

On the other hand, as we have seen time and time again, when you lower the tax burden, essentially you do it right by lowering marginal tax rates. You, in fact, improve the deficit picture over the long run as accelerating economic growth and enhancing revenue.

So I would urge my colleagues to reject this amendment and support the underlying bill.

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

Let me just make a couple of comments, and then we have no other speakers, and I would be ready to yield back the balance of our time.

Let me just say, first of all, the gentleman from Pennsylvania said it very well. Let me just underscore a couple of things.

We have had number of votes on the floor, and I understand we may have

yet another one tonight as a motion to recommit with regard to PAYGO for taxes, as it has been called here on the floor, and every time this year we rejected that, and we basically said, look, the only people who pay for taxes are taxpayers. The government does not have to pay for taxes because the government is not the one that pays taxes. It is taxpayers that pay for taxes.

So we have made it very clear that tonight we want to discuss spending, mandatory spending, discretionary spending. That is the reason we apply the PAYGO provisions to mandatory spending, and it is the reason why we set discretionary caps.

What the gentleman from South Carolina (Mr. SPRATT) has done follows that exact rubric. He has a PAYGO provision, but he extends it to revenue; therefore, I would oppose that.

On the discretionary side, he increases spending above the caps where we are now or above the budget resolution by $12.5 billion. In my estimation, that is unnecessary spending at this time. Certainly, as we all know, during the appropriation process many people will come to the floor and suggest that we could spend money on this or we could spend more money on that or we could increase over here or we could increase over there, but again, so many of our colleagues on both sides have talked about restraining spending. I do not believe an increase in the cap is what we need to do.

So I would oppose the amendment. The discretionary cap does not need to be lifted an additional $12.5 billion, number one; and number two, we do not believe that anyone in this country pays for taxes except taxpayers. Therefore, I would oppose the amendment as a substitute.

As I said to the gentleman from South Carolina (Mr. SPRATT), we have no other speakers.

Mr. Chairman, I reserve the balance of our time.

□ 2045

Mr. SPRATT. Could the Chair please advise me how much time I have?

The CHAIRMAN pro tempore (Mr. BASS). The gentleman from South Carolina has 8½ minutes remaining.

Mr. SPRATT. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, once again what we are trying to do here is to cut through all the rhetoric, go through all of these complicated rules, sometimes convoluted rules, and come up with two basic rules, two pragmatic rules that have proven themselves over a period of 10 years to work and work well. Indeed, they were part of the success we enjoyed in the 1990s when we moved the budget from a deficit of $290 billion in 1992 to a surplus of $236 billion in the year 2000.

First of all, we would impose a statutory cap on discretionary spending at a level that we think is realistic. And what do we mean by that? We take current services, basically treading water, with inflationary adjustment, and we add to it the Bush defense budget. But we want to make a point here, and that is this is the totality of domestic nonhomeland discretionary spending in the budget. This is one-sixth of the budget. Wipe it all out, you do not have an FBI, you do not have a court system, you do not have a Park Service, you do not have highways; but you still have a deficit, notwithstanding the fact you have wiped the whole thing out.

If you look back over the last 4 years, what is the source of this spending that everybody is decrying tonight? What you find is it certainly is not domestic nonhomeland security; 383, 382, 383. Now, Mr. Bush said he would like to cut it down to $376 billion. Well and good. This is one of the reasons the appropriators are out here tonight. They are struggling with the attainment of that goal. That saves $7 billion on a deficit that is estimated at over $400 billion next year. That is how much blood you can squeeze out of this turnip.

Where then have the cost increases come from? This chart tells it all. These bar charts show 2001, 2002, 2003, 2004, and they show that 90 to 95 percent of the increase in spending in those four fiscal years occurred in defense, homeland security, and the response to 9/11, not in what we call domestic nondefense discretionary spending. Therefore, the cap will have an effect, but not a great effect.

Basically, what we have done is we have capped nondefense discretionary spending at a current services level. We provided, as I said, realistically for the Bush defense budget for the other half of discretionary spending in the cap we have set.

Complicated chart. It says one thing in particular. When Bush came to office, when the President came to office several years ago, the Bush defense budget, the defense budget for the next 10 years was $3.6 trillion. Today, by our calculation, it is more like $5 trillion. We have seen defense spending go up over that time frame by $1.4 trillion.

And what about revenues? This is where the Bush administration told us revenues would go if we had tax cuts as we did in 2001, 2002 and 2003; that they would follow this blue dotted line. They have not followed the blue dotted line. They have taken a precipitous decline downward over this period of time from over $1 trillion to less than $800 billion in a period of about 3 or 4 fiscal years.

So if you want to solve the problem, you have to get to the source of the problem. You have to go to the budget and look at where the problem exists, and you cannot rule out revenues and expect to resolve a $521 billion estimate. That was the last official estimate we got from OMB of a deficit for this year.

That is why we have, number one, spending caps on discretionary spending at realistic levels that accommodate for defense. Get real. We are not going to be reining in those accounts by any substantial amount in the near future, given our obligations that are still being worked out.

And, secondly, we have acknowledged that revenues are a significant part of the problem. Indeed, when we resolved the problem of the deficit in the 1990s, and CBO looked back on it, they said 48 percent of your success was due to the fact that you were able to enhance revenues, 52 percent was due to the fact you curbed spending. Those two together produced the phenomenal results we enjoyed in the 1950s.

Here it is right here. It can be done. The Clinton administration came to office and outlays were 22 percent of GDP. When he left office, outlays had been reduced to about 18 percent of GDP. Revenues were about 17 to 18 percent of GDP. They were taken up over 20 percent of GDP. And there is the measure of the success in the Clinton administration right there, the $200 billion surplus we have been talking about.

And here is what happened with the Bush administration. Revenues have plummeted and spending outlays have gone up. But outlays are still below historic norms. Revenues, however, are pretty close to historic levels. Income taxes, as a percent of GDP, are about where they were in 1950.

So you have to do all these things to have a successful budget process package, and that is why we suggest to you we have got before you now in this substitute a package of two simple and basic rules which we say to you pragmatically worked, worked phenomenally well, and ought to be reinstated so we can tackle this difficult problem and approach it and try to begin working down the deficit.

I would suggest to the House that this would be the simplest way and the best way to resolve this whole debate. Adopt this substitute and wrap it up by reinstating the PAYGO rule with a double edge applicable to tax cuts and spending increases alike.

Mr. Chairman, I reserve the balance of my time.

Mr. NUSSLE. Mr. Chairman, I reserve the balance of my time, and I am prepared to yield back.

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I thank the gentleman for yielding me this time.

We would have liked the opportunity to present an amendment to this bill that teed up cleanly the prospects of pay-as-you-go, including both the revenue and spending sides. Remember, pay-as-you-go on spending. That does not mean anything, because a budget is revenue and a budget is outflow. If you only do outflow without revenue, you will never get to balance. Never get to balance. It is not even a serious effort.

What did they do to the request we had to have a clean vote on it, the request by the Blue Dogs? They did not

make it in order in the Committee on Rules. We have been working the last several hours through 19 amendments. They have made every cockamamie idea under the sun in order. But when we wanted to have a straight pay-as-you-go to address this budget deficit, it was not made in order. It again shows why I believe the underlying bill is not a serious effort in budgeting whatsoever, and the effort put forward by my friend and colleague, the gentleman from South Carolina (Mr. SPRATT), represents an alternative in a bad situation. That is a situation we should support.

Mr. SPRATT. Mr. Chairman, I yield the balance of my time to the gentlewoman from California (Ms. PELOSI), the minority leader.

Ms. PELOSI. Mr. Chairman, I thank the gentleman from South Carolina (Mr. SPRATT) for yielding me this time, but more especially for the excellent leadership that he has provided as the ranking member on the Committee on the Budget, and I thank him for bringing this substitute to the floor.

I think it would be really very important for the American people to understand the standing that the gentleman from South Carolina (Mr. SPRATT) has on this issue. He has, without any inkling of partisanship, addressed the issues of a fiscal soundness for our country and a budget that reflects our values in a way that has been, again, nonpartisan, professional, and responsible. He knows the facts and the figures. He takes responsibility for what he puts forth and will answer and defend the conclusions that he advances. So when he speaks about his own substitute that will lead to reducing the deficit, you can take him at his word. When he introduces this substitute for pay-as-you-go, it is as responsible as it sounds.

Earlier in the debate, on the Obey amendment, one of our Republican colleagues said there is no such thing as a free lunch. This pay-as-you-go budget really validates that statement, because it says in order for us to provide for the needs and the aspirations of the American people, we must do so in a fiscally sound way, and we must not fool ourselves about the consequences of our actions.

You can talk all day about the dynamic, as our Republican colleagues would say, about the dynamic impact of their tax cuts. They have been cutting taxes and cutting taxes and cutting taxes. Democrats like tax cuts too. We wanted to cut the taxes for the middle class. We want to cut the taxes for Americans who will then spend the money and put it back into the economy, injecting demand into the economy, creating jobs, growing the economy to create jobs.

We want to use our investments in our budget to invest in education. There is no better investment that we can make in terms of helping and meeting the needs and aspirations of the American people in terms of educating them, early childhood, K through 12, higher ed, post-graduate and life-time learning. And nothing does more to grow the economy and bring money into the Federal Treasury than to educate the American people.

So the investments that we talk about with pay-as-you-go are investments that bring money into the Treasury, that put tax cuts where they belong, where they will generate jobs and, again, inject demand. The gentleman from South Carolina (Mr. SPRATT) very, very carefully presented to us how the pay-as-you-go, when it was in effect, created a situation where we had zero deficit in 1999. This was not an accident. It was not a fluke. It was part of a plan. It was not a situation where we kept trying one thing and another. It was part of a plan. When the pay-as-you-go expired, we now have returned to these growing deficits; this year, $.5 trillion, a historically large deficit.

So, Mr. Chairman, when the Republicans say that we should subscribe to their reckless economic plan because it is going to create jobs, the success of their economic plan has not hit home for middle-class Americans. Yes, some jobs have been created, but they have been lower-paying jobs than the ones that were lost. The purchasing power of Americans has not increased. In fact, the increase in wages since this spring, since March, has been about a nickel. About a nickel. So that is not an economic policy that has been successful for middle-class Americans.

Their policy about tax cuts has been to go to those who need them least. Most of those people know they do not need the tax cuts and would rather they be investments into our society for educating our children. They do not want to, on top of it all, grow the deficit. We keep feeling the effects of that policy in lost jobs, wages that do not keep pace with inflation, and most dramatically, again, in record budget deficits.

When President Bush took office, as was indicated by the charts the gentleman from South Carolina (Mr. SPRATT) showed, we were on a path to a $5.6 trillion surplus. A $5.6 trillion surplus. Today, the budget deficit is projected to be over $3 trillion over the next 10 years, a $9 trillion fiscal collapse. We now have a deficit again for this year that is more than $.5 trillion for 1 year alone. That is an astounding burden on our children.

□ 2100

We should be giving our children opportunity, not fiscal obligations because of the Republicans' reckless economic policies.

These deficits matter. Federal Reserve Chairman Alan Greenspan has said, ''History suggests that an abandonment of fiscal discipline will eventually push up interest rates, crowd out capital spending, lower productivity growth, and force harder choices upon us in the future.''

Economists agree, deficits are a drag on the economy. Higher deficits mean higher interest rates, which mean families pay more for homes, cars and college tuition. Higher deficits mean lower incomes. And higher deficits mean fewer good-paying jobs.

Our country is at a crossroads on this issue, Mr. Chairman, and today we can choose between two distinct paths. One, as the gentleman from South Carolina suggests, is the road back to fiscal responsibility. The other is the road to fiscal ruin. The road to fiscal responsibility runs right through the Democratic substitute offered by the gentleman from South Carolina, which would put the budget on a pay-as-you-go system in which both tax cuts and spending increases must be paid for, a real pay-as-you-go system.

Alan Greenspan agrees. He recently testified before the Senate Banking Committee that pay-as-you-go should apply to both taxes and spending. These rules were in effect throughout the 1990s, as was mentioned, and they were effective. As a result of these rules, we turned record deficits that we had received into the 1990s into record surpluses as we left the 1990s. We could do it again today. The road to fiscal ruin runs through the unrestrained deficits of the Republican proposal. The Republican bill on the floor today is a sham. It steals the mantle of pay-as-you-go without requiring the discipline that real pay-as-you-go would require. By failing to offset tax cuts, the Republican bill will make the deficit even worse.

The issue is simple: The Democratic pay-as-you-go proposal has a record of success. The Republican approach has a record of deficits. If you want to return to fiscal responsibility, vote for the Democratic substitute on pay-as-you-go.

Mr. Chairman, I again want to salute the gentleman from South Carolina and again commend what he has to say to the American people because he speaks truth about the budget and about the deficit. He knows of what he speaks. He knows the discipline that is needed to reduce the deficit. We are all blessed by his leadership.

Mr. NUSSLE. Mr. Chairman, I yield myself the balance of my time.

First of all I would say to the very distinguished minority leader that the gentleman from South Carolina is a lot of things. He is a professional. She has hit the nail on the head. I would just quarrel with one comment she made and that is that he is nonpartisan. He is a very effective partisan, I would just say. We get along very well. He does it in a spirit that may appear to be nonpartisan at times, but he is a very effective Democrat and I would never take that away from him. He is a very effective spokesman for their philosophy, for their priorities and while we sometimes disagree, it is okay that he can do it in a partisan way and not a mean way at all, or a disagreeable way.

There are a couple of things I would just like to point out. First of all, the reason we came to balance in 1999 was, as the minority leader said, because we had a plan. That was a plan that was passed by this Congress, this Republican Congress. Second, she said that there were some jobs being created. Well, yes, some 1.4 million jobs since last August alone. If you want to create more of them or if you want to make sure that they get paid better salaries or if you want to make sure that they have more job security, I would just suggest to you that appropriating more money than we have in these huge increases for education, that is not going to increase their salaries.

For our kids, it may help them out and that is why we are increasing education, but that does not create more jobs. It does not increase their salaries. Taxing small business like the proposal that the gentleman from Wisconsin (Mr. OBEY) brought to the floor earlier today that we had the wisdom to defeat does not create jobs. In fact, most of those people that were being taxed under his proposal were those small businesses that are creating those jobs. Last but not least, you do not create jobs by driving businesses overseas with our tax policy in this country and many of the challenges that we have with our economy continuing to drive those businesses overseas to look for opportunities as opposed to allowing them to stay here and be competitive.

Reforming our trade laws and by voting to give the President the ability to go in and negotiate those agreements is something that we need to do.

We do have a plan. We have a budget. It has worked in the past. You do not need a pay-as-you-go rule for taxes for the government to worry about because the people who pay taxes in this country and pay for taxes, who pay as they go with regard to taxes, are taxpayers. Every time you increase taxes, they are the ones that pay. They pay as you go. As you go for more taxes, they pay. That is what we do not need. That is why we oppose the Spratt substitute, even though I can agree with the gentlewoman that he is, by far, someone who is not only very professional, but someone I am very pleased to work with.

I do it as gently as possible, but with obviously a note of partisanship that we often have to have in order to support our different sides of these issues.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in opposition to the base bill, H.R. 4663, the Spending Control Act of 2004 and in support of the amendment as proposed by the gentleman from South Carolina. The underlying bill proposes cuts before we even have a budget resolution passed in Congress and is therefore premature.

The bill caps non-emergency discretionary funding for 2005 at $821.5 billion, essentially the same level as in the conference agreement on the budget resolution. The conference agreement contains an additional $50 billion in emergency funding for military operations in Afghanistan and Iraq where we truly need it.

The conference report for this proposal provides $1.3 billion less than what the House Veterans' Affairs Committee says is needed for veterans health care programs for 2005. The allocation to the Appropriations Subcommittee on Veterans-HUD-Independent Agencies is $4.6 billion (4.7 percent) below the amount needed to maintain services at the 2004 level, which could cause deep cuts to veterans' health care.

This Administration must not continue to run up deficits because they cause the government to use the surpluses of the Social Security Trust Fund for other government purposes rather than to pay down the debt and help our Nation prepare for the coming retirement of the Baby Boomers. In essence, every dollar that we add to the Federal debt is a dollar that our children will have to pay back in higher taxes or fewer government benefits in the future.

The GOP PAYGO proposal would increase the Federal debt instead of chip away at it. PAYGO will fail to help our deficit because it exempts tax cuts from the enforcement rules, thereby precipitating the introduction of more tax cuts that will bring us even deeper into the red.

The Spratt Amendment is smart and will undo the mess that our friends on the other side of the aisle have created. It would restore the budget rules that aim to decrease the deficit. Reestablishing the effective PAYGO rules for spending as well as for tax cuts, the philosophy behind this amendment helped to turn record deficits into record surpluses in the 1990's.

Mr. Chairman, we must stop using Social Security surpluses to fund other government programs. We must stop creating more debt for our children to pay off. We must continue the discipline of the budget process.

Since President Bush took office, a projected ten-year surplus of $5.6 trillion has turned into a projected deficit of $2.9 trillion—which is a wrong turn worth $8.5 trillion. The substitutes offered by Rep. MARK KIRK and by Rep. BILL YOUNG include a similar PAYGO provision. the substitute offered by Rep. JEB HENSARLING establishes an equivalent point of order that applies only to mandatory spending, not tax cuts.

The original PAYGO rule that applied to tax cuts as well as spending was instrumental during the 1990s in bringing us from record deficits to record surpluses. The original PAYGO rule was renewed in July 1997 on a bipartisan basis, with a large majority of the House Republicans—including most of the Republican leadership—joining a large majority of House Democrats in voting to extend the PAYGO requirement applying to both tax cuts and mandatory spending.

Tax cuts have played a central role in producing the staggering deficits we now face. The Congressional Budget Office reports that, measured over the 2002–2011 budget window, $2.3 trillion of the fiscal reversal that has occurred since January 2001 has been caused by tax cuts and the debt service that come with them. Extending PAYGO to cover only mandatory spending—as the Republican bill proposes—takes our focus away from the deficit problem.

Mr. Chairman, I would urge my colleagues to support the Spratt Amendment, and I oppose the base bill, H.R. 4663.

Mr. NUSSLE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. BASS). The question is on the amendment in the nature of a substitute offered by the gentleman from South Carolina (Mr. SPRATT).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from South Carolina (Mr. SPRATT) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: amendment No. 6 offered by the gentleman from Illinois (Mr. KIRK), amendment No. 7 offered by the gentleman from Wisconsin (Mr. RYAN), amendment No. 8 offered by the gentleman from Wisconsin (Mr. RYAN), amendment No. 9 offered by the gentleman from Wisconsin (Mr. RYAN), and amendment in the nature of a substitute No. 15 offered by the gentleman from South Carolina (Mr. SPRATT).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 6 OFFERED BY MR. KIRK

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Illinois (Mr. KIRK) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 289, noes 121, not voting 23, as follows:

[Roll No. 310]

AYES—289

Akin	Bradley (NH)	Chabot
Alexander	Brady (TX)	Chandler
Bachus	Brown (SC)	Chocola
Baird	Brown-Waite, Ginny	Coble
Ballenger	Burgess	Cole
Barrett (SC)	Burns	Cooper
Bartlett (MD)	Burr	Costello
Bass	Burton (IN)	Cox
Beauprez	Buyer	Cramer
Berry	Calvert	Crane
Biggert	Camp	Crenshaw
Bilirakis	Cannon	Cubin
Bishop (UT)	Cantor	Culberson
Blackburn	Capito	Cunningham
Blumenauer	Capps	Davis (CA)
Blunt	Capuano	Davis (FL)
Boehlert	Cardoza	Davis (TN)
Bonner	Carson (OK)	Davis, Jo Ann
Bono	Carter	Deal (GA)
Boozman	Case	DeFazio
Boswell	Castle	Delahunt
Boyd		DeLay

DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Eshoo
Feeney
Ferguson
Flake
Foley
Forbes
Ford
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Gordon
Graves
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall
Harman
Harris
Hart
Hayes
Hayworth
Hefley
Hensarling
Herger
Herseth
Hill
Hobson
Hoeffel
Hoekstra
Holden
Hooley (OR)
Hostettler
Houghton
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Lampson
Langevin
Lantos
Larsen (WA)
Latham
Leach
Levin
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Marshall
Matheson
McCarthy (NY)
McCotter
McCrery
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Moore
Moran (KS)
Murphy
Musgrave
Myrick
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Pascrell
Pastor
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Portman
Price (NC)
Pryce (OH)
Putnam
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sanchez, Loretta
Sandlin
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stearns
Stenholm
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Tiahrt
Tiberi
Tierney
Toomey
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wilson (NM)
Wilson (SC)
Wu

NOES—121

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Baca
Baker
Baldwin
Becerra
Bell
Berkley
Bishop (GA)
Bishop (NY)
Boehner
Bonilla
Boucher
Brady (PA)
Brown (OH)
Brown, Corrine
Cardin
Clay
Clyburn
Conyers
Crowley
Cummings
Davis (AL)
Davis (IL)
DeGette
DeLauro
Dicks
Dingell
Doggett
Edwards
Emanuel
Engel
Etheridge
Evans
Everett
Farr
Fattah
Filner
Frank (MA)
Gonzalez
Grijalva
Gutierrez
Hinchey
Hinojosa
Holt
Honda
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Kaptur
Kildee
Kilpatrick
Kucinich
LaHood
Larson (CT)
LaTourette
Lee
Lewis (CA)
Lewis (GA)
Lowey
Markey
Matsui
McCarthy (MO)
McCollum
McGovern
McHugh
Menendez
Millender-McDonald
Moran (VA)
Murtha
Nadler
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Payne
Pelosi
Porter
Quinn
Radanovich
Rahall
Rangel
Reyes
Rodriguez
Rogers (KY)
Roybal-Allard
Ruppersberger
Rush
Sabo
Sánchez, Linda T.
Sanders
Saxton
Schakowsky
Serrano
Simpson
Slaughter
Solis
Stark
Strickland
Thompson (MS)
Towns
Velázquez
Visclosky
Waters
Watson
Waxman
Weiner
Wexler
Whitfield
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NOT VOTING—23

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Davis, Tom
Deutsch
Doyle
Fossella
Gephardt
Goss
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
Kanjorski
Kleczka
McDermott
Meeks (NY)
Mollohan
Rothman
Tauzin
Watt

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BASS) (during the vote). Two minutes remain in this vote.

□ 2133

Mr. SAXTON and Mr. SERRANO changed their vote from ''aye'' to ''no.''

Mrs. NAPOLITANO and Messrs. STUPAK, RYAN of Ohio, CUNNINGHAM, MILLER of North Carolina, PRICE of North Carolina, INSLEE, ROSS, TIAHRT, TIERNEY, GEORGE MILLER of California, KINGSTON, PETRI and DEFAZIO changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 7 OFFERED BY MR. RYAN OF WISCONSIN

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 97, noes 312, not voting 24, as follows:

[Roll No. 311]

AYES—97

Akin
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Beauprez
Biggert
Bilirakis
Blackburn
Boehlert
Boehner
Brady (TX)
Brown-Waite, Ginny
Burgess
Burns
Camp
Cardin
Carter
Case
Castle
Chabot
Chocola
Coble
Cole
Crane
Cubin
Davis (FL)
DeMint
Diaz-Balart, M.
Doggett
Duncan
English
Feeney
Flake
Franks (AZ)
Garrett (NJ)
Gibbons
Gillmor
Gingrey
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hayworth
Hensarling
Herger
Hoekstra
Hostettler
Hulshof
Isakson
Johnson, Sam
Jones (NC)
Keller
Kennedy (MN)
King (IA)
Kirk
Kline
Langevin
Linder
Lucas (KY)
Manzullo
Matheson
McInnis
Miller (FL)
Moore
Musgrave
Myrick
Neugebauer
Nussle
Otter
Paul
Pence
Peterson (MN)
Portman
Ramstad
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Souder
Stearns
Stenholm
Tancredo
Terry
Thornberry
Toomey
Upton
Vitter
Walden (OR)
Wilson (SC)

NOES—312

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baldwin
Bass
Becerra
Bell
Berkley
Berry
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blumenauer
Blunt
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Burr
Burton (IN)
Buyer
Calvert
Cannon
Cantor
Capito
Capps
Capuano
Cardoza
Carson (OK)
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Diaz-Balart, L.
Dicks
Dingell
Dooley (CA)
Doolittle
Dreier
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Foley
Forbes
Ford
Frank (MA)
Frelinghuysen
Frost
Gallegly
Gerlach
Gilchrest
Gonzalez
Goode
Goodlatte
Gordon
Graves
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hayes
Hefley
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Houghton
Hoyer
Hunter
Hyde
Inslee
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Kaptur
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McGovern
McHugh
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Moran (KS)
Moran (VA)
Murphy
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Norwood
Nunes
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter

Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Sullivan
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walsh
Wamp
Waters
Watson
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—24

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Cox
Davis, Tom
Deutsch
Doyle
Fossella
Gephardt
Goss
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
Kanjorski
Kleczka
McDermott
Mollohan
Rothman
Schakowsky
Tauzin
Watt

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Two minutes remain in this vote.

□ 2141

Mr. PETRI changed his vote from ''aye'' to ''no.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 8 OFFERED BY MR. RYAN OF WISCONSIN

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 137, noes 272, not voting 24, as follows:

[Roll No. 312]

AYES—137

Akin
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bishop (UT)
Blackburn
Boehlert
Boehner
Boswell
Bradley (NH)
Brady (TX)
Brown-Waite, Ginny
Burgess
Burns
Burr
Camp
Cannon
Capito
Carson (OK)
Carter
Case
Castle
Chabot
Chocola
Coble
Cole
Crane
Cubin
Davis (FL)
Davis (TN)
Deal (GA)
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Duncan
Dunn
Feeney
Ferguson
Flake
Foley
Forbes
Franks (AZ)
Gallegly
Garrett (NJ)
Gibbons
Gillmor
Gingrey
Goode
Goodlatte
Green (WI)
Greenwood
Gutknecht
Hall
Harman
Harris
Hart
Hayworth
Hefley
Hensarling
Herger
Herseth
Hill
Hoekstra
Hostettler
Hulshof
Isakson
John
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
Kline
Langevin
Linder
LoBiondo
Lucas (KY)
Manzullo
Matheson
McCrery
McInnis
McIntyre
McKeon
Miller (FL)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Norwood
Ose
Otter
Oxley
Paul
Pence
Peterson (MN)
Pitts
Putnam
Radanovich
Ramstad
Renzi
Reynolds
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Smith (MI)
Smith (TX)
Smith (WA)
Souder
Stearns
Stenholm
Tancredo
Tanner
Terry
Thornberry
Toomey
Turner (TX)
Upton
Vitter
Walden (OR)
Wilson (NM)
Wilson (SC)

NOES—272

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Becerra
Bell
Berkley
Berry
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Blunt
Bonilla
Bonner
Bono
Boozman
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Burton (IN)
Buyer
Calvert
Cantor
Capps
Capuano
Cardin
Cardoza
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Jo Ann
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dicks
Dingell
Dooley (CA)
Doolittle
Dreier
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Filner
Ford
Frank (MA)
Frelinghuysen
Frost
Gerlach
Gilchrest
Gonzalez
Gordon
Graves
Green (TX)
Grijalva
Gutierrez
Hayes
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Houghton
Hoyer
Hunter
Hyde
Inslee
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (CT)
Johnson, E. B.
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (GA)
Lewis (KY)
Lipinski
Lofgren
Lowey
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Owens
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (PA)
Petri
Pickering
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Rangel
Regula
Rehberg
Reyes
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Sullivan
Sweeney
Tauscher
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Towns
Turner (OH)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walsh
Wamp
Waters
Watson
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—24

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Cox
Davis, Tom
Deutsch
Doyle
Fossella
Gephardt
Goss
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
Kanjorski
Kleczka
Lewis (CA)
McDermott
Mollohan
Rothman
Tauzin
Watt

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BASS) (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2148

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 9 OFFERED BY MR. RYAN OF WISCONSIN

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 174, noes 237, not voting 22, as follows:

[Roll No. 313]

AYES—174

Akin
Alexander
Andrews
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonner
Boozman
Boswell
Boyd
Bradley (NH)
Brady (TX)
Brown-Waite, Ginny
Burns
Burr
Camp
Cannon
Cantor
Capito
Cardin
Cardoza
Case
Castle
Chabot
Chocola
Coble
Cole
Cooper
Cox

Crane
Cubin
Davis (FL)
Davis (TN)
Deal (GA)
DeFazio
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Dooley (CA)
Duncan
Dunn
Ehlers
English
Etheridge
Feeney
Ferguson
Flake
Foley
Forbes
Franks (AZ)
Frost
Gallegly
Garrett (NJ)
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Gordon
Green (WI)
Greenwood
Gutknecht
Harman
Harris
Hart
Hayworth
Hefley
Hensarling
Herger
Herseth
Hoeffel
Hoekstra
Hooley (OR)
Hostettler
Hoyer
Hulshof
Isakson
Issa
John
Johnson (CT)
Johnson, E. B.
Keller
Kelly
Kennedy (MN)
Kind
King (IA)
Kirk
Kline
Lampson
Langevin
Linder
LoBiondo
Lofgren
Lucas (KY)
Majette
Manzullo
Marshall
Matheson
McCrery
McInnis
McIntyre
McKeon
Miller (FL)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Pence
Peterson (MN)
Petri
Pitts
Platts
Pombo
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Radanovich
Ramstad
Rehberg
Rohrabacher
Ros-Lehtinen
Royce
Ruppersberger
Ryan (WI)
Ryun (KS)
Sandlin
Schrock
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Smith (MI)
Smith (TX)
Smith (WA)
Snyder
Spratt
Stearns
Stenholm
Tanner
Taylor (MS)
Terry
Thornberry
Toomey
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Vitter
Walden (OR)
Wilson (NM)
Wilson (SC)

NOES—237

Abercrombie
Ackerman
Aderholt
Allen
Baca
Bachus
Baird
Baker
Baldwin
Becerra
Bell
Berkley
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Bonilla
Bono
Boucher
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Burgess
Burton (IN)
Buyer
Calvert
Capps
Capuano
Carson (OK)
Carter
Chandler
Clay
Clyburn
Conyers
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Jo Ann
DeGette
Delahunt
DeLauro
DeLay
Dicks
Dingell
Doolittle
Doyle
Dreier
Edwards
Emanuel
Emerson
Engel
Eshoo
Evans
Everett
Farr
Fattah
Filner
Ford
Frank (MA)
Frelinghuysen
Gerlach
Gonzalez
Graves
Green (TX)
Grijalva
Gutierrez
Hall
Hayes
Hill
Hinchey
Hinojosa
Hobson
Holden
Holt
Honda
Houghton
Hunter
Hyde
Inslee
Israel
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
King (NY)
Kingston
Knollenberg
Kolbe
Kucinich
LaHood
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
Lowey
Lucas (OK)
Lynch
Maloney
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Peterson (PA)
Pickering
Pomeroy
Quinn
Rahall
Regula
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ross
Roybal-Allard
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schakowsky
Scott (GA)
Scott (VA)
Serrano
Shaw
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Solis
Souder
Stark
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tauscher
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Towns
Van Hollen
Velázquez
Visclosky
Walsh
Wamp
Waters
Watson
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—22

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Davis, Tom
Deutsch
Fossella
Gephardt
Goss
Granger
Hastings (FL)
Hastings (WA)
Jones (OH)
Kleczka
McDermott
Mollohan
Rangel
Rothman
Schiff
Tauzin
Watt

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2155

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 15 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SPRATT

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment in the nature of a substitute offered by the gentleman from South Carolina (Mr. SPRATT) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment in the nature of a substitute.

The Clerk redesignated the amendment in the nature of a substitute.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 179, noes 233, not voting 21, as follows:

[Roll No. 314]

AYES—179

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Becerra
Bell
Berkley
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Case
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Harman
Herseth
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (NC)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Leach
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lynch
Majette
Maloney
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Moore
Moran (VA)
Nadler
Napolitano
Neal (MA)
Oberstar
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rangel
Reyes
Rodriguez
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Salnchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velalzquez
Visclosky
Waters
Watson
Waxman
Weiner
Wexler
Wilson (NM)
Woolsey
Wu
Wynn

NOES—233

Aderholt
Akin
Alexander
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Berry
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cantor
Capito
Carson (OK)
Carter
Castle
Chabot
Chocola
Coble
Cole
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Marshall
Matheson
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy

Murtha	Radanovich	Souder
Musgrave	Rahall	Stearns
Myrick	Ramstad	Stenholm
Nethercutt	Regula	Sweeney
Neugebauer	Rehberg	Tancredo
Ney	Renzi	Tanner
Northup	Reynolds	Taylor (MS)
Norwood	Rogers (AL)	Taylor (NC)
Nunes	Rogers (KY)	Terry
Nussle	Rogers (MI)	Thomas
Obey	Rohrabacher	Thompson (CA)
Osborne	Ros-Lehtinen	Thornberry
Ose	Royce	Tiahrt
Otter	Ryan (WI)	Tiberi
Oxley	Ryun (KS)	Toomey
Paul	Saxton	Turner (OH)
Pearce	Schrock	Upton
Pence	Sensenbrenner	Vitter
Peterson (MN)	Sessions	Walden (OR)
Peterson (PA)	Shadegg	Walsh
Petri	Shaw	Wamp
Pickering	Shays	Weldon (FL)
Pitts	Sherwood	Weldon (PA)
Platts	Shimkus	Weller
Pombo	Shuster	Whitfield
Porter	Simmons	Wicker
Portman	Simpson	Wilson (SC)
Pryce (OH)	Smith (MI)	Wolf
Putnam	Smith (NJ)	Young (AK)
Quinn	Smith (TX)	Young (FL)

NOT VOTING—21

Barton (TX)	Deutsch	Kleczka
Bereuter	Fossella	McDermott
Berman	Gephardt	Mollohan
Cannon	Granger	Rothman
Carson (IN)	Hastings (FL)	Sullivan
Collins	Hastings (WA)	Tauzin
Davis, Tom	Jones (OH)	Watt

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BASS) (during the vote). Members are advised 2 minutes remain in this vote.

□ 2202

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. KLECZKA. Mr. Chairman, on rollcall Nos. 310, 311, 312, 313 and 314, had I been present, I would have voted "no" on 310, "no" on 311, "no" on 312, "no" on 313 and "aye" on rollcall 314.,

AMENDMENT NO. 16 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 16 in the nature of a substitute offered by Mr. HENSARLING:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Family Budget Protection Act of 2004''.

(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.

SEC. 2. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act and shall apply with respect to fiscal years beginning after September 30, 2004.

TITLE I—A SIMPLE AND BINDING BUDGET

Subtitle A—Joint Budget Resolutions

SEC. 101. DECLARATION OF PURPOSES FOR THE BUDGET ACT.

Paragraphs (1) and (2) of section 2 of the Congressional Budget and Impoundment Control Act of 1974 are amended to read as follows:

''(1) to assure effective control over the budgetary process;

''(2) to facilitate the determination each year of the appropriate level of Federal revenues and expenditures by the Congress and the President;''.

SEC. 102. THE TIMETABLE.

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

''TIMETABLE

''SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

"On or before:	Action to be completed:
First Monday in February.	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after President submits budget.	Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports joint resolution on the budget.
April 15	Congress completes action on joint resolution on the budget.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.
June 30	House completes action on annual appropriation bills.
October 1	Fiscal year begins.''.

SEC. 103. ANNUAL JOINT RESOLUTIONS ON THE BUDGET.

(a) CONTENT OF ANNUAL JOINT RESOLUTIONS ON THE BUDGET.—Section 301(a)(4) of the Congressional Budget Act of 1974 is amended to read as follows:

''(4) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), and interest; and for emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c));''.

(b) ADDITIONAL MATTERS IN JOINT RESOLUTION.—Section 301(b) of the Congressional Budget Act of 1974 is amended as follows:

(1) Strike paragraphs (2), (4), and (6) through (9).

(2) After paragraph (3), insert ''and'' and redesignate paragraph (5) as paragraph (4) and in such paragraph strike the semicolon and insert a period.

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

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

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

''(A) new budget authority and outlays for each major functional category, based on allocations of the total levels set forth pursuant to subsection (a)(1);''.

(3) In subparagraph (C) (as redesignated), strike ''mandatory'' and insert ''direct spending''.

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

''(D) a measure, as a percentage of gross domestic product, of total outlays, total Federal revenues, the surplus or deficit, and new outlays for nondefense discretionary spending, defense spending, and direct spending as set forth in such resolution;''.

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

''(G) if the joint resolution on the budget includes any allocation to a committee other than the Committee on Appropriations of levels in excess of current law levels, a justification for not subjecting any program, project, or activity (for which the allocation is made) to annual discretionary appropriations;''.

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

(1) Redesignate subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, strike subparagraphs (C) and (D), and redesignate subparagraph (E) as subparagraph (D).

(2) Before subparagraph (B), insert the following new subparagraph:

''(A) reconciliation directives described in section 310;''.

(e) PRESIDENT'S BUDGET SUBMISSION TO THE CONGRESS.—(1) The first two sentences of section 1105(a) of title 31, United States Code, are amended to read as follows:

''On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year which shall set forth the following levels:

''(A) totals of new budget authority and outlays;

''(B) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

''(C) the surplus or deficit in the budget;

''(D) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), and interest, and for emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c)); and

''(E) the public debt.

Each budget submission shall include a budget message and summary and supporting information and, as a separately delineated statement, the levels required in the preceding sentence for at least each of the 9 ensuing fiscal years.''.

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

(f) LIMITATION ON CONTENTS OF BUDGET RESOLUTIONS.—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

''(e) LIMITATION ON CONTENTS.—(1) It shall not be in order in the House of Representatives or in the Senate to consider any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter referred to in paragraph (2).

''(2) Any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter not permitted in section 301(a) or (b) shall not be treated in the House of Representatives or the Senate as a budget resolution under subsection (a) or (b) or as a conference report on a budget resolution under subsection (c) of this section.''.

SEC. 104. BUDGET REQUIRED BEFORE SPENDING BILLS MAY BE CONSIDERED

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

(b) AMENDMENTS TO SECTION 303 AND CONFORMING AMENDMENTS.—(1) Section 303 of the Congressional Budget Act of 1974 is amended by striking ''(a) IN GENERAL.—'', by striking ''as reported to the House or Senate'', by striking ''to become effective'' in paragraph (1), and by striking subsections (b) and (c); and

(2) by striking its section heading and inserting the following new section heading: ''CONSIDERATION OF BUDGET-RELATED LEGISLATION BEFORE BUDGET BECOMES LAW''.

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

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

(B) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting ''303,'' before ''305(b)(2),''.

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

''EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET

''SEC. 317. (a) SPECIAL RULE.—If the President vetoes a joint resolution on the budget for a fiscal year, the majority leader of the House of Representatives or Senate (or his designee) may introduce a concurrent resolution on the budget or joint resolution on the budget for such fiscal year. If the Committee on the Budget of either House fails to report such concurrent or joint resolution referred to it within five calendar days (excluding Saturdays, Sundays, or legal holidays except when that House of Congress is in session) after the date of such referral, the committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar.

''(b) PROCEDURE IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.—

''(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the House of Representatives and in the Senate of joint resolutions on the budget and conference reports thereon shall also apply to the consideration of concurrent resolutions on the budget introduced under subsection (a) and conference reports thereon.

''(2) Debate in the Senate on any concurrent resolution on the budget or joint resolution on the budget introduced under subsection (a), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours and in the House such debate shall be limited to not more than 3 hours.

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

''(d) EFFECT OF CONCURRENT RESOLUTION ON THE BUDGET.—Notwithstanding any other provision of this title, whenever a concurrent resolution on the budget described in subsection (a) is agreed to, then the aggregates, allocations, and reconciliation directives (if any) contained in the report accompanying such concurrent resolution or in such concurrent resolution shall be considered to be the aggregates, allocations, and reconciliation directives for all purposes of sections 302, 303, and 311 for the applicable fiscal years and such concurrent resolution shall be deemed to be a joint resolution for all purposes of this title and the Rules of the House of Representatives and any reference to the date of enactment of a joint resolution on the budget shall be deemed to be a reference to the date agreed to when applied to such concurrent resolution.''.

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

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

SEC. 105. AMENDMENTS TO EFFECTUATE JOINT RESOLUTIONS ON THE BUDGET.

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

''(4) the term 'joint resolution on the budget' means—

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

''(B) any other joint resolution revising the budget for the United States Government for a fiscal year as described in section 304.''.

(b) ADDITIONAL AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.—(1)(A) Sections 301, 302, 303, 305, 308, 310, 311, 312, 314, 405, and 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.) are amended by striking ''concurrent'' each place it appears and inserting ''joint''.

(B)(i) Sections 302(d), 302(g), 308(a)(1)(A), and 310(d)(1) of the Congressional Budget Act of 1974 are amended by striking ''most recently agreed to concurrent resolution on the budget'' each place it occurs and inserting ''most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)''.

(ii) The section heading of section 301 is amended by striking ''adoption of concurrent resolution'' and inserting ''joint resolutions''; and

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

''PERMISSIBLE REVISIONS OF BUDGET RESOLUTIONS

''SEC. 304. At any time after the joint resolution on the budget for a fiscal year has been enacted pursuant to section 301, and before the end of such fiscal year, the two Houses and the President may enact a joint resolution on the budget which revises or reaffirms the joint resolution on the budget for such fiscal year most recently enacted.''.

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

(2)(A) Paragraph (4) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking ''concurrent'' each place it appears and by inserting ''joint''.

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

(i) in the item relating to section 301, by striking ''adoption of concurrent resolution'' and inserting ''joint resolutions'';

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

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

(iii) by striking ''concurrent'' and inserting ''joint'' in the item relating to section 305.

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

(d) CONFORMING AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907d(b)(1)) is amended by striking ''concurrent'' and inserting ''joint''.

(e) CONFORMING AMENDMENTS TO SECTION 310 REGARDING RECONCILIATION DIRECTIVES.—(1) The side heading of section 310(a) of the Congressional Budget Act of 1974 (as amended by section 105(b)) is further amended by inserting ''JOINT EXPLANATORY STATEMENT ACCOMPANYING CONFERENCE REPORT ON'' before ''JOINT''.

(2) Section 310(a) of such Act is amended by striking ''A'' and inserting ''The joint explanatory statement accompanying the conference report on a''.

(3) The first sentence of section 310(b) of such Act is amended by striking ''If'' and inserting ''If the joint explanatory statement accompanying the conference report on''.

(4) Section 310(c)(1) of such Act is amended by inserting ''the joint explanatory statement accompanying the conference report on'' after ''pursuant to''.

(f) CONFORMING AMENDMENTS TO SECTION 3 REGARDING DIRECT SPENDING.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

''(11) The term 'direct spending' has the meaning given to such term in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

Subtitle B—Budgeting for Emergencies

SEC. 111. PURPOSE.

The purposes of this subtitle are to—

(1) develop budgetary and fiscal procedures for emergencies;

(2) subject spending for emergencies to budgetary procedures and controls; and

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

SEC. 112. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.

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

(b) ELIMINATION OF EMERGENCY ADJUSTMENTS.—Section 314(b) of the Congressional Budget Act of 1974 is amended by striking paragraph (1) and by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively.

(c) CONFORMING AMENDMENT.—Clause 2 of rule XXI of the Rules of the House of Representatives is amended by repealing paragraph (e) and by redesignating paragraph (f) as paragraph (e).

SEC. 113. OMB EMERGENCY CRITERIA.

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

''(12)(A) The term 'emergency' means a situation that—

''(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

''(ii) is unanticipated.

''(B) As used in subparagraph (A), the term 'unanticipated' means that the situation is—

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

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

''(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

''(iv) temporary, which means not of a permanent duration.''.

(b) CONFORMING AMENDMENT.—The term 'emergency' has the meaning given to such term in section 3 of the Congressional Budget and Impoundment Control Act of 1974.''.

SEC. 114. DEVELOPMENT OF GUIDELINES FOR APPLICATION OF EMERGENCY DEFINITION.

Not later than 5 months after the date of enactment of this Act, the chairmen of the Committees on the Budget (in consultation with the President) shall, after consulting with the chairmen of the Committees on Appropriations and applicable authorizing committees of their respective Houses and the Directors of the Congressional Budget Office and the Office of Management and Budget, jointly publish in the Congressional Record guidelines for application of the definition of emergency set forth in section 3(12) of the Congressional Budget and Impoundment Control Act of 1974.

SEC. 115. RESERVE FUND FOR EMERGENCIES IN PRESIDENT'S BUDGET.

Section 1105(f) of title 31, United States Code is amended by adding at the end the following new sentences: ''Such budget submission shall also comply with the requirements of subsections (b) and (c) of section 316 of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(12) of the Congressional Budget Act of 1974.''.

SEC. 116. ADJUSTMENTS AND RESERVE FUND FOR EMERGENCIES IN JOINT BUDGET RESOLUTIONS.

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

''EMERGENCIES

''SEC. 316. (a) ADJUSTMENTS.—

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

''(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 114 of the Family Budget Protection Act of 2004, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(12); and

''(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

''(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate joint resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

''(b) RESERVE FUND FOR NONMILITARY EMERGENCIES.—The amount set forth in the reserve fund for emergencies for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

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

''(2) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in paragraph (1), but only in the fiscal year for which such budget authority first becomes available for obligation.

''(c) TREATMENT OF EMERGENCIES TO FUND CERTAIN MILITARY OPERATIONS.—Whenever the Committee on Appropriations reports any bill or joint resolution that provides budget authority for any emergency that is a threat to national security and the funding of which carries out a military operation authorized by a declaration of war or a joint resolution authorizing the use of military force (or economic assistance funding in furtherance of such operation) and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause the total amount

of budget authority or outlays provided for emergencies for the budget year in the joint resolution on the budget (pursuant to section 301(a)(4)) to be exceeded:

''(A) Such bill or joint resolution shall be referred to the Committee on the Budget of the House or the Senate, as the case may be, with instructions to report it without amendment, other than that specified in subparagraph (B), within 5 legislative days of the day in which it is reported from the originating committee. If the Committee on the Budget of either House fails to report a bill or joint resolution referred to it under this subparagraph within such 5-day period, the committee shall be automatically discharged from further consideration of such bill or joint resolution and such bill or joint resolution shall be placed on the appropriate calendar.

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

''(C) If such a bill or joint resolution is reported with an amendment specified in subparagraph (B) by the Committee on the Budget of the House of Representatives or the Senate, then the budget authority and resulting outlays that are the subject of such amendment shall not be included in any determinations under section 302(f) or 311(a) for any bill, joint resolution, amendment, motion, or conference report.

''(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emergency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 114 of the Family Budget Protection Act of 2004.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

''Sec. 316. Emergencies.''.

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

Section 306 of the Congressional Budget Act of 1974 is amended by inserting at the end the following new sentence: ''No amendment reported by the Committee on the Budget (or from the consideration of which such committee has been discharged) pursuant to section 316(c) may be amended.''.

SEC. 118. UP-TO-DATE TABULATIONS.

Section 308(b)(2) of the Congressional Budget Act of 1974 is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ''; and'', and by adding at the end the following new subparagraph:

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

SEC. 119. PROHIBITION ON AMENDMENTS TO EMERGENCY RESERVE FUND.

(a) POINT OF ORDER.—Section 305 of the Congressional Budget Act of 1974 (as amended by section 103(f)) is further amended by adding at the end the following new subsection:

''(f) POINT OF ORDER REGARDING EMERGENCY RESERVE FUND.—It shall not be in order in the House of Representatives or in the Senate to consider an amendment to a joint resolution on the budget which changes the amount of budget authority and outlays set forth in section 301(a)(4) for emergency reserve fund.''.

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

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

Subtitle C—Biennial Budget Option

SEC. 121. EFFECTIVE DATE.

If—

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

(2) the joint resolution on the budget for the fiscal year to which the President's submission relates contains a provision stating that the joint resolution on the budget that will be considered during the first session of the next Congress shall be for a biennium consisting of two consecutive fiscal years;

then the provisions of this subtitle shall take effect on January 1 of the calendar year in which that next Congress commences and apply to that Congress and each Congress thereafter.

SEC. 122. REVISION OF TIMETABLE.

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

''TIMETABLE

''SEC. 300. (a) IN GENERAL.—Except as provided by subsection (b), the timetable with respect to the congressional budget process for any Congress (beginning with the One Hundred Tenth Congress or a subsequent Congress, 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 considered in the House.
June 10	House Appropriations Committee reports last biennial appropriation bill.
June 30	House completes action on biennial appropriation bills.
October 1	Biennium begins.

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

''(b) SPECIAL RULE.—In the case of any first session of Congress that begins in any year during which the term of a President (except a President who succeeds himself) begins, the following dates shall supersede those set forth 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 considered in the House.
July 1	House Appropriations Committee reports last biennial appropriation bill.
July 20	House completes action on biennial appropriation bills.
October 1	Biennium begins.''.

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

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

(b) DEFINITIONS.—

(1) BUDGET RESOLUTION.—Section 3(4) of such Act (2 U.S.C. 622(4)) is amended by striking ''fiscal year'' each place it appears and inserting ''biennium''.

(2) BIENNIUM.—Section 3 of such Act (2 U.S.C. 622) (as amended by section 111(a)) is further amended by adding at the end the following new paragraph:

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

(c) BIENNIAL JOINT RESOLUTION ON THE BUDGET.—

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

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

(i) striking ''April 15 of each year'' and inserting ''May 15 of each odd-numbered year'';

(ii) striking ''the fiscal year beginning on October 1 of such year'' the first place it appears and inserting ''the biennium beginning on October 1 of such year'';

(iii) striking ''the fiscal year beginning on October 1 of such year'' the second place it appears and inserting ''each fiscal year in such period''; and

(iv) striking ''each of the four ensuing fiscal years'' and inserting ''each fiscal year in the next 2 bienniums'';

(B) in paragraph (6), by striking ''for the fiscal year'' and inserting ''for each fiscal year in the biennium''; and

(C) in paragraph (7), by striking ''for the fiscal year'' and inserting ''for each fiscal year in the biennium''.

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

(A) in paragraph (3), by striking ''for such fiscal year'' and inserting ''for either fiscal year in such biennium''; and

(B) in paragraph (7), by striking ''for the first fiscal year'' and inserting ''for each fiscal year in the biennium''.

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

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

(A) striking ''fiscal year'' and inserting ''biennium''; and

(B) inserting after the second sentence the following: ''On or before April 1 of each odd-numbered year (or, if applicable, as provided by section 300(b)), the Committee on the Budget of each House shall report to its House the joint resolution on the budget referred to in subsection (a) for the biennium beginning on October 1 of that year.''.

(5) GOALS FOR REDUCING UNEMPLOYMENT.—Section 301(f) of such Act (2 U.S.C. 632(f)) is amended by striking ''fiscal year'' each place it appears and inserting ''biennium''.

(6) ECONOMIC ASSUMPTIONS.—Section 301(g)(1) of such Act (2 U.S.C. 632(g)(1)) is amended by striking ''for a fiscal year'' and inserting ''for a biennium''.

(7) SECTION HEADING.—The section heading of section 301 of such Act is amended by striking ''**ANNUAL**'' and inserting ''**BIENNIAL**''.

(8) TABLE OF CONTENTS.—The item relating to section 301 in the table of contents set forth in section 1(b) of such Act is amended by striking ''Annual'' and inserting ''Biennial''.

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

(1) in subsection (a)(1) by—

(A) striking ''for the first fiscal year of the resolution,'' and inserting ''for each fiscal year in the biennium,'';

(B) striking ''for that period of fiscal years'' and inserting ''for all fiscal years covered by the resolution''; and

(C) striking ''for the fiscal year of that resolution'' and inserting ''for each fiscal year in the biennium'';

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

(3) in subsection (f)(1), by striking ''first fiscal year'' and inserting ''either fiscal year of the biennium'';

(4) in subsection (f)(2)(A), by—

(A) striking ''first fiscal year'' and inserting ''each fiscal year of the biennium''; and

(B) striking ''the total of fiscal years'' and inserting ''the total of all fiscal years covered by the resolution''; and

(5) in subsection (g)(1)(A), by striking ''April'' and inserting ''May''.

(e) SECTION 303 POINT OF ORDER.—Section 303 of such Act (2 U.S.C. 634(a)) is amended by striking ''for a fiscal year'' and inserting ''for a biennium'' and by striking ''the first fiscal year'' and inserting ''each fiscal year of the biennium''.

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

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

(2) by striking ''for such fiscal year''; and

(3) by inserting before the period ''for such biennium''.

(g) PROCEDURES FOR CONSIDERATION OF BUDGET RESOLUTIONS.—Section 305(a)(3) of such Act (2 U.S.C. 636(b)(3)) is amended by striking ''fiscal year'' and inserting ''biennium''.

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

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

(2) by striking ''annual'' and inserting ''biennial'';

(3) by striking ''fiscal year'' and inserting ''biennium''; and

(4) by striking ''that year'' and inserting ''each odd-numbered year''.

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

''(d) QUARTERLY BUDGET REPORTS.—The Director of the Congressional Budget Office shall, as soon as practicable after the completion of each quarter of the fiscal year, prepare an analysis comparing revenues, spending, and the deficit or surplus for the current fiscal year to assumptions included in the congressional budget resolution. In preparing this report, the Director of the Congressional Budget Office shall combine actual budget figures to date with projected revenue and spending for the balance of the fiscal year. The Director of the Congressional Budget Office shall include any other information in this report that it deems useful for a full understanding of the current fiscal position of the Government. The reports mandated by this subsection shall be transmitted by the Director to the Senate and House Committees on the Budget, and the Congressional Budget Office shall make such reports available to any interested party upon request.''.

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

(1) by striking ''It'' and inserting ''Except whenever section 300(b) is applicable, it'';

(2) by inserting ''of any odd-numbered calendar year'' after ''July'';

(3) by striking ''annual'' and inserting ''biennial''; and

(4) by striking ''fiscal year'' and inserting ''biennium''.

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

(1) in subsection (a), in the matter preceding paragraph (1), by striking ''any fiscal year'' and inserting ''any biennium'';

(2) in subsection (a)(1), by striking ''such fiscal year'' each place it appears and inserting ''any fiscal year covered by such resolution''; and

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

(l) SECTION 311 POINT OF ORDER.—

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

(A) by striking ''for a fiscal year'' and inserting ''for a biennium'';

(B) by striking ''the first fiscal year'' each place it appears and inserting ''either fiscal year of the biennium''; and

(C) by striking ''that first fiscal year'' and inserting ''each fiscal year in the biennium''.

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

(A) in subparagraph (A), by striking ''for the first fiscal year'' and inserting ''for either fiscal year of the biennium''; and

(B) in subparagraph (B)—

(i) by striking ''that first fiscal year'' the first place it appears and inserting ''each fiscal year in the biennium''; and

(ii) by striking ''that first fiscal year and the ensuing fiscal years'' and inserting ''all fiscal years''.

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

(A) striking ''for the first fiscal year'' and inserting ''each fiscal year in the biennium''; and

(B) striking ''that fiscal year and the ensuing fiscal years'' and inserting ''all fiscal years''.

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

(1) by striking ''for a fiscal year'' and inserting ''for a biennium'';

(2) in paragraph (1), by striking ''first fiscal year'' and inserting ''either fiscal year in the biennium'';

(3) in paragraph (2), by striking ''that fiscal year'' and inserting ''either fiscal year in the biennium''; and

(4) in the matter following paragraph (2), by striking ''that fiscal year'' and inserting ''the applicable fiscal year''.

SEC. 124. AMENDMENTS TO RULES OF HOUSE OF REPRESENTATIVES.

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

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

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

(d) Clause 4(b) of rule X of the Rules of the House of Representatives is amended by striking ''and'' at the end of subparagraph (5), by striking the period and inserting ''; and'' at the end of subparagraph (6), and by adding at the end the following new subparagraph:

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

''(A) hold hearings to receive testimony from committees of jurisdiction to identify problem areas and to report on the results of oversight; and

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

(e) Clause 4(e) of rule X of the Rules of the House of Representatives is amended by striking ''annually'' each place it appears and inserting ''biennially'' and by striking ''annual'' and inserting ''biennial''.

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

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

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

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

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

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

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

SEC. 125. AMENDMENTS TO TITLE 31, UNITED STATES CODE.

(a) DEFINITION.—Section 1101 of title 31, United States Code, is amended by adding at the end the following new paragraph:

''(3) 'biennium' has the meaning given to such term in paragraph (13) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(13)).''.

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

(1) SCHEDULE.—The matter preceding paragraph (1) in section 1105(a) of title 31, United States Code, is amended to read as follows:

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

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

(3) RECEIPTS.—Section 1105(a)(6) of title 31, United States Code, is amended by striking ''the fiscal year for which the budget is submitted and the 4 fiscal years after that year'' and inserting ''each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 years''.

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

(5) GOVERNMENT FUNCTIONS AND ACTIVITIES.—Section 1105(a)(12) of title 31, United States Code, is amended in subparagraph (A), by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

(6) ALLOWANCES.—Section 1105(a)(13) of title 31, United States Code, is amended by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

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

(8) TAX EXPENDITURES.—Section 1105(a)(16) of title 31, United States Code, is amended by striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''.

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

(A) by striking ''the fiscal year following the fiscal year'' and inserting ''each fiscal year in the biennium following the biennium'';

(B) by striking ''that following fiscal year'' and inserting ''each such fiscal year''; and

(C) by striking ''fiscal year before the fiscal year'' and inserting ''biennium before the biennium''.

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

(A) by striking ''the prior fiscal year,'' and inserting ''each of the 2 most recently completed fiscal years,'';

(B) by striking ''for that year'' and inserting ''with respect to those fiscal years''; and

(C) by striking ''in that year'' and inserting ''in those fiscal years''.

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

(A) by striking ''the prior fiscal year'' and inserting ''each of the 2 most recently completed fiscal years'';

(B) by striking ''for that year'' and inserting ''with respect to those fiscal years''; and

(C) by striking ''in that year'' each place it appears and inserting ''in those fiscal years''.

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

(d) RECOMMENDATIONS TO MEET ESTIMATED DEFICIENCIES.—Section 1105(c) of title 31, United States Code, is amended—

(1) by striking ''the fiscal year for'' the first place it appears and inserting ''each fiscal year in the biennium for'';

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

(3) by striking ''that year'' and inserting ''for each year of the biennium''.

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

(f) SUPPLEMENTAL BUDGET ESTIMATES AND CHANGES.—

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

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

(i) inserting ''and before February 15 of each even-numbered year'' after ''Before July 16 of each year''; and

(ii) striking ''fiscal year'' and inserting ''biennium'';

(B) in paragraph (1), by striking ''that fiscal year'' and inserting ''each fiscal year in such biennium'';

(C) in paragraph (2), by striking ''4 fiscal years following the fiscal year'' and inserting ''4 fiscal years following the biennium''; and

(D) in paragraph (3), by striking ''fiscal year'' and inserting ''biennium''.

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

(A) striking ''the fiscal year'' and inserting ''each fiscal year in the biennium''; and

(B) inserting ''and before February 15 of each even-numbered year'' after ''Before July 16 of each year''.

(g) CURRENT PROGRAMS AND ACTIVITIES ESTIMATES.—

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

(A) by striking ''On or before the first Monday after January 3 of each year (on or before February 5 in 1986)'' and inserting ''At the same time the budget required by section 1105 is submitted for a biennium''; and

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

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

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

(1) striking ''May 16'' and inserting ''March 31''; and

(2) striking ''year before the year in which the fiscal year begins'' and inserting ''calendar year preceding the calendar year in which the biennium begins''.

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

Section 105 of title 1, United States Code, is amended to read as follows:

''§ 105. Title and style of appropriations Acts

''(a) The style and title of all Acts making appropriations for the support of the Government shall be as follows: 'An Act making appropriations (here insert the object) for each fiscal year in the biennium of fiscal years (here insert the fiscal years of the biennium).'.

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

''(c) For purposes of this section, the term 'biennium' has the same meaning as in section 3(13) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(13)).''.

SEC. 127. MULTIYEAR AUTHORIZATIONS.

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

''MULTIYEAR AUTHORIZATIONS OF APPROPRIATIONS

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

''(b)(1) For purposes of this section, a specific authorization of appropriations is an authorization for the enactment of an amount of appropriations or amounts not to exceed an amount of appropriations (whether stated as a sum certain, as a limit, or as such sums as may be necessary) for any purpose for a fiscal year.

''(2) Subsection (a) does not apply with respect to an authorization of appropriations for a single fiscal year for any program, project, or activity if the measure containing that authorization includes a provision expressly stating the following: 'Congress finds that no authorization of appropriation will be required for [Insert name of applicable program, project, or activity] for any subsequent fiscal year.'.

''(c) For purposes of this section, the term 'measure' means a bill, joint resolution, amendment, motion, or conference report.''.

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

''Sec. 318. Multiyear authorizations of appropriations.''.

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

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

(1) in subsection (a), by striking ''September 30, 1997'' and inserting ''September 30, 2007'';

(2) in subsection (b)—

(A) by striking ''at least every three years'' and all that follows thereafter and inserting ''at least every 4 years, except that strategic plans submitted by September 30, 2007, shall be updated and revised by September 30, 2010''; and

(B) by striking ''five years forward'' and inserting ''six years forward''; and

(3) in subsection (c), by inserting a comma after ''section'' the second place it appears and adding ''including a strategic plan submitted by September 30, 2007, meeting the requirements of subsection (a)''.

(b) BUDGET CONTENTS AND SUBMISSION TO CONGRESS.—Paragraph (28) of section 1105(a) of title 31, United States Code, is amended by striking ''beginning with fiscal year 1999, a'' and inserting ''beginning with fiscal year 2010, a biennial''.

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

(1) in subsection (a)—

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

(i) by striking ''section 1105(a)(29)'' and inserting ''section 1105(a)(28)''; and

(ii) by striking ''an annual'' and inserting ''a biennial'';

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

(C) in paragraph (5) by striking ''and'' after the semicolon;

(D) in paragraph (6) by striking the period and inserting a semicolon; and inserting ''and'' after the inserted semicolon; and

(E) by adding after paragraph (6) the following:

''(7) cover each fiscal year of the biennium beginning with the first fiscal year of the next biennial budget cycle.'';

(2) in subsection (d) by striking ''annual'' and inserting ''biennial''; and

(3) in paragraph (6) of subsection (f) by striking ''annual'' and inserting ''biennial''.

(d) MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY.—Section 9703 of title 31, United States Code, relating to managerial accountability, is amended—

(1) in subsection (a)—

(A) in the first sentence by striking ''annual''; and

(B) by striking ''section 1105(a)(29)'' and inserting ''section 1105(a)(28)'';

(2) in subsection (e)—

(A) in the first sentence by striking ''one or'' before ''two years'';

(B) in the second sentence by striking ''a subsequent year'' and inserting ''for a subsequent 2-year period''; and

(C) in the third sentence by striking ''three'' and inserting ''four''.

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

(1) in subsection (a), by striking ''September 30, 1997'' and inserting ''September 30, 2007'';

(2) in subsection (b), by striking ''at least every three years'' and inserting ''at least every 4 years except that strategic plans submitted by September 30, 2007, shall be updated and revised by September 30, 2010'';

(3) in subsection (b), by striking ''five years forward'' and inserting ''six years forward''; and

(4) in subsection (c), by inserting a comma after ''section'' the second place it appears and inserting ''including a strategic plan submitted by September 30, 2007, meeting the requirements of subsection (a)''.

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

(1) in the matter before paragraph (1), by striking ''an annual'' and inserting ''a biennial'';

(2) in paragraph (1), by inserting after ''program activity'' the following: ''for both years 1 and 2 of the biennial plan'';

(3) in paragraph (5), by striking ''and'' after the semicolon;

(4) in paragraph (6), by striking the period and inserting ''; and''; and

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

''(7) cover each fiscal year of the biennium beginning with the first fiscal year of the next biennial budget cycle.''.

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

SEC. 129. BIENNIAL APPROPRIATION BILLS.

(a) IN THE HOUSE OF REPRESENTATIVES.—Clause 2(a) of rule XXI of the Rules of the House of Representatives is amended by adding at the end the following new subparagraph:

''(3)(A) Except as provided by subdivision (B), an appropriation may not be reported in a general appropriation bill (other than a supplemental appropriation bill), and may not be in order as an amendment thereto, unless it provides new budget authority or establishes a level of obligations under contract authority for each fiscal year of a biennium.

''(B) Subdivision (A) does not apply with respect to an appropriation for a single fiscal year for any program, project, or activity if the bill or amendment thereto containing that appropriation includes a provision expressly stating the following: 'Congress finds that no additional funding beyond one fiscal year will be required and the [Insert name of applicable program, project, or activity] will be completed or terminated after the amount provided has been expended.'.

''(C) For purposes of paragraph (b), the statement set forth in subdivision (B) with respect to an appropriation for a single fiscal year for any program, project, or activity may be included in a general appropriation bill or amendment thereto.''.

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

SEC. 130. ASSISTANCE BY FEDERAL AGENCIES TO STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES.

(a) INFORMATION REGARDING AGENCY APPROPRIATIONS REQUESTS.—To assist each standing committee of the House of Representatives and the Senate in carrying out its responsibilities, the head of each Federal agency which administers the laws or parts of laws under the jurisdiction of such committee shall provide to such committee such studies, information, analyses, reports, and assistance as may be requested by the chairman and ranking minority member of the committee.

(b) INFORMATION REGARDING AGENCY PROGRAM ADMINISTRATION.—To assist each standing committee of the House of Representatives and the Senate in carrying out its responsibilities, the head of any agency shall furnish to such committee documentation, containing information received, compiled, or maintained by the agency as part of the operation or administration of a program, or specifically compiled pursuant to a request in support of a review of a program, as may be requested by the chairman and ranking minority member of such committee.

(c) SUMMARIES BY COMPTROLLER GENERAL.—Within thirty days after the receipt of a request from a chairman and ranking minority member of a standing committee having jurisdiction over a program being reviewed and studied by such committee under this section, the Comptroller General of the United States shall furnish to such committee summaries of any audits or reviews of such program which the Comptroller General has completed during the preceding six years.

(d) CONGRESSIONAL ASSISTANCE.—Consistent with their duties and functions under law, the Comptroller General of the United States, the Director of the Congressional Budget Office, and the Director of the Congressional Research Service shall continue to furnish (consistent with established protocols) to each standing committee of the House of Representatives or the Senate such information, studies, analyses, and reports as the chairman and ranking minority member may request to assist the committee in conducting reviews and studies of programs under this section.

Subtitle D—Prevention of Government Shutdown

SEC. 141. AMENDMENT TO TITLE 31.

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

''§ 1311. Continuing appropriations

''(a)(1) If any regular appropriation bill for a fiscal year (or, if applicable, for each fiscal year in a biennium) does not become law before the beginning of such fiscal year or a joint resolution making continuing appropriations is not in effect, there are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, such sums as may be necessary to continue any project or activity for which funds were provided in the preceding fiscal year—

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

''(B) if the corresponding regular appropriation bill for such preceding fiscal year did not become law, then in a joint resolution making continuing appropriations for such preceding fiscal year.

''(2) Appropriations and funds made available, and authority granted, for a project or activity for any fiscal year pursuant to this section shall be at a rate of operations not in excess of the lower of—

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

''(B) in the absence of such an Act, the rate of operations provided for such project or activity pursuant to a joint resolution making continuing appropriations for such preceding fiscal year;

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

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

''(3) Appropriations and funds made available, and authority granted, for any fiscal year pursuant to this section for a project or activity shall be available for the period beginning with the first day of a lapse in appropriations and ending with the earlier of—

''(A) the date on which the applicable regular appropriation bill for such fiscal year becomes law (whether or not such law provides for such project or activity) or a continuing resolution making appropriations becomes law, as the case may be; or

''(B) the last day of such fiscal year.

''(b) An appropriation or funds made available, or authority granted, for a project or activity for any fiscal year pursuant to this section shall be subject to the terms and conditions imposed with respect to the appropriation made or funds made available for the preceding fiscal year, or authority granted for such project or activity under current law.

''(c) Appropriations and funds made available, and authority granted, for any project or activity for any fiscal year pursuant to this section shall cover all obligations or expenditures incurred for such project or activity during the portion of such fiscal year for which this section applies to such project or activity.

''(d) Expenditures made for a project or activity for any fiscal year pursuant to this section shall be charged to the applicable appropriation, fund, or authorization whenever a regular appropriation bill or a joint resolution making continuing appropriations until the end of a fiscal year providing for such project or activity for such period becomes law.

''(e) This section shall not apply to a project or activity during a fiscal year if any other provision of law (other than an authorization of appropriations)—

''(1) makes an appropriation, makes funds available, or grants authority for such project or activity to continue for such period; or

''(2) specifically provides that no appropriation shall be made, no funds shall be made available, or no authority shall be granted for such project or activity to continue for such period.

''(f) For purposes of this section, the term 'regular appropriation bill' means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of projects and activities:

''(1) Agriculture, rural development, Food and Drug Administration, and related agencies programs.

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

''(3) The Department of Defense.

''(4) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

''(5) Energy and water development.

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

''(7) The Department of Homeland Security.

''(8) The Department of the Interior and related agencies.

''(9) The Departments of Labor, Health and Human Services, and Education, and related agencies.

''(10) The Legislative Branch.

''(11) Military construction, family housing, and base realignment and closure for the Department of Defense.

''(12) The Departments of Transportation and Treasury, and independent agencies.

''(13) The Departments of Veterans Affairs and Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.''.

(b) CLERICAL AMENDMENT.—The analysis of chapter 13 of title 31, United States Code, is amended by inserting after the item relating to section 1310 the following new item:

''1311. Continuing appropriations.''.

Subtitle E—The Baseline

SEC. 151. ELIMINATION OF INFLATION ADJUSTMENT.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (1) by striking ''for inflation as specified in paragraph (5),''; and

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

SEC. 152. THE PRESIDENT'S BUDGET.

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

''(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year, and, except for detailed budget estimates, the percentage change from the current year to the fiscal year for which the budget is submitted for estimated expenditures and for appropriations.''.

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

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

''(A) laws in effect when the budget is submitted; and

''(B) proposals in the budget to increase revenues,

and the percentage change (in the case of each category referred to in subparagraphs (A) and (B)) between the current year and the fiscal year for which the budget is submitted and between the current year and each of the 9 fiscal years after the fiscal year for which the budget is submitted.''.

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

''(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

''(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted;

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

''(C) the estimated amount for the same activity or function, if any, in the current fiscal year,

and, except for detailed budget estimates, the percentage change (in the case of each category referred to in subparagraphs (A), (B), and (C)) between the current year and the fiscal year for which the budget is submitted.''.

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

(e) Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraphs:

''(35) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction.

''(36) a table on sources of growth in total direct spending under current law and as proposed in this budget submission for the budget year and the ensuing 9 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.''.

(f) Section 1109(a) of title 31, United States Code, is amended by inserting after the first sentence the following new sentence: ''For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).''.

SEC. 153. THE CONGRESSIONAL BUDGET.

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

(1) in paragraph (1), by inserting at the end the following: ''The basis of deliberations in developing such joint resolution shall be the estimated budgetary levels for the preceding fiscal year. Any budgetary levels pending before the committee and the text of the joint resolution shall be accompanied by a document comparing such levels or such text to the estimated levels of the prior fiscal year. Any amendment offered in the committee that changes a budgetary level and is based upon a specific policy assumption for a program, project, or activity shall be accompanied by a document indicating the estimated amount for such program, project, or activity in the current year.''; and

(2) in paragraph (2), by striking ''and'' at the end of subparagraph (H) (as redesignated), by striking the period and inserting ''; and'' at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

''(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.''.

SEC. 154. CONGRESSIONAL BUDGET OFFICE REPORTS TO COMMITTEES.

(a) The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting ''compared to comparable levels for the current year'' before the comma at the end of subparagraph (A) and before the comma at the end of subparagraph (B).

(b) Section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following new sentence: ''Such report shall also include a table on sources of spending growth in total direct spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.''.

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

SEC. 155. TREATMENT OF EMERGENCIES.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 151) is further amended by adding at the end the following new paragraph:

''(7) EMERGENCIES.—Budgetary resources for emergencies shall be at the level provided in the reserve fund for emergencies for that fiscal year pursuant to section 301(a)(4) of the Congressional Budget Act of 1974.''.

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.

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

''SEC. 252A. ENFORCING CONTROLS ON DIRECT SPENDING.

''(a) CAP ON GROWTH OF ENTITLEMENTS.—Effective for fiscal year 2005 and for each ensuing fiscal year, the total level of direct spending for all direct spending programs, projects, and activities (excluding social security) for any such fiscal year shall not exceed the total level of spending for all such programs, projects, and activities for the previous fiscal year after the direct spending

for each such program, project, or activity is increased by the higher of the change in the Consumer Price Index for All Urban Consumers or the inflator (if any) applicable to that program, project, or activity and the growth in eligible population for such, project, or activity.

''(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session (other than of the second session of the One Hundred Eighth Congress), and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to reduce the amount of direct spending for the fiscal year beginning in the year the Congress adjourns by any amount necessary to reduce such spending to the level set forth in subsection (a) unless that amount is less than $250,000,000.

''(c) UNIFORM REDUCTIONS; LIMITATIONS.—The amount required to be sequestered for the fiscal year under subsection (a) shall be obtained from nonexempt direct spending accounts by actions taken in the following order:

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

''(2) SECOND.—Any additional reductions that may be required shall be achieved by reducing each remaining nonexempt direct spending account by the uniform percentage necessary to achieve those additional reductions, except that—

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

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

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

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

''(d) EXCLUSION OF MEDICARE PRESCRIPTION DRUG PROGRAM UNTIL FULLY OPERATIONAL.—For purposes of this section with respect to the limitation under subsection (a) for a fiscal year before fiscal year 2008, direct spending programs and direct spending shall not be construed to include part D of title XVIII of the Social Security Act (or spending under part C of such title that is attributable to such part D).''.

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

''Sec. 252A. Enforcing controls on direct spending.''.

SEC. 202. EXEMPT PROGRAMS AND ACTIVITIES.

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

''SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

''(a) SOCIAL SECURITY BENEFITS; TIER I RAILROAD RETIREMENT BENEFITS; AND CERTAIN MEDICARE BENEFITS.—(1) Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, and benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall be exempt from reduction under any order issued under this part.

''(2) Payments made under part A of title XVIII (relating to part A medicare hospital insurance benefits) of the Social Security Act and payments made under part C of such title (relating to the Medicare Advantage program) insofar as they are attributable to part A of such title shall be exempt from reduction under any order issued under this part.

''(b) DESCRIPTIONS AND LISTS.—The following budget accounts or activities shall be exempt from sequestration:

''(1) net interest;

''(2) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

''(3) all payments from one Federal direct spending budget account to another Federal budget account; and all intragovernmental funds including those from which funding is derived primarily from other Government accounts, except to the extent that such funds are augmented by direct appropriations for the fiscal year for which the order is in effect;

''(4) activities resulting from private donations, bequests, or voluntary contributions to the Government;

''(5) payments from any revolving fund or trust-revolving fund (or similar activity) that provides deposit insurance or other Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

''(6) credit liquidating and financing accounts;

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

''Administration of Territories, Northern Mariana Islands Covenant grants (14–0412–0–1–806);

''Armed Forces Retirement Home Trust Fund, payment of claims (84–8930–0–7–705);

''Bureau of Indian Affairs, miscellaneous payments to Indians (14–2303–0–1–452);

''Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14–9973–0–7–999);

''Claims, defense;

''Claims, judgments, and relief act (20–1895–0–1–806);

''Compact of Free Association, economic assistance pursuant to Public Law 99–658 (14–0415–0–1–806);

''Compensation of the President (11–0001–0–1–802);

''Customs Service, miscellaneous permanent appropriations (20–9992–0–2–852);

''Eastern Indian land claims settlement fund (14–2202–0–1–806);

''Farm Credit Administration, Limitation on Administration Expenses (78–4131–0–3–351);

''Farm Credit System Financial Assistance Corporation, interest payments (20–1850–0–1–351);

''Internal Revenue collections of Puerto Rico (20–5737–0–2–852);

''Panama Canal Commission, operating expenses and capital outlay (95–5190–0–2–403);

''Payments of Vietnam and USS Pueblo prisoner-of-war claims (15–0104–0–1–153);

''Payments to copyright owners (03–5175–0–2–376);

''Payments to health care trust funds (75–0580–0–1–571);

''Payments to social security trust funds (75–0404–0–1–651);

''Payments to the United States territories, fiscal assistance (14–0418–0–1–801);

''Payments to widows and heirs of deceased Members of Congress (00–0215–0–1–801);

''Pension Benefit Guaranty Corporation Fund (16–4204–0–3–601);

''Salaries of Article III judges;

''Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401);

''(8) the following noncredit special, revolving, or trust-revolving funds:

''Coinage profit fund (20–5811–0–2–803);

''Comptroller of the Currency;

''Director of the Office of Thrift Supervision;

''Exchange Stabilization Fund (20–4444–0–3–155);

''Federal Housing Finance Board;

''Foreign Military Sales trust fund (11–82232–0–7–155);

''National Credit Union Administration, central liquidating facility (25–4470–0–3–373);

''National Credit Union Administration, credit union insurance fund (25–4468–0–3–373);

''National Credit Union Administration operating fund (25–4056–0–3–373); and

''Resolution Trust Corporation Revolving Fund (22–4055–0–3–373);

''(9) Thrift Savings Fund;

''(10) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

''(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

''(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

''(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account; and

''(12)(A) FDIC, Bank Insurance Fund (51–4064–0–3–373);

''(B) FDIC, FSLIC Resolution Fund (51–4065–0–3–373); and

''(C) FDIC, Savings Association Insurance Fund (51–4066–0–3–373).

''(c) FEDERAL RETIREMENT AND DISABILITY ACCOUNTS.—The following Federal retirement and disability accounts shall be exempt from reduction under any order issued under this part:

''Civil service retirement and disability fund (24–8135–0–7–602).

''Black Lung Disability Trust Fund (20–8144–0–7–601).

''Foreign Service Retirement and Disability Fund (19–8186–0–7–602).

''District of Columbia Judicial Retirement and Survivors Annuity Fund (20–8212–0–7–602).

''Judicial Survivors' Annuities Fund (10–8110–0–7–602).

''Payments to the Railroad Retirement Accounts (60–0113–0–1–601).

''Tax Court Judges Survivors Annuity Fund (23–8115–0–7–602).

''Employees Life Insurance Fund (24–8424–0–8–602).

''(d) FEDERAL ADMINISTRATIVE EXPENSES.—

''(1) Notwithstanding any provision of law other than paragraph (3), administrative expenses incurred by the departments and agencies, including independent agencies, of the Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to any sequestration order, without regard to any exemption, exception, limitation, or special rule otherwise applicable with respect to such program, project, activity, or account, and regardless of whether the program, project, activity, or account is self-supporting and does not receive appropriations.

''(2) Payments made by the Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Government for purposes of this section, and shall be subject to sequestration to the extent (and only to the extent) that other payments made by the Government under or in connection with that program, project, activity, or account are subject to that reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by that State under or in connection with the unemployment compensation programs specified in subsection (a)(11) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that subsection.

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

''(A) Comptroller of the Currency.

''(B) Federal Deposit Insurance Corporation.

''(C) Office of Thrift Supervision.

''(D) National Credit Union Administration.

''(E) National Credit Union Administration, central liquidity facility.

''(F) Federal Retirement Thrift Investment Board.

''(G) Resolution Funding Corporation.

''(H) Resolution Trust Corporation.

''(I) Board of Governors of the Federal Reserve System.

''(e) VETERANS' PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

''General Post Funds (36–8180–0–7–705).

''Veterans Insurance and Indemnities (36–0120–0–1–701).

''Service-Disabled Veterans Insurance Funds (36–4012–0–3–701).

''Veterans Reopened Insurance Fund (36–4010–0–3–701).

''Servicemembers' Group Life Insurance Fund (36–4009–0–3–701).

''Post-Vietnam Era Veterans Education Account (36–8133–0–7–702).

''National Service Life Insurance Fund (36–8132–0–7–701).

''United States Government Life Insurance Fund (36–8150–0–7–701).

''Veterans Special Life Insurance Fund (36–8455–0–8–701).

''(f) OPTIONAL EXEMPTION OF DEFENSE AND HOMELAND SECURITY ACCOUNTS.—

''(1) IN GENERAL.—The President may, with respect to any defense or homeland security account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

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

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

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

''SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.

''(a) NATIONAL WOOL ACT AND THE SPECIAL MILK PROGRAM.—Automatic spending increases are increases in outlays due to changes in indexes in the following programs:

''(1) National Wool Act; and

''(2) Special milk program.

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

''(b) STUDENT LOANS.—For all student loans under part B or D of title IV of the Higher Education Act of 1965 made during the period when a sequestration order under section 254 is in effect as required by section 252 or 253, origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point.

''(c) FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS.—Any sequestration order shall make the reduction otherwise required under the foster care and adoption assistance programs (established by part E of title IV of the Social Security Act) only with respect to payments and expenditures made by States in which increases in foster care maintenance payment rates or adoption assistance payment rates (or both) are to take effect during the fiscal year involved, and only to the extent that the required reduction can be accomplished by applying a uniform percentage reduction to the Federal matching payments that each such State would otherwise receive under section 474 of that Act (for such fiscal year) for that portion of the State's payments attributable to the increases taking effect during that year. No State's matching payments from the Government for foster care maintenance payments or for adoption assistance maintenance payments may be reduced by a percentage exceeding the applicable domestic sequestration percentage. No State may, after the date of the enactment of this Act, make any change in the timetable for making payments under a State plan approved under part E of title IV of the Social Security Act which has the effect of changing the fiscal year in which expenditures under such part are made.

''(d) LOW-INCOME PROGRAMS.—(1) Benefit payments or payments to States or other entities for the programs listed in paragraph (2) shall not be reduced by more than 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

''(2) The programs referred to in paragraph (1) are the following:

''Child Nutrition (12–3539–0–1–605).

''Food Stamp Programs (12–3505–0–1–605).

''Grants to States for Medicaid (75–0512–0–1–551).

''State Children's Health Insurance Fund (75–0515–0–1–551).

''Supplemental Security Income Program (75–0406–0–1–609).

''Temporary Assistance for Needy Families (75–1552–0–1–609).

''Special supplemental nutrition program for women, infants, and children (WIC) (12–3510–0–1–605).

''(e) VETERANS' MEDICAL CARE.—The maximum permissible reduction in budget authority for Veterans' medical care (36–0160–0–1–703) for any fiscal year, pursuant to an order issued under section 254, shall be 2 percent.

''(f) FEDERAL RETIREMENT PROGRAMS.—

''(1) For each of the programs listed in paragraph (2) and except as provided in paragraph (3), monthly (or other periodic) benefit payments shall be reduced by the uniform percentage applicable to direct spending sequestrations for such programs, which shall in no case exceed 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January or 7 weeks after the order is issued, whichever is later. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

''(2) The programs subject to paragraph (1) are:

''Central Intelligence Agency Retirement and Disability Fund (56–3400–0–1–054).

''Comptrollers General Retirement System (05–0107–0–1–801) Payments to the Foreign Service Retirement and Disability Fund (72–1036–0–1–153).

''Judicial Officers' Retirement Fund (10–8122–0–7–602).

''Claims Judges' Retirement Fund (10–8124–0–7–602).

''Pensions for former Presidents (47–0105–0–1–802).

''National Oceanic and Atmospheric Administration Retirement (13–1450–0–1–306).

''Railroad Industry Pension Fund (60–8011–0–7–601).

''Retired pay, Coast Guard (70–0602–0–1–403).

''Retirement pay and medical benefits for commissioned officers, Public Health Service (75–0379–0–1–551).

''Payments to Civil Service Retirement and Disability Fund (24–0200–0–1–805).

''Payments to the Foreign Service Retirement and Disability Fund (72–1036–0–1–153).

''Payments to Judiciary Trust Funds (10–0941–0–1–752).

''(g) VETERANS PROGRAMS.—To achieve the total percentage reduction required by any order issued under this part, the percentage reduction that shall apply to payments under the following programs shall in no event exceed 2 percent:

''Canteen Service Revolving Fund (36–4014–0–3–705).

''Medical Center Research Organizations (36–4026–0–3–703).

''Disability Compensation Benefits (36–0102–0–1–701).

''Education Benefits (36–0137–0–1–702).

''Vocational Rehabilitation and Employment Benefits (36–0135–0–1–702).

''Pensions Benefits (36–0154–0–1–701).

''Burial Benefits (36–0139–0–1–701).

''Guaranteed Transitional Housing Loans For Homeless Veterans Program Account (36–1119–0–1–704).

''Housing Direct Loan Financing Account (36–4127–0–1–704).

''Housing Guaranteed Loan Financing Account (36–4129–0–3–704).

''Vocational Rehabilitation and Education Direct Loan Financing Account (36–4259–0–3–702).

''(h) MILITARY HEALTH AND RETIREMENT.—To achieve the total percentage reduction in military retirement required by any order issued under this part, the percentage reduction that shall apply to payments under the Military retirement fund (97–8097–0–7–602), payments to the military retirement fund (97–0040–0–1–054), and the Defense Health Program (97–0130–0–1–051) shall in no event exceed 2 percent.

''(i) MEDICARE PROGRAM.—

''(1) CALCULATION OF REDUCTION IN INDIVIDUAL PAYMENT AMOUNTS.—To achieve the total percentage reduction in those programs required by any order issued under this part, the percentage reduction that shall apply to payments under the health insurance programs under title XVIII of the Social Security Act (other than payments described in section 255(a)(2)) that are subject to such order for services furnished after any sequestration order is issued shall be such that the reduction made in payments under that order shall achieve the required total percentage reduction in those payments for that fiscal year as determined on a 12-month basis. However, the percentage reduction

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

''(2) TIMING OF APPLICATION OF REDUCTIONS.—If a reduction is made under paragraph (1) in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order.

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

''(4) APPLICATION TO PARTS C AND D.—The reductions otherwise required under parts C and D of title XVIII of the Social Security Act with respect to a fiscal year shall be applied to the calendar year that begins after the end of the fiscal year to which the applicable sequestration order applies.

''(j) FEDERAL PAY.—

''(1) IN GENERAL.—For purposes of any order issued under section 254, new budget authority to pay Federal personnel shall be reduced by the applicable uniform percentage, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

''(2) DEFINITIONS.—For purposes of this subsection:

''(A) The term 'statutory pay system' shall have the meaning given that term in section 5302(1) of title 5, United States Code.

''(B) The term 'elements of military pay' means—

''(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code,

''(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

''(iii) cadet pay and midshipman pay under section 203(c) of such title.

''(C) The term 'uniformed services' shall have the meaning given that term in section 101(3) of title 37, United States Code.

''(k) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in expenditures under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under such program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

''(l) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under an order issued under this title by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

''(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1954.

''(m) COMMODITY CREDIT CORPORATION.—

''(1) POWERS AND AUTHORITIES OF THE COMMODITY CREDIT CORPORATION.—This title shall not restrict the Commodity Credit Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

''(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—(A) Payments and loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time any sequestration order has been issued shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after any sequestration order is issued for a fiscal year, any cash payments made by the Commodity Credit Corporation—

''(i) under the terms of any one-year contract entered into in or after such fiscal year and after the issuance of the order; and

''(ii) out of an entitlement account,

to any person (including any producer, lender, or guarantee entity) shall be subject to reduction under the order.

''(B) Each contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of any sequestration order, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for succeeding crops of the commodity, under the authority provided in paragraph (3).

''(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if any sequestration order is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (2) may provide for reductions in outlays for the account involved to occur in the fiscal years following the fiscal year to which the order applies.

''(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) that are required to be made in connection with any sequestration order with respect to a fiscal year—

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

''(B) with respect to commodity price support and income protection programs, shall be made in such manner and under such procedures as will attempt to ensure that—

''(i) uncertainty as to the scope of benefits under any such program is minimized;

''(ii) any instability in market prices for agricultural commodities resulting from the reduction is minimized; and

''(iii) normal production and marketing relationships among agricultural commodities (including both contract and non-contract commodities) are not distorted.

In meeting the criterion set out in clause (iii) of subparagraph (B) of the preceding sentence, the President shall take into consideration that reductions under an order may apply to programs for two or more agricultural commodities that use the same type of production or marketing resources or that are alternative commodities among which a producer could choose in making annual production decisions.

''(5) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this title shall limit or reduce in any way any appropriation that provides the Commodity Credit Corporation with funds to cover the Corporation's net realized losses.

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

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

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

''(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

''(3) Administrative regulations or similar actions implementing a sequestration shall be made within 120 days of the sequestration order. To the extent that formula allocations differ at different levels of budgetary resources within an account, program, project, or activity, the sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

''(4) Except as otherwise provided, obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years.

''(5) If an automatic spending increase is sequestered, the increase (in the applicable index) that was disregarded as a result of that sequestration shall not be taken into account in any subsequent fiscal year.

''(6) Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by amending the item relating to section 256 to read as follows:

''Sec. 256. Exceptions, limitations, and special rules.''.

SEC. 204. POINT OF ORDER.

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

''(g) ENTITLEMENT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

''(1) increases aggregate level of direct spending for any ensuing fiscal year or

''(2) includes any provision that has the effect of modifying the application of section 252A of the Balanced Budget and Emergency Deficit Control Act of 1985 to any entitlement program subject to sequestration or exempt from sequestration under such Act.''.

SEC. 205. TECHNICAL AND CONFORMING AMENDMENTS.

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

(1) Section 251(a)(1) is amended by inserting '', section 252A,'' after ''section 252''.

(2) Section 254(c)(4)(B) is amended by inserting ''or section 252A'' after ''section 252''.

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

''(5) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

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

''(B) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to comply with section 252A.''.

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

''(4) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the direct spending control sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequesterable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear for direct spending programs.''.

(5) Section 258C(a)(1) is amended by inserting '', 252A,'' after ''section 252''.

SEC. 206. ESTABLISHMENT OF FAMILY BUDGET PROTECTION MANDATORY ACCOUNT.

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

''BUDGET PROTECTION MANDATORY ACCOUNT

''SEC. 320. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the 'Budget Protection Mandatory Account'. The Account shall be divided into entries corresponding to the House or Senate committees, as applicable, that received allocations under section 302(a) in the most recently adopted concurrent resolution on the budget, except that it shall not include the Committee on Appropriations of that House and each entry shall consist of the 'First Year Budget Protection Balance' and the 'Five Year Budget Protection Balance'.

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

''(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to a bill that reduces the amount of mandatory budget authority provided either under current law or proposed to be provided by the bill under consideration, that Member or Senator may state the portion of such reduction achieved in the first year covered by the most recently adopted concurrent resolution on the budget and in addition the portion of such reduction achieved in the first five years covered by the most recently adopted concurrent resolution on the budget that shall be—

''(A) credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance in the House or Senate, as applicable;

''(B) used to offset an increase in other new budget authority;

''(C) allowed to remain within the applicable section 302(a) allocation; or

''(D) used to offset a decrease in receipts.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, as applicable, if the amendment is agreed to.

''(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

''(3) When computing the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to a bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members or Senators offering such amendments as amounts to be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, or that fall within the last sentence of paragraph (1).

''(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

''(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—For the purposes of enforcing section 302(a), upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the applicable committee or committees of that House which reported the bill as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

''(e) DEFINITION.—As used in this section, the term 'appropriation bill' means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.''.

Subtitle B—Discretionary Spending Limits

SEC. 211. ENFORCING DISCRETIONARY SPENDING LIMITS.

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

''(b) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term 'discretionary spending limit' means—

''(1) with respect to fiscal year 2005—

''(A) $864,261,000,000 in new budget authority of which no more than $400,625,000,000 shall be for the nondefense category; and

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

''(2) with respect to fiscal year 2006—

''(A) $838,669,000,000 in new budget authority of which no more than $409,038,100,000 shall be for the nondefense category; and

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

''(3) with respect to fiscal year 2007—

''(A) $856,281,000,000 in new budget authority of which no more than $417,627,900,000 shall be for the nondefense category; and

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

''(4) with respect to fiscal year 2008—

''(A) $874,263,000,000 in new budget authority of which no more than $426,398,100,000 shall be for the nondefense category; and

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

''(5) with respect to fiscal year 2009—

''(A) $892,622,000,000 in new budget authority of which no more than $435,352,500,000 shall be for the nondefense category; and

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

''(6) with respect to fiscal year 2010—

''(A) $911,367,000,000 in new budget authority of which no more than $444,494,900,000 shall be for the nondefense category; and

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

''(7) with respect to fiscal year 2011—

''(A) $930,506,000,000 in new budget authority of which no more than $453,829,300,000 shall be for the nondefense category; and

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

''(8) with respect to fiscal year 2012—

''(A) $950,047,000,000 in new budget authority of which no more than $463,359,700,000 shall be for the nondefense category; and

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

''(9) with respect to fiscal year 2013—

''(A) $969,998,000,000 in new budget authority of which no more than $473,090,200,000 shall be for the nondefense category; and

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

''(10) with respect to fiscal year 2014—

''(A) $990,368,000,000 in new budget authority of which no more than $483,025,100,000 shall be for the nondefense category; and

''(B) $1,020,567,000,000 in outlays of which no more than $521,375,000,000 shall be for the nondefense category;''.

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

''(h) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

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

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

(c) ADVANCE APPROPRIATION POINT OF ORDER.—Section 312 of the Congressional

Budget Act of 1974 (as amended by this section) is further amended by adding at the end the following new subsection:

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

SEC. 212. ESTABLISHMENT OF FAMILY BUDGET PROTECTION DISCRETIONARY ACCOUNT.

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

''BUDGET PROTECTION MANDATORY ACCOUNT

''SEC. 321. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the 'Budget Protection Mandatory Account'. The Account shall be divided into entries corresponding to the House or Senate committees, as applicable, that received allocations under section 302(a) in the most recently adopted concurrent resolution on the budget, except that it shall not include the Committee on Appropriations of that House and each entry shall consist of the 'First Year Budget Protection Balance' and the 'Five Year Budget Protection Balance'.

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

''(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to a bill that reduces the amount of mandatory budget authority provided either under current law or proposed to be provided by the bill under consideration, that Member or Senator may state the portion of such reduction achieved in the first year covered by the most recently adopted concurrent resolution on the budget and in addition the portion of such reduction achieved in the first five years covered by the most recently adopted concurrent resolution on the budget that shall be—

''(A) credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance in the House or Senate, as applicable;

''(B) used to offset an increase in other new budget authority;

''(C) allowed to remain within the applicable section 302(a) allocation; or

''(D) used to offset a decrease in receipts.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, as applicable, if the amendment is agreed to.

''(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

''(3) When computing the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to a bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members or Senators offering such amendments as amounts to be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, or that fall within the last sentence of paragraph (1).

''(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

''(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—For the purposes of enforcing section 302(a), upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the applicable committee or committees of that House which reported the bill as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

''(e) DEFINITION.—As used in this section, the term 'appropriation bill' means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 319 the following new items:

''Sec. 320. Family budget protection mandatory account.

''Sec. 321. Family budget protection discretionary account.''.

SEC. 213. REVENUE ADJUSTMENT.

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

Subtitle C—Long-term Unfunded Obligations

SEC. 221. LONG-TERM UNFUNDED OBLIGATIONS.

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

PART C—LONG-TERM UNFUNDED OBLIGATIONS

''SEC. 441. ANALYSIS OF LONG-TERM UNFUNDED OBLIGATIONS.

''Beginning in fiscal year 2006, the President's budget shall include an analysis of long-term unfunded obligations. This analysis shall include:

''(1) An analysis of the impact of long-term unfunded obligations in applicable entitlement programs on the long-term level of unified budget outlays and the unified budget surplus or deficit, in relation to the projected level of the Gross Domestic Product.

''(2) A report on the impact of legislation enacted during the previous session of Congress that increases the long-term unfunded obligation in any applicable group of entitlement program.

''(3) An analysis of the impact of legislation proposed in the President's budget on the long-term unfunded obligation in any applicable entitlement program.

''SEC. 442. POINT OF ORDER AGAINST LEGISLATION INCREASING LONG-TERM UNFUNDED OBLIGATIONS.

''It shall not be in order in the House of Representatives or in the Senate to consider any bill, joint resolution, motion, amendment, or conference report that would increase the long-term unfunded obligation in any applicable group of entitlement programs.

''SEC. 443. STANDARD FOR DETERMINING INCREASE IN LONG-TERM UNFUNDED OBLIGATION.

''For the purpose of this part, legislation shall be considered to increase the long-term unfunded obligation of an applicable group of entitlement programs if it either—

''(1) increases the excess of the discounted present value of the expenditures of programs in the group above the discounted present value of the dedicated receipts of programs in the group over a long-term estimating period by more than an applicable threshold; or

''(2) increases the dollar level of the expenditures of programs in the group above the dedicated receipts of programs in the group above the dedicated receipts of programs in the group in the last year of the estimating period by more than the applicable threshold.

''SEC. 444. LONG-TERM UNFUNDED OBLIGATION ANALYSES BY CONGRESSIONAL BUDGET OFFICE.

The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

''(1) an estimate of any increase of the long-term unfunded obligation of any applicable entitlement program which would be incurred in carrying out such bill or resolution as measured by the increase of the excess of the discounted present value of the expenditures of such program above the discounted present value of the dedicated receipts of such program over a long-term estimating period by more than an applicable threshold; and

''(2) an estimate of any increase in the dollar level of the expenditures of such program above the dedicated receipts of such program above the dedicated receipts of such program in the last year of the estimating period by more than the applicable threshold.

The estimates and description so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed.

''SEC. 445. DEFINITIONS.

''As used in this part—

''(1) the term 'applicable entitlement program' shall be defined as any one of the following programs:

''(A) Old Age, Survivors, and Disability Insurance.

''(B) Medicare (combined hospital insurance and supplemental medical insurance).

''(C) Civilian retirement and disability (combined Civil Service Retirement System and Federal Employees Retirement System).

''(D) Foreign Service Retirement and Disability (combined Foreign Service Retirement and Disability System and Foreign Service Pension System).

''(E) Retired Employees Health Benefits.

''(F) Military Retirement System.

''(G) Uniformed Services Retiree Health Care System.

''(H) Railroad Retirement System (combined Rail Industry Pension Fund, Social Security Equivalent Benefit Account, and National Railroad Retirement Investment Trust).

''(I) Supplemental Security Income (SSI).

''(J) For estimates made on or after January 1, 2006, veterans disability compensation.

''(K) Any other entitlement program with regularly available long-term estimates.

''(2) The term 'entitlement program with regularly available long-term estimates' means a program for which the Director of the Congressional Budget Office, in consultation with the Committees on the Budget of the House of Representatives and the Senate and the Director of the Office of Management and Budget, has determined that it is feasible to make long-term estimates of expenditures and dedicated receipts based on explicit demographic, economic, and other estimating assumptions. The Director shall notify the House and Senate Committees on the Budget in writing, whenever he or she makes such a determination.

''(3) The term 'applicable group of entitlement programs' shall be defined as any of the following:

''(A) Old Age, Survivors, and Disability Insurance.

''(B) All applicable entitlement programs except Old Age, Survivors, and Disability Insurance.

''(4) The term 'long-term estimating period' shall be defined as 75 years, starting with the current year, for all applicable entitlement programs except for Old Age, Survivors, and Disability Insurance. For Old Age, Survivors, and Disability Insurance, the term shall be defined as the infinite period of years utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act.

''(5) The term 'last year of the estimating period' shall be defined as the 75th year of the long-term estimating period.

''(6) The term 'dedicated receipts' shall be defined, for all applicable entitlement programs other than Medicare, as taxes and fees received from the public, payments received from Federal agencies on behalf of Federal agency employees who are participants in the program, transfers received by the program under section 7(c)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(2)), and transfers from the general fund of amounts equivalent to income tax receipts under section 86 of the Internal Revenue Code. Dedicated receipts shall not include payments from the general fund to amortize a program's unfunded liability or payments of interest on a program's trust fund holdings. For Medicare, 'dedicated receipts' shall be defined according to section 801(c)(3) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

''(7) The term 'expenditures' shall be defined, for all applicable entitlement programs other than Medicare, to include benefit payments, administrative expenses to the extent paid from a dedicated fund, and transfers to other programs made under section 7(c)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(2)). For Medicare, 'expenditures' shall be defined according to section 801(c)(4) of the Medicare prescription Drug, Improvement, and Modernization Act of 2003.

''(8) The term 'applicable threshold' shall be defined as:

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

''(i) 0.02 percent of the present value of the taxable payroll of the group of programs over the estimating period, for legislation affecting Old Age, Survivors, and Disability Insurance or Medicare; and

''(ii) 1 percent of the present value of the expenditures over the estimating period of the programs in the group that are affected by the legislation.

''(B) For a group of applicable entitlement programs in the last year of the estimating period—

''(i) 0.02 percent of the taxable payroll of the group of programs in that year, for legislation affecting Old Age, Survivors, and Disability Insurance or Medicare;

''(ii) 0.01 percent of Gross Domestic Product in that year; or

''(iii) 1 percent of the expenditures in that year of the programs in the group that are affected by the legislation.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by 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 obligations.

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

''Sec. 444. Long-term unfunded obligation analyses by congressional budget office.

''Sec. 445. Definitions.

SEC. 222. POINTS OF ORDER.

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

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

(2) Subsection (d)(2) is amended by adding ''442,'' after ''310(d)(2), 313,''.

SEC. 223. SOCIAL SECURITY.

Section 13302(a) of subtitle C of the Budget Enforcement Act of 1990 is amended to read as follows:

''(a) IN GENERAL.—It shall be not be in order in the House of Representatives to consider any bill, or joint resolution, as reported, or any amendment thereto or conference report thereon, if, upon enactment, such legislation under consideration would increase the long-term unfunded obligation of the OASDI program, as defined in section 443 of the Congressional Budget Act of 1974.''.

TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.

Subtitle A—Sunsetting

SEC. 301. REAUTHORIZATION OF DISCRETIONARY PROGRAMS AND UNEARNED ENTITLEMENTS.

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

(b) FISCAL YEAR 2009.—Effective October 1, 2008, spending authority for each discretionary spending program (not including high-cost discretionary spending programs) is frozen at then current levels unless such spending authority is reauthorized after the date of enactment of this Act.

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

(1) the term ''unearned entitlement'' means an entitlement not earned by service or paid for in total or in part by assessments or contributions such as Social Security, veterans' benefits, retirement programs, and medicare; and

(2) the term ''high-cost discretionary program'' means the most expensive one-third of discretionary program within each budget function account.

SEC. 302. POINT OF ORDER.

(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that appropriates funds above current levels unless such appropriation has been previously authorized by law.

(b) WAIVER OR SUSPENSION.—This section may be waived or suspended in the House of Representatives or the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

SEC. 303. DECENNIAL SUNSETTING.

(a) FIRST DECENNIAL CENSUS YEAR.—Effective on the first day of the fiscal year beginning in the first decennial census year after the year 2010 and each 10 years thereafter, the spending authority described in section 301(a) is terminated unless such spending authority is reauthorized after the last date the spending authority was required to be reauthorized under this title.

(b) FIRST DECENNIAL CENSUS YEAR.—Effective on the first day of the fiscal year beginning in the year after the first decennial census year after the year 2010 and each 10 years thereafter, the spending authority described in section 301(b) is terminated unless such spending authority is reauthorized after the last date the spending authority was required to be reauthorized under this title.

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

SEC. 311. ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS.

(a) IN GENERAL.—Part B of title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.) is amended by redesignating sections 1013 through 1017 as sections 1014 through 1018, respectively, and by inserting after section 1012 the following new section:

''ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS

''SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any budget authority provided in an appropriation Act that he identifies as wasteful spending. If the President proposes a rescission of budget authority, he may also propose to reduce the appropriate discretionary spending limits for new budget authority and outlays flowing therefrom set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount that does not exceed the amount of the proposed rescission. Funds made available for obligation under this procedure may not be proposed for rescission again under this section.

''(b) TRANSMITTAL OF SPECIAL MESSAGE.—

''(1) The President may transmit to Congress a special message proposing to rescind amounts of budget authority and include with that special message a draft bill that, if enacted, would only rescind that budget authority unless the President also proposes a reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985. That bill shall clearly identify the amount of budget authority that is proposed to be rescinded for each program, project, or activity to which that budget authority relates.

''(2) In the case of an appropriation Act that includes accounts within the jurisdiction of more than one subcommittee of the Committee on Appropriations, the President in proposing to rescind budget authority under this section shall send a separate special message and accompanying draft bill for accounts within the jurisdiction of each subcommittee.

''(3) Each special message shall specify, with respect to the budget authority proposed to be rescinded, the following:

''(A) The amount of budget authority which he proposes to be rescinded.

''(B) Any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved.

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

''(D) To the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission.

''(E) All facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and to the maximum extent practicable, the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority is provided.

''(F) A reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, if proposed by the President.

''(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

''(1)(A) Before the close of the second legislative day of the House of Representatives after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of the House of Representatives shall introduce (by request) the draft bill accompanying that special message. If the bill is not introduced as provided in the preceding sentence, then, on the third legislative day of the House of Representatives after the date of receipt of that special message, any Member of that House may introduce the bill.

''(B) The bill shall be referred to the Committee on Appropriations. The committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of that House after the date of receipt of that special message. If that committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

''(C) A vote on final passage of the bill shall be taken in the House of Representatives on or before the close of the 10th legislative day of that House after the date of the introduction of the bill in that House. If the bill is passed, the Clerk of the House of Representatives shall cause the bill to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the bill is passed.

''(2)(A) A motion in the House of Representatives to proceed to the consideration of a bill under this section shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

''(B) Debate in the House of Representatives on a bill under this section shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion to further limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this section or to move to reconsider the vote by which the bill is agreed to or disagreed to.

''(C) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

''(D) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any rescission bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

''(3) A bill transmitted to the Senate pursuant to paragraph (1)(D) shall be referred to its Committee on Appropriations. That committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of the Senate after it receives the bill. A committee failing to report the bill within such period shall be automatically discharged from consideration of the bill, and the bill shall be placed upon the appropriate calendar.

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

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

''(C) Debate in the Senate or any debatable motion or appeal in connection with a bill under this section shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control of the passage of a bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

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

''(d) AMENDMENT AND DIVISIONS PROHIBITED.—No amendment to a bill considered under this section shall be in order in either the House of Representatives or the Senate. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole) or in the Senate. No motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to suspend the application of this subsection by unanimous consent.

''(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded in a special message transmitted to Congress under subsection (b) shall be made available for obligation on the day after the date on which either House rejects the bill transmitted with that special message.

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

''(1) The term 'appropriation Act' means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

''(2) The term 'legislative day' means, with respect to either House of Congress, any day of session.

''(3) The term 'rescind' means, with respect to an appropriation Act, to reduce the amount of budget authority appropriated in that Act, and reducing budget authority shall include reducing obligation limitations set forth in that Act.''.

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

(1) in subsection (a), by striking ''and 1017'' and inserting ''1012, and 1017''; and

(2) in subsection (d), by striking ''section 1017'' and inserting ''sections 1012 and 1017''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1011 of the Congressional Budget Act of 1974 (2 U.S.C. 682(5)) is amended by repealing paragraphs (3) and (5) and by redesignating paragraph (4) as paragraph (3).

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

(A) in subsection (b)(1), by striking ''or the reservation''; and

(B) in subsection (e)(1), by striking ''or a reservation'' and by striking ''or each such reservation''.

(3) Section 1015(a) of such Act (2 U.S.C. 686) is amended by striking ''is to establish a reserve or'', by striking ''the establishment of such a reserve or'', and by striking ''reserve or'' each other place it appears.

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

(A) in subsection (a), by striking ''rescission bill introduced with respect to a special message or'';

(B) in subsection (b)(1), by striking ''rescission bill or'', by striking ''bill or'' the second place it appears, by striking ''rescission bill with respect to the same special message or'', and by striking '', and the case may be,'';

(C) in subsection (b)(2), by striking ''bill or'' each place it appears;

(D) in subsection (c), by striking ''rescission'' each place it appears and by striking ''bill or'' each place it appears;

(E) in subsection (d)(1), by striking ''rescission bill or'' and by striking '', and all amendments thereto (in the case of a rescission bill)'';

(F) in subsection (d)(2)—

(i) by striking the first sentence;

(ii) by amending the second sentence to read as follows: ''Debate on any debatable motion or appeal in connection with an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event that the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.'';

(iii) by striking the third sentence; and

(iv) in the fourth sentence, by striking ''rescission bill or'' and by striking ''amendment, debatable motion,'' and by inserting 'debatable motion';

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

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

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

''Sec. 1013. Enhanced consideration of certain proposed rescissions.''.

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

SEC. 331. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established the Commission to Eliminate Waste, Fraud, and Abuse (hereafter in this subtitle referred to as the ''Commission'').

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall consist of 12 members, all of whom shall be appointed by the President not later than 90 days after the date of enactment of this Act.

(2) CHAIRPERSON AND VICE CHAIRPERSON.—The President shall designate a chairperson and vice chairperson from among the members of the Commission.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) MEETINGS.—

(1) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(2) SUBSEQUENT MEETINGS.—The Commission shall meet at the call of the chairperson.

(e) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

SEC. 332. DUTIES OF THE COMMISSION.

(a) DEFINITIONS.—In this section, the following definitions shall apply:

(1) AGENCY.—The term ''agency'' has the meaning given the term ''Executive agency'' under section 105 of title 5, United States Code.

(2) PROGRAM.—The term ''program'' means any activity or function of an agency.

(b) IN GENERAL.—The Commission shall—

(1) evaluate all agencies and programs within those agencies, using the criteria under subsection (c); and

(2) submit to Congress—

(A) a plan with recommendations of the agencies and programs that should be realigned or eliminated; and

(B) proposed legislation to implement the plan described under subparagraph (A).

(c) CRITERIA.—

(1) DUPLICATIVE.—If 2 or more agencies or programs are performing the same essential function and the function can be consolidated or streamlined into a single agency or program, the Commission shall recommend that the agency or program be realigned.

(2) WASTEFUL OR INEFFICIENT.—The Commission shall recommend the realignment or elimination of any agency or program that has wasted Federal funds by—

(A) egregious spending;

(B) mismanagement of resources and personnel; or

(C) use of such funds for personal benefit or the benefit of a special interest group.

(3) OUTDATED, IRRELEVANT, OR FAILED.—The Commission shall recommend the elimination of any agency or program that—

(A) has completed its intended purpose;

(B) has become irrelevant; or

(C) has failed to meet its objectives.

(d) SYSTEMATIC ASSESSMENT OF PROGRAMS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President shall—

(A) establish a systematic method for assessing the effectiveness and accountability of agency programs; and

(B) submit, to the Commission, assessments of not less than ½ of all programs covered under subsection (b)(1) that use the method established under subparagraph (A).

(2) METHOD OBJECTIVES.—The method established under paragraph (1) shall—

(A) recognize different types of federal programs;

(B) assess programs based primarily on the achievement of performance goals (as defined under section 1115(f)(4) of title 31, United States Code); and

(C) assess programs based in part on the adequacy of the program's performance measures, financial management, and other factors determined by the President.

(3) DEVELOPMENT.—The method established under paragraph (1) shall not be implemented until it has been reviewed and accepted by the Commission.

(4) CONSIDERATION OF ASSESSMENTS.—The Commission shall consider assessments submitted under this subsection when evaluating programs under subsection (b)(1).

(e) COMMON PERFORMANCE MEASURES.—Not later than 1 year after the date of enactment of this Act, the President shall identify common performance measures for programs covered in subsection (b)(1) that have similar functions and, to the extent feasible, provide the Commission with data on such performance measures.

(f) REPORT.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Commission shall submit to the President and Congress a report that includes—

(A) the plan described under subsection (b)(2)(A), with supporting documentation for all recommendations; and

(B) the proposed legislation described under subsection (b)(2)(B).

(2) RELOCATION OF FEDERAL EMPLOYEES.—The proposed legislation under paragraph (1)(B) shall provide that if the position of an employee of an agency is eliminated as a result of the implementation of the plan under paragraph (1)(A), the affected agency shall make reasonable efforts to relocate such employee to another position within the agency or within another Federal agency.

SEC. 333. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission or, at its direction, any subcommittee or member of the Commission, may, for the purpose of carrying out this subtitle—

(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths as any member of the Commission considers advisable;

(2) require, by subpoena or otherwise, the attendance and testimony of such witnesses as any member of the Commission considers advisable; and

(3) require, by subpoena or otherwise, the production of such books, records, correspondence, memoranda, papers, documents, tapes, and other evidentiary materials relating to any matter under investigation by the Commission.

(b) SUBPOENAS.—

(1) ISSUANCE.—Subpoenas issued under subsection (a) shall bear the signature of the chairperson of the Commission and shall be served by any person or class of persons designated by the chairperson for that purpose.

(2) ENFORCEMENT.—In the case of contumacy or failure to obey a subpoena issued under subsection (a), the United States district court for the judicial district in which the subpoenaed person resides, is served, or may be found, may issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt of that court.

(c) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this Act. Upon request of the chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Government.

(e) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 334. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—

(1) NON-FEDERAL MEMBERS.—Except as provided under subsection (b), each member of the Commission who is not an officer or employee of the Government shall not be compensated.

(2) FEDERAL OFFICERS OR EMPLOYEES.—All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—Upon the approval of the chairperson, the executive director may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the maximum rate payable for a position at GS–15 of the General Schedule under section 5332 of such title.

(3) PERSONNEL AS FEDERAL EMPLOYEES.—

(A) IN GENERAL.—The executive director and any personnel of the Commission who are employees shall be employees under section 2105 of title 5, United States Code, for purposes of chapters 63, 81, 83, 84, 85, 87, 89, and 90 of that title.

(B) MEMBERS OF COMMISSION.—Subparagraph (A) shall not be construed to apply to members of the Commission.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 335. TERMINATION OF THE COMMISSION.

The Commission shall terminate 90 days after the date on which the Commission submits the report under section 232(f).

SEC. 336. CONGRESSIONAL CONSIDERATION OF REFORM PROPOSALS.

(a) DEFINITIONS.—In this section:

(1) IMPLEMENTATION BILL.—The term ''implementation bill'' means only a bill which is introduced as provided under subsection (b), and contains the proposed legislation included in the report submitted to Congress under section 232, without modification.

(2) CALENDAR DAY.—The term ''calendar day'' means a calendar day other than 1 on

which either House is not in session because of an adjournment of more than 3 days to a date certain.

(b) INTRODUCTION; REFERRAL; AND REPORT OR DISCHARGE.—

(1) INTRODUCTION.—On the first calendar day on which both Houses are in session, on or immediately following the date on which the report is submitted to Congress under section 232, a single implementation bill shall be introduced (by request)—

(A) in the Senate by the Majority Leader of the Senate, for himself and the Minority Leader of the Senate, or by Members of the Senate designated by the Majority Leader and Minority Leader of the Senate; and

(B) in the House of Representatives by the Speaker of the House of Representatives, for himself and the Minority Leader of the House of Representatives, or by Members of the House of Representatives designated by the Speaker and Minority Leader of the House of Representatives.

(2) REFERRAL.—The implementation bills introduced under paragraph (1) shall be referred to any appropriate committee of jurisdiction in the Senate and any appropriate committee of jurisdiction in the House of Representatives. A committee to which an implementation bill is referred under this paragraph may report such bill to the respective House without amendment.

(3) REPORT OR DISCHARGE.—If a committee to which an implementation bill is referred has not reported such bill by the end of the 15th calendar day after the date of the introduction of such bill, such committee shall be immediately discharged from further consideration of such bill, and upon being reported or discharged from the committee, such bill shall be placed on the appropriate calendar.

(c) FLOOR CONSIDERATION.—

(1) IN GENERAL.—When the committee to which an implementation bill is referred has reported, or has been discharged under subsection (b)(3), it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the implementation bill, and all points of order against the implementation bill (and against consideration of the implementation bill) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the implementation bill is agreed to, the implementation bill shall remain the unfinished business of the respective House until disposed of.

(2) AMENDMENTS.—An implementation bill may not be amended in the Senate or the House of Representatives.

(3) DEBATE.—Debate on the implementation bill, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the implementation bill is not in order. A motion to reconsider the vote by which the implementation bill is agreed to or disagreed to is not in order.

(4) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on an implementation bill, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the implementation bill shall occur.

(5) RULINGS OF THE CHAIR ON PROCEDURE.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to an implementation bill shall be decided without debate.

(d) COORDINATION WITH ACTION BY OTHER HOUSE.—If, before the passage by 1 House of an implementation bill of that House, that House receives from the other House an implementation bill, then the following procedures shall apply:

(1) NONREFERRAL.—The implementation bill of the other House shall not be referred to a committee.

(2) VOTE ON BILL OF OTHER HOUSE.—With respect to an implementation bill of the House receiving the implementation bill—

(A) the procedure in that House shall be the same as if no implementation bill had been received from the other House; but

(B) the vote on final passage shall be on the implementation bill of the other House.

(e) RULES OF SENATE AND HOUSE OF REPRESENTATIVES.—This section is enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of an implementation bill described in subsection (a), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

SEC. 337. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary for carrying out this subtitle for each of the fiscal years 2006 through 2008.

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.

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

(1) in section 8331—

(A) in paragraph (17)—

(i) by striking ''normal cost'' and inserting ''normal cost percentage''; and

(ii) by inserting ''and standards (using dynamic assumptions)'' after ''practice'';

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

''(18) 'Fund balance' means the current net assets of the Fund available for payment of benefits, as determined by the Office in accordance with appropriate accounting standards, but does not include any amount attributable to—

''(A) the Federal Employees' Retirement System; or

''(B) contributions made under the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Federal Employees' Retirement System;''

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

''(19) 'accrued liability' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Members, subject to this subchapter, and their survivors, over the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf;''

(D) in paragraph (27) by striking ''and'' at the end;

(E) in paragraph (28) by striking the period at the end and inserting a semicolon; and

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

''(29) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation; and

''(30) 'unfunded liability' means the estimated excess of—

''(A) the actuarial present value of all future benefits payable from the Fund under this subchapter based on the service of current or former employees or Members, over

''(B) the sum of—

''(i) the actuarial present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this chapter pursuant to section 8334;

''(ii) the actuarial present value of the future contributions to be made pursuant to section 8334 with respect to employees and Members currently subject to this subchapter;

''(iii) the Fund balance, as defined in paragraph (18), as of the date the unfunded liability is determined; and

''(iv) any other appropriate amount, as determined by the Office of Personnel Management in accordance with generally accepted actuarial practices and principles.'';

(2) in section 8334—

(A) in subsection (a)(1)—

(i) by striking the last two sentences;

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

(iii) by adding at the end the following new subparagraphs:

''(B) Except as provided in subparagraph (E), each employing agency having any employees or Members subject to subparagraph (A) shall contribute from amounts available for salaries and expenses an amount equal to the sum of—

''(i) the product of—

''(I) the normal cost percentage, as determined for employees (other than employees covered by clause (ii)), multiplied by

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

''(ii) the product of—

''(I) the normal cost percentage, as determined for Members, Congressional employees, law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Capitol Police, nuclear materials couriers, and members of the Supreme Court Police, multiplied by

''(II) the aggregate amount of basic pay payable by the agency for the period involved, to employees and Members (under subclause (I)) who are within such agency.

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

''(D) Contributions under this paragraph shall be paid—

''(i) in the case of law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, from the appropriations or fund used to pay such law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, respectively;

''(ii) in the case of elected officials, from an appropriation or fund available for payment of other salaries of the same office or establishment; and

''(iii) in the case of employees of the legislative branch paid by the Clerk of the House of Representatives, from the contingent fund of the House.

''(E) In the case of the United States Postal Service, the Metropolitan Washington Airports Authority, and the government of the District of Columbia, an amount equal to that withheld under subparagraph (A) shall be contributed from the appropriation or fund used to pay the employee.''; and

(B) in subsection (k)—

(i) in paragraph (1)—

(I) in subparagraph (A) by striking ''the first sentence of subsection (a)(1) of this section'' and inserting ''subsection (a)(1)(A)''; and

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

''(B) the amount of the contribution under subsection (a)(1)(B) shall be the amount which would have been contributed under such subsection if this subsection had not been enacted.''; and

(ii) in paragraph (2)(C)(iii) by striking ''the first sentence of subsection (a)(1)'' and inserting ''subsection (a)(1)(A)''; and

(3) in section 8348—

(A) by repealing subsection (f);

(B) by amending subsection (g) to read as follows:

''(g)(1)(A) Not later than June 30, 2005, the Office of the Actuary shall determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this chapter and make recommendations regarding its liquidation. After considering such recommendations, the Office shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(B) The Office 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(C) The Office 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(D) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System.

''(2) At the beginning of each fiscal year, beginning on October 1, 2005, the Office shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

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

''(A) require the Board of Actuaries of the Civil Service Retirement System to make actuarial determinations and valuations, make recommendations, and maintain records in accordance with section 8347(f); and

''(B) use the latest actuarial determinations and valuations made by such Board of Actuaries.'';

(C) in subsections (h), (i), and (m) by striking ''unfunded'' and inserting ''accrued'' each place it appears; and

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

''(n) Under regulations prescribed by the Office, the head of an agency may request reconsideration of any amount determined to be payable with respect to such agency under section 8334(a)(1)(B)–(D). Any such request shall be referred to the Board of Actuaries of the Civil Service Retirement System. The Board of Actuaries shall review the computations of the Office and may make any adjustment with respect to any such amount which the Board determines appropriate. A determination by the Board of Actuaries under this subsection shall be final.''.

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

(1) in subsection (a)(2) by striking ''section 8422'' and inserting ''section 8422(a)''; and

(2) in subsection (b)(2) by striking ''equal annual installments'' and inserting ''annual installments set in accordance with generally accepted actuarial practices and principles''.

SEC. 402. CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.

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

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

''(5) UNFUNDED LIABILITY.—The term 'unfunded liability' means the estimated excess of—

''(A) the actuarial present value of all future benefits payable from the Fund under title II of this Act based on the service of current or former participants, over

''(B) the sum of—

''(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to title II of this Act pursuant to section 211;

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

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

''(iv) any other appropriate amount, as determined by the Director in accordance with generally accepted actuarial practices and principles.'';

(2) in paragraph (6)—

(A) by striking '' 'normal cost' '' and inserting '' 'normal cost percentage' ''; and

(B) by inserting ''and standards (using dynamic assumptions)'' after ''practice''; and

(3) by adding at the end the following paragraph:

''(10) DYNAMIC ASSUMPTIONS.—The term 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation.'';

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

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

''(2) AGENCY CONTRIBUTIONS.—The Agency shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Central Intelligence Agency Retirement and Disability System by the Director. Contributions under this paragraph shall be paid from amounts available for salaries and expenses.''; and

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

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

(2) by inserting after subsection (b) the following new subsections:

''(c)(1) Not later than June 30, 2005, the Director shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this title and make recommendations regarding its liquidation. After considering such recommendations, the Director shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(2) The Director 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) The Director 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement and Disability System.

''(d) At the beginning of each fiscal year, beginning on October 1, 2005, the Director shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under subsection (c). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated. For the purposes of Section 504 of the National Security Act of 1947, this amount shall be considered authorized.''.

(e)(1) Title III of such Act (50 U.S.C. 2151 et seq.) is amended by adding at the end the following new section:

''SEC. 308. FULL FUNDING OF RETIREE COSTS FOR EMPLOYEES DESIGNATED UNDER SECTION 302.

''(a) In addition to other government contributions required by law, the Agency shall

contribute to the Civil Service Retirement and Disability fund (hereinafter in this section referred to as the 'Fund') amounts calculated in accordance with section 8423 of title 5, United States Code, based on the projected number of employees to be designated pursuant to section 302 of this Act. In addition, the Agency, in a manner similar to that established for employee contributions to the Fund by section 8422 of title 5, United States Code, will contribute an amount equal to the difference between that which would be contributed by the number of employees projected to be designated under section 302 and the amounts that are actually being deducted and contributed from the basic pay of an equal number of employees pursuant to section 8422. The amounts of the Agency's contributions under this subsection shall be determined by the Director of the Office of Personnel Management, in consultation with the Director, and shall be paid by the Agency from funds available for salaries and expenses. Agency employees designated pursuant to section 302 of this Act shall, commencing with such designation, have deducted from their basic pay the full amount required by section 8422 of title 5, United States Code, and such deductions shall be contributed to the Fund.

''(b)(1) The Director of the Office of Personnel Management, in consultation with the Director, shall determine the total amount of unpaid contributions (government and employee contributions) and interest attributable to the number of individuals employed with the Agency on September 30, 2005, who are projected to be designated under section 302 of this Act, but are not yet designated under that section as of that date. The amount shall be referred to as the section 302 unfunded liability.

''(2) Not later than June 30, 2006, the Director of the Office of Personnel Management, in consultation with the Director, shall establish an amortization schedule, setting forth a series of annual installments commencing September 30, 2006, which provides for the liquidation of the section 302 unfunded liability by September 30, 2013.

''(3) At the end of each fiscal year, beginning on September 30, 2006, the Director shall notify the Secretary of the Treasury of the amount of the annual installment under the amortization schedule established under paragraph (2) of this subsection. Before closing the accounts for that fiscal year, the Secretary shall credit that amount to the Fund, out of any money in the Treasury of the United States not otherwise appropriated.

''(c) Amounts paid by the Agency pursuant to this section are deemed to be specifically authorized by the Congress for the purposes of section 504 of the National Security Act of 1947.''.

(2) The table of contents of such Act is amended by inserting after the item relating to section 307 the following new item:

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

SEC. 403. FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.

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

(1) by amending paragraph (5) to read as follows:

''(5) 'normal cost percentage' means the entry-age normal cost computed in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay;'';

(2) by amending paragraph (14) to read as follows:

''(14) 'unfunded liability' means the estimated excess of—

''(A) the actuarial present value of all future benefits payable from the Fund under this part based on the service of current or former participants, over

''(B) the sum of—

''(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to this part pursuant to section 805;

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

''(iii) the Fund balance, as defined in paragraph (7), as of the date the unfunded liability is determined, excluding any amount attributable to the Foreign Service Pension System, or contributions made under the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Foreign Service Pension System; and

''(iv) any other appropriate amount, as determined by the Secretary of the Treasury in accordance with generally accepted actuarial practices and principles.''; and

(3)(A) by striking the period at the end of paragraph (15) and inserting ''; and''; and

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

''(16) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation.'';

(b) in section 852 (22 U.S.C. 4071a)—

(1) in paragraph (4)—

(A) by striking ''normal cost'' and inserting ''normal cost percentage''; and

(B) by striking ''by the Secretary of State'';

(2) in paragraph (7)—

(A) by striking ''supplemental'' and inserting ''unfunded'';

(B) in subparagraph (B)(i) by striking ''(I)'' and ''and (II) contributions for past civilian and military service''; and

(C) in subparagraph (B)(ii) by inserting before the semicolon ''with respect to participants currently subject to this part''; and

(3)(A) at the end of paragraph (8) by striking ''and'';

(B) at the end of paragraph (9) by striking the period and inserting ''; and''; and

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

''(10) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation.'';

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

(1) by striking the second sentence;

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

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

(4) by inserting after subparagraph (A) the following new subparagraph:

''(B) Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System. Contributions under this subparagraph shall be paid from the appropriations or fund used for payment of the salary of the participant.'';

(5) in subsection (a)(2)(A) by striking ''An equal amount shall be contributed by the Department'' and inserting in its place ''Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System''; and

(6) in subsection (a)(2)(B) by striking ''An equal amount shall be contributed by the Department'' and inserting in its place ''Each employing agency having participants shall contribute to the Fund from amounts available for salaries and expenses the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System'';

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

''SEC. 821. UNFUNDED LIABILITY.—(a)(1) Not later than June 30, 2005, the Secretary of State shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this subchapter and make recommendations regarding its liquidation. After considering such recommendations, the Secretary of State shall establish an amortization schedule, including a series of annual installments commencing October 1, 2004, which provides for the liquidation of such liability by October 1, 2044.

''(2) The Secretary of State 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) The Secretary of State 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Foreign Service Retirement and Disability System.

''(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary of State shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary of the Treasury shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.'';

(e) in section 857(b)(1) (22 U.S.C. 4071f(b)(1)) by striking ''equal annual installments'' and inserting ''annual installments set in accordance with generally accepted actuarial practices and principles'';

(f) in section 859 (22 U.S.C. 4071h) by adding ''percentage'' after ''normal cost'';

(g) in section 802 (22 U.S.C. 4042) by adding at the end the following: ''The Fund is appropriated for the payment of benefits as provided by this subchapter.''; and

(h) in section 818 (22 U.S.C. 4058) by striking ''System'' and inserting ''Systems under this subchapter''.

SEC. 404. PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM.

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

''PART C—PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM

''ESTABLISHMENT AND PURPOSE OF FUND

''SEC. 251. There is established on the books of the Treasury a fund to be known as the Public Health Service Commissioned Corps Retirement Fund (hereinafter in this part referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Health and Human Services for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

''ASSETS OF THE FUND

''SEC. 252. There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

''(1) Amounts paid into the Fund under section 255.

''(2) Any return on investment of the assets of the Fund.

''(3) Amounts transferred into the Fund pursuant to section 404(c) of the Family Budget Protection Act of 2004.

''PAYMENT FROM THE FUND

''SEC. 253. There shall be paid from the Fund benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

''DETERMINATION OF CONTRIBUTIONS TO THE FUND

''SEC. 254. (a)(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purpose of section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(2) 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) 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 amortization schedule, including a 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.

''(b) 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 Health and Human Services contributions to be made to the Fund during the fiscal year under section 255(a). That amount shall be the sum of—

''(1) the product of—

''(A) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1) at the time of the most recent actuarial valuation under subsection (c); and

''(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of the Public Health Service on active duty (other than active duty for training); and

''(2) the product of—

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

''(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) expected to be paid during the fiscal year to commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training) who are not otherwise described in subparagraph (A).

''(c) Not less often than every four years thereafter (or by the fiscal year end prior to the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include—

''(1) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers of the Public Health Service on active duty (other than active duty for training); and

''(2) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) of commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full time duty other than for training) who are not otherwise described in paragraph (1).

''(d) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

''(e) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

''PAYMENTS INTO THE FUND

''SEC. 255. (a) From amounts available to the Department of Health and Human Services for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the sum of—

''(1) the product of—

''(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under sections 254(c)(1) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

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

''(2) the product of—

''(A) the level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 254(c)(2) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determinations); and

''(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) accrued for that month by commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training).

''(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

''INVESTMENTS OF ASSETS OF FUND

''SEC. 256. The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.

''IMPLEMENTATION YEAR EXCEPTIONS

''SEC. 257. (a) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in sections 255(a)(1)(A) and 255(a)(2)(A) shall be set equal to those estimates in sections 254(b)(1)(A) and 254(b)(2)(A) if final determinations are not available. The original unfunded liability as defined in section 254(a) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 254(b)(1)(A) and 254(b)(2)(A).''.

(b) CONFORMING AMENDMENTS.—

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

''(e) The Secretary shall condition any detail under subsection (a), (b), or (c) upon the agreement of the executive department, State, subdivision, Committee of the Congress, or institution concerned to pay to the Department of Health and Human Services, in advance or by way of reimbursement, for the full cost of the detail including that portion of the contributions under section 255(a) that is attributable to the detailed personnel.''.

(2) SEQUESTRATION RULE.—Section 256(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(f)) is amended—

(A) by inserting after the item relating to ''payment to the foreign service retirement

and disability fund'' the following item: ''Payment to the Public Health Service Commissioned Corps Retirement Fund (75–0380–0–1–551);''; and

(B) by inserting after the item relating to the ''Pensions for former Presidents'' the following item: ''Public Health Service Commissioned Corps Retirement Fund (75–8274–0–7–602);''.

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 251 of the Public Health Service Act, as added by subsection (a), any obligated or unobligated balances of appropriations made to the Department of Health and Human Services that are currently available for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of title II of the Public Health Service Act, and amounts so transferred shall be part of the assets of the Fund.

SEC. 405. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION COMMISSIONED OFFICER CORPS RETIREMENT SYSTEM.

(a) IN GENERAL.—The National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107–372) is amended by inserting after section 246 (33 U.S.C. 3046) the following new section:

''SEC. 246A. (a) ESTABLISHMENT AND PURPOSE OF NOAA COMMISSIONED OFFICER CORPS RETIREMENT FUND.—(1) There is established on the books of the Treasury a fund to be known as the National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund (hereinafter in this section referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Commerce under military retirement and survivor benefit programs for the commissioned officers corps.

''(2) The term 'military retirement and survivor benefit program' means—

''(A) the provisions of this title and title 10, United States Code, creating entitlement to, or determining, the amount of retired pay;

''(B) the programs under the jurisdiction of the Department of Defense providing annuities for survivors and members and former members of the Armed Forces, including chapter 73 of title 10, section 4 of Public Law 92–425, and section 5 of Public Law 96–202, as made applicable to the commissioned officer corps by section 261.

''(b) ASSETS OF THE FUND.—There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

''(1) Amounts paid into the Fund under subsection (e).

''(2) Any return on investment of the assets of the Fund.

''(3) Amounts transferred into the Fund pursuant to section 405(c) of the Family Budget Protection Act of 2004.

''(c) PAYMENTS FROM THE FUND.—There shall be paid from the Fund benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the commissioned officer corps and their survivors.

''(d) DETERMINATION OF CONTRIBUTIONS TO THE FUND.—(1)(A) Not later than June 30, 2004, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purpose of this title. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 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 under subsection (e) at the time of the most recent actuarial valuation under paragraph (3); and

''(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of NOAA on active duty.

''(3) Not less often then every four years (or by the fiscal year end before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers on active duty.

''(4) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices, and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

''(5) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

''(e) PAYMENTS INTO THE FUND.—(1) From amounts appropriated to the National Oceanic Atmospheric Administration for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the product of—

''(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under subsection (d) (except that any statutory change affecting benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors that is effective date after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

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

''(2)(A) At the beginning of each fiscal year, the Secretary shall determine the sum of—

''(i) the amount of the payment for that year under the amortization of the original unfunded liability of the Fund;

''(ii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization of any cumulative actuarial gain or loss to the Fund, resulting from changes in benefits; and

''(iii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization or any cumulative actuarial gain or loss to the Fund resulting from changes in actuarial assumptions and from experience different from the assumed since the last valuation.

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

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

''(f) INVESTMENT OF ASSETS OF THE FUND.—The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income of such investments shall be credited to and form a part of the Fund.

''(g) IMPLEMENTATION YEAR EXCEPTIONS.—(1) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in subsection (e)(1)(A) shall be set equal to the estimate in subsection (d)(2)(A) if final determinations are not available. The original unfunded liability as determined in subsection (d)(1) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in subsection (d)(2)(A).''.

(b) SEQUESTRATION RULE.—Section 256(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(f)) is amended by striking ''National Oceanic and Atmospheric Administration retirement (13–1450–0–1–306);'' and inserting ''National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund;''.

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 246A(a) of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107–372, as added by subsection (a)), any obligated and unobligated balance of appropriations made to the Department of Commerce that are available as of the date of the enactment of this Act for benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the NOAA Commissioned Officer Corps and to their survivors, and amounts so transferred shall be part of the assets of the Fund, effective October 1, 2006.

(d) EFFECTIVE DATE.—Subsection (c) (relating to payments from the Fund) and (e) (relating to payments into the Fund) of section 246A of the National Oceanic and Atmospheric Administration Commissioned Officer

Corps Act of 2002 (title II of Public Law 107–372, as added by subsection (a)), shall take effect on October 1, 2006.

SEC. 406. COAST GUARD MILITARY RETIREMENT SYSTEM.

(a) ACCRUAL FUNDING FOR COAST GUARD RETIREMENT.—

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

''SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

''§ 441. Establishment and purpose of Fund; definitions

''(a) ESTABLISHMENT OF FUND; PURPOSE.—There is established on the books of the Treasury a fund to be known as the Coast Guard Military Retirement Fund (hereinafter in this subchapter referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulations of funds in order to finance on an actuarially sound basis liabilities of the Coast Guard under military retirement and survivor benefit programs.

''(b) MILITARY RETIREMENT AND SURVIVOR BENEFIT PROGRAMS DEFINED.—In this subchapter, the term 'military retirement and survivor benefit programs' means—

''(1) the provisions of this title and title 10 creating entitlement to, or determining the amount of, retired pay;

''(2) the programs providing annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92–425, and section 5 of Public Law 96–402; and

''(3) the authority provided in section 1048(h) of title 10.

''(c) SECRETARY DEFINED.—In this subchapter, the term 'Secretary' means the Secretary of Homeland Security when the Coast Guard is not operating as a service in the Navy and the Secretary of Defense when the Coast Guard is operating as a service in the Navy.

''§ 442. Assets of the Fund

''There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

''(1) Amounts paid into the Fund under section 445 of this title.

''(2) Any return on investment of the assets of the Fund.

''(3) Amounts transferred into the Fund pursuant to section 406(d) of the Family Budget Protection Act of 2004.

''§ 443. Payments from the Fund

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

''(1) Retired pay payable to persons on the retired list of the Coast Guard.

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

''(3) Benefits payable under programs that provide annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92–425, and section 5 of Public Law 96–402.

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

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

''§ 444. Determination of contributions to the Fund

''(a) INITIAL UNFUNDED LIABILITY.—(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purposes of section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(2) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(b) ANNUAL CONTRIBUTIONS FOR CURRENT SERVICES.—(1) 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 Homeland Security, or Department of Defense, contributions to be made to the Fund during that fiscal year under section 445(a) of this title. That amount shall be the sum of the following:

''(A) The product of—

''(i) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1)(A) at the time of the most recent actuarial valuation under subsection (c); and

''(ii) the total amount of basic pay expected to be paid during that fiscal year to members of the Coast Guard on active duty (other than active duty for training).

''(B) The product of—

''(i) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) to be determined under subsection (c)(1)(B) at the time of the most recent actuarial valuation under subsection (c); and

''(ii) the total amount of basic pay and compensation (paid pursuant to section 206 of title 37) expected to be paid during that fiscal year to members of the Coast Guard Ready Reserve (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A)(ii).

''(2) The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Homeland Security for that fiscal year for payments to be made to the Fund during that year under section 445(a) of this title. The President shall include not less than the full amount so determined in the budget transmitted to Congress for that fiscal year under section 1105 of title 31. The President may comment and make recommendations concerning any such amount.

''(c) PERIODIC ACTUARIAL VALUATIONS.—(1) Not less often than every four years (or before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to members of the Coast Guard or their survivors), the Secretary shall carry out an actuarial valuation of the Coast Guard military retirement and survivor benefit programs. Each actuarial valuation of such programs shall be signed by an enrolled actuary and shall include—

''(A) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for members of the Coast Guard on active duty (other than active duty for training); and

''(B) a determination (using the aggregate entry-age normal cost method) of single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) for members of the Ready Reserve of the Coast Guard (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A).

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

''(d) USE OF GENERALLY ACCEPTED ACTUARIAL PRINCIPLES AND PRACTICES.—All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

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

''§ 445. Payments into the Fund

''(a) MONTHLY ACCRUAL CHARGE FOR CURRENT SERVICES.—From amounts appropriated to the Coast Guard for salaries and expenses, the Secretary shall pay into the Fund at the end of each month as the Department of Homeland Security, or Department of Defense, contribution to the Fund for that month the amount that is the sum of the following:

''(1) The product of—

''(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(A) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

''(B) the total amount of basic pay accrued for that month by members of the Coast Guard on active duty (other than active duty for training).

''(2) The product of—

''(A) the level percentage of basic pay and compensation (accrued pursuant to section 206 of title 37) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(B) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

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

''(b) ANNUAL PAYMENT FOR UNFUNDED LIABILITIES.—(1) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

''§ 446. Investment of assets of the Fund

''The Secretary may request the Secretary of the Treasury to invest such portion of the

Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.''.

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

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

''SUBCHAPTER I—OFFICERS'';

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

''SUBCHAPTER II—ENLISTED MEMBERS'';

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

''SUBCHAPTER III—GENERAL PROVISIONS'';

and

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

''SUBCHAPTER IV—SPECIAL PROVISIONS''.

(3) CLERICAL AMENDMENTS.—The table of sections at the beginning of such chapter is amended—

(A) by striking ''OFFICERS'' at the beginning of the table and inserting ''SUBCHAPTER I—OFFICERS'';

(B) by striking ''ENLISTED MEMBERS'' after the item relating to section 336 and inserting ''SUBCHAPTER II—ENLISTED MEMBERS'';

(C) by striking ''GENERAL PROVISIONS'' after the item relating to section 373 and inserting ''SUBCHAPTER III—GENERAL PROVISIONS'';

(D) by striking ''SPECIAL PROVISIONS'' after the item relating to section 425 and inserting ''SUBCHAPTER IV—SPECIAL PROVISIONS''; and

(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.''.

(b) IMPLEMENTATION YEAR EXCEPTIONS.—To avoid funding shortfalls in the first year of implementation of subchapter V of chapter 11 of title 14, United States Code, as added by subsection (a), if formal actuarial determinations are not available in time for budget preparation, the amounts used in the first year under sections 445(a)(1)(A) and 445(a)(2)(A) of such title shall be set equal to those estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i), respectively, of such title if final determinations are not available. The original unfunded liability, as defined in section 444(a) of such title, shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i) of such title.

(c) CONFORMING AMENDMENT.—Section 256(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(f)) is amended by striking ''Retired Pay, Coast Guard (69–0241–0–1–403)'' and inserting ''Coast Guard Military Retirement Fund (69–0241–01–403)''.

(d) TRANSFER OF EXISTING BALANCES.—

(1) TRANSFER.—There shall be transferred into the Fund on October 1, 2005, any obligated and unobligated balances of appropriations made to the Department of Homeland Security that are currently available for retired pay, and amounts so transferred shall be part of the assets of the Fund.

(2) FUND DEFINED.—For purposes of paragraph (1), the term ''Fund'' means the Coast Guard Military Retirement Fund established under section 441 of title 14, United States Code, as added by subsection (a).

(e) EFFECTIVE DATE.—Sections 443 (relating to payments from the Fund) and 445 (relating to payments into the Fund) of title 14, United States Code, as added by subsection (a), shall take effect on October 1, 2005.

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

SEC. 411. FEDERAL EMPLOYEES HEALTH BENEFITS FUND.

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

(1) by redesignating subsection (c) as subsection (c)(1) and by adding at the end the following new paragraphs:

''(2) In addition to Government contributions required by subsection (b) and paragraph (1), each employing agency shall contribute amounts as determined by the Office to be necessary to prefund the accruing actuarial cost of post-retirement health benefits for each of the agency's current employees who are eligible for Government contributions under this section. Amounts under this paragraph shall be paid by the employing agency separate from other contributions under this section, from the appropriations or fund used for payment of the salary of the employee, on a schedule to be determined by the Office.

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

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

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

(b) Section 8909 of title 5, United States Code, is amended by adding at the end the following new subsection:

''(h)(1) Not later than June 30, 2006, the Office shall determine the existing liability of the Fund for post-retirement health benefits, excluding the liability of the United States Postal Service for service under section 8906(g)(2), under this chapter as of September 30, 2006. The Office shall establish an amortization schedule, including a series of annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.

''(2) At the close of each fiscal year, for fiscal years beginning after September 30, 2005, the Office shall determine the supplemental liability of the Fund for post-retirement health benefits, excluding the liability attributable to the United States Postal Service for service subject to section 8906(g)(2), and shall establish an amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for liquidation of such supplemental liability over 30 years.

''(3) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles.

''(4) At the end of each fiscal year on and after September 30, 2006, the Office shall notify the Secretary of the Treasury of the amounts of the next installments under the most recent amortization schedules established under paragraphs (1) and (2). Before closing the accounts for the fiscal year, the Secretary shall credit the sum of these amounts (including in that sum any negative amount for the amortization of the supplemental liability) to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

''(5) For the purpose of carrying out paragraphs (1) and (2), the Office shall perform or arrange for actuarial determinations and valuations and shall prescribe retention of such records as it considers necessary for making periodic actuarial valuations of the Fund.

''(6) Notwithstanding subsection (b), the amounts deposited into the Fund pursuant to this subsection and section 8906(c)(2) to prefund post-retirement health benefits costs shall be segregated within the Fund so that such amounts, as well as earnings and proceeds under subsection (c) attributable to them, may be used exclusively for the purpose of paying Government contributions for post-retirement health benefits costs. When such amounts are used in combination with amounts withheld from annuitants to pay for health benefits, a portion of the contributions shall then be set aside in the Fund as described in subsection (b).

''(7) Under this subsection, 'supplemental liability' means—

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

''(B) the sum of—

''(i) the actuarial present value of all future contributions by agencies and annuitants to the Fund toward those benefits pursuant to section 8906;

''(ii) the present value of all scheduled amortization payments to the Fund pursuant to paragraphs (1) and (2);

''(iii) the Fund balance as of the date the supplemental liability is determined, to the extent that such balance is attributable to post-retirement benefits; and

''(iv) any other appropriate amount, as determined by the Office in accordance with generally accepted actuarial practices and principles.''.

SEC. 412. FUNDING UNIFORMED SERVICES HEALTH BENEFITS FOR ALL RETIREES.

Title 10, United States Code, is amended—

(1) in the title of chapter 56, by striking ''**DEPARTMENT OF DEFENSE MEDICARE-ELIGIBLE**'' and inserting ''**UNIFORMED SERVICES**'';

(2) in section 1111—

(A) in subsection (a)—

(i) by striking ''Department of Defense Medicare-Eligible'' and inserting ''Uniformed Services'';

(ii) by striking ''Department of Defense under''; and

(iii) by striking ''for medicare-eligible beneficiaries'';

(B) in subsection (c)—

(i) by striking ''The Secretary of Defense may'' and inserting ''The Secretary of Defense shall'';

(ii) by striking ''with any other'' and inserting ''with each'';

(iii) by striking ''Any such agreement'' and inserting ''Such agreements''; and

(iv) by striking ''administering Secretary may'' and inserting ''administrative Secretary shall'';

(3) in section 1113—

(A) in subsection (a)—

(i) by striking ''and are medicare eligible'';

(ii) by striking ''who are medicare eligible''; and

(iii) by adding at the end the following new sentence: ''For the fiscal year starting October 1, 2004, only, the payments will be solely for the costs of members or former members of a uniformed service who are entitled to retired or retainer pay and are medicare-eligible, and eligible dependents or survivors who are medicare-eligible.'';

(B) in subsection (c)(1), by striking ''who are medicare-eligible'';

(C) in subsection (d), by striking ''who are medicare-eligible''; and

(D) in subsection (f), by striking ''If'' and inserting ''When'';

(4) in section 1114, in subsection (a)(1), by striking ''Department of Defense Medicare-Eligible'' and inserting ''Uniformed Services'';

(5) in section 1115—

(A) in subsection (b)(2), by striking ''The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Defense (or to the other executive department having jurisdiction over the participating uniformed service)'' and inserting ''The amount determined under paragraph (1), or the amount determined under section 1111(c) for a participating uniformed service, for any fiscal year, is the amount needed to be appropriated to the Department of Defense (or to any other executive department having jurisdiction over a participating uniformed service)'';

(B) in subsection (c)(2), by striking ''for medicare eligible beneficiaries''; and

(C) by adding at the end the following new subsection:

''(f) For the fiscal year starting October 1, 2004, only, the amounts in this section shall be based solely on the costs of medicare-eligible benefits of beneficiaries and the costs for their eligible dependents or survivors who are medicare-eligible, and shall be recalculated thereafter to reflect the cost of beneficiaries defined in section 1111.''; and

(6) in section 1116—

(A) in subsection (a)(1)(A), by striking ''for medicare-eligible beneficiaries'';

(B) in subsection (a)(2)(A), by striking ''for medicare-eligible beneficiaries''; and

(C) in subsection (c), by striking ''subsection (a) shall be paid from funds available for the health care programs'' and inserting ''subsection (a) and section 1111(c) shall be paid from funds available for the pay of members of the participating uniformed services under the jurisdiction of the respective administering secretaries''.

SEC. 413. EFFECTIVE DATE.

Except as otherwise provided, this title shall take effect upon enactment with respect to fiscal years beginning after 2005.

Subtitle C—Limit on the Public Debt

SEC. 421. FINDINGS.

The Congress finds the following:

(1) Since 1997, Congress has paid down and retired approximately $450,000,000,000 of the Government's debt which was previously held by the public.

(2) This reduction in the Government's debt to the public should permit a lowering of the statutory debt ceiling. However, the statutory definition mingles both the public debt and intragovernment liabilities, the latter of which do not represent resource withdrawals for the economy.

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

(4) Properly defining the debt of the Government would permit lowering the debt ceiling to take account of, and lock in, the fiscal progress that has been made.

SEC. 422. PURPOSE.

It is the purpose of this subtitle to properly define the public debt to exclude intragovernment obligations.

SEC. 423. LIMIT ON PUBLIC DEBT.

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

''§ 3101. Public debt limit

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

''(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury and intragovernmental holdings) may not be more than $4,393,000,000,000 outstanding at one time, subject to changes periodically made in that amount as provided by law.

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

''(1) the original issue price of the obligation, plus

''(2) the portion of the discount on the obligation attributable to periods before the beginning of such month (as determined under the principles of section 1272(a) of the Internal Revenue Code of 1986 without regard to any exceptions contained in paragraph (2) of such section).

''(d) For purposes of this section, the term 'intragovernment holding' is any obligation issued by the Secretary of the Treasury to any Federal trust fund or Government account, whether in respect of public money, money otherwise required to be deposited in the Treasury, or amounts appropriated.''.

Subtitle D—Risk-assumed Budgeting

SEC. 431. FEDERAL INSURANCE PROGRAMS.

(a) IN GENERAL.—The Congressional Budget Act of 1974 is amended by adding after title V the following new title:

''TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

''SEC. 602. BUDGETARY TREATMENT.

''(a) PRESIDENT'S BUDGET.—Beginning with fiscal year 2011, the budget of the Government pursuant to section 1105(a) of title 31, United States Code, shall be based on the risk-assumed cost of Federal insurance programs.

''(b) BUDGET ACCOUNTING.—For any Federal insurance program—

''(1) the program account shall—

''(A) pay the risk-assumed cost borne by the taxpayer to the financing account, and

''(B) pay actual insurance program administrative costs;

''(2) the financing account shall—

''(A) receive premiums and other income,

''(B) pay all claims for insurance and receive all recoveries,

''(C) transfer to the program account on not less than an annual basis amounts necessary to pay insurance program administrative costs;

''(3) a negative risk-assumed cost shall be transferred from the financing account to the program account, and shall be transferred from the program account to the general fund; and

''(4) all payments by or receipts of the financing accounts shall be treated in the budget as a means of financing.

''(c) APPROPRIATIONS REQUIRED.—(1) Notwithstanding any other provision of law, insurance commitments may be made for fiscal year 2011 and thereafter only to the extent that new budget authority to cover their risk-assumed cost is provided in advance in an appropriation Act.

''(2) An outstanding insurance commitment shall not be modified in a manner that increases its risk-assumed cost unless budget authority for the additional cost has been provided in advance.

''(3) Paragraph (1) shall not apply to Federal insurance programs that constitute entitlements.

''(d) REESTIMATES.—The risk-assumed cost for a fiscal year shall be reestimated in each subsequent year. Such reestimate can equal zero. In the case of a positive reestimate, the amount of the reestimate shall be paid from the program account to the financing account. In the case of a negative reestimate, the amount of the reestimate shall be paid from the financing account to the program account, and shall be transferred from the program account to the general fund. Reestimates shall be displayed as a distinct and separately identified subaccount in the program account.

''(e) ADMINISTRATIVE EXPENSES.—All funding for an agency's administration of a Federal insurance program shall be displayed as a distinct and separately identified subaccount in the program account.

''SEC. 603. TIMETABLE FOR IMPLEMENTATION OF ACCRUAL BUDGETING FOR FEDERAL INSURANCE PROGRAMS.

''(a) AGENCY REQUIREMENTS.—Agencies with responsibility for Federal insurance programs shall develop models to estimate their risk-assumed cost by year through the budget horizon and shall submit those models, all relevant data, a justification for critical assumptions, and the annual projected risk-assumed costs to OMB with their budget requests each year starting with the request for fiscal year 2007. Agencies will likewise provide OMB with annual estimates of modifications, if any, and reestimates of program costs.

''(b) DISCLOSURE.—When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2007, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities would use to estimate the risk-assumed cost of Federal insurance programs and giving such persons an opportunity to submit comments. At the same time, the chairman of the Committee on the Budget shall publish a notice for CBO in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it would use to estimate the risk-assumed cost of Federal insurance programs and giving such interested persons an opportunity to submit comments.

''(c) REVISION.—(1) After consideration of comments pursuant to subsection (b), and in consultation with the Committees on the Budget of the House of Representatives and the Senate, OMB and CBO shall revise the models, data, and major assumptions they would use to estimate the risk-assumed cost of Federal insurance programs.

''(2) When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2008, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including

sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities used to estimate the risk-assumed cost of Federal insurance programs.

''(d) DISPLAY.—

''(1) IN GENERAL.—For fiscal years 2008, 2009, and 2010 the budget submissions of the President pursuant to section 1105(a) of title 31, United States Code, and CBO's reports on the economic and budget outlook pursuant to section 202(e)(1) and the President's budgets, shall for display purposes only, estimate the risk-assumed cost of existing or proposed Federal insurance programs.

''(2) OMB.—The display in the budget submissions of the President for fiscal years 2008, 2009, and 2010 shall include—

''(A) a presentation for each Federal insurance program in budget-account level detail of estimates of risk-assumed cost;

''(B) a summary table of the risk-assumed costs of Federal insurance programs; and

''(C) an alternate summary table of budget functions and aggregates using risk-assumed rather than cash-based cost estimates for Federal insurance programs.

''(3) CBO.—In the second session of the 109th Congress and the 110th Congress, CBO shall include in its estimates under section 308, for display purposes only, the risk-assumed cost of existing Federal insurance programs, or legislation that CBO, in consultation with the Committees on the Budget of the House of Representatives and the Senate, determines would create a new Federal insurance program.

''(e) OMB, CBO, AND GAO EVALUATIONS.—(1) Not later than 6 months after the budget submission of the President pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2010, OMB, CBO, and GAO shall each submit to the Committees on the Budget of the House of Representatives and the Senate a report that evaluates the advisability and appropriate implementation of this title.

''(2) Each report made pursuant to paragraph (1) shall address the following:

''(A) The adequacy of risk-assumed estimation models used and alternative modeling methods.

''(B) The availability and reliability of data or information necessary to carry out this title.

''(C) The appropriateness of the explicit or implicit discount rate used in the various risk-assumed estimation models.

''(D) The advisability of specifying a statutory discount rate (such as the Treasury rate) for use in risk-assumed estimation models.

''(E) The ability of OMB, CBO, or GAO, as applicable, to secure any data or information directly from any Federal agency necessary to enable it to carry out this title.

''(F) The relationship between risk-assumed accrual budgeting for Federal insurance programs and the specific requirements of the Balanced Budget and Emergency Deficit Control Act of 1985.

''(G) Whether Federal budgeting is improved by the inclusion of risk-assumed cost estimates for Federal insurance programs.

''(H) The advisability of including each of the programs currently estimated on a risk-assumed cost basis in the Federal budget on that basis.

''SEC. 604. DEFINITIONS.

''For purposes of this title:

''(1) The term 'Federal insurance program' means a program that makes insurance commitments and includes the list of such programs included in the joint explanatory statement of managers accompanying the conference report on the Comprehensive Budget Process Reform Act of 1999.

''(2) The term 'insurance commitment' means an agreement in advance by a Federal agency to indemnify a nonfederal entity against specified losses. This term does not include loan guarantees as defined in title V or benefit programs such as social security, medicare, and similar existing social insurance programs.

''(3)(A) The term 'risk-assumed cost' means the net present value of the estimated cash flows to and from the Government resulting from an insurance commitment or modification thereof.

''(B) The cash flows associated with an insurance commitment include—

''(i) expected claims payments inherent in the Government's commitment;

''(ii) net premiums (expected premium collections received from or on behalf of the insured less expected administrative expenses);

''(iii) expected recoveries; and

''(iv) expected changes in claims, premiums, or recoveries resulting from the exercise by the insured of any option included in the insurance commitment.

''(C) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment, and the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment as modified.

''(D) The cost of a reestimate is the difference between the net present value of the amount currently required by the financing account to pay estimated claims and other expenditures and the amount currently available in the financing account. The cost of a reestimate shall be accounted for in the current year in the budget of the Government pursuant to section 1105(a) of title 31, United States Code.

''(E) For purposes of this definition, expected administrative expenses shall be construed as the amount estimated to be necessary for the proper administration of the insurance program. This amount may differ from amounts actually appropriated or otherwise made available for the administration of the program.

''(4) The term 'program account' means the budget account for the risk-assumed cost, and for paying all costs of administering the insurance program, and is the account from which the risk-assumed cost is disbursed to the financing account.

''(5) The term 'financing account' means the nonbudget account that is associated with each program account which receives payments from or makes payments to the program account, receives premiums and other payments from the public, pays insurance claims, and holds balances.

''(6) The term 'modification' means any Government action that alters the risk-assumed cost of an existing insurance commitment from the current estimate of cash flows. This includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of existing insurance commitments.

''(7) The term 'model' means any actuarial, financial, econometric, probabilistic, or other methodology used to estimate the expected frequency and magnitude of loss-producing events, expected premiums or collections from or on behalf of the insured, expected recoveries, and administrative expenses.

''(8) The term 'current' has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.

''(9) The term 'OMB' means the Director of the Office of Management and Budget.

''(10) The term 'CBO' means the Director of the Congressional Budget Office.

''(11) The term 'GAO' means the Comptroller General of the United States.

''SEC. 605. AUTHORIZATIONS TO ENTER INTO CONTRACTS; ACTUARIAL COST ACCOUNT.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $600,000 for each of fiscal years 2005 through 2010 to the Director of the Office of Management and Budget and each agency responsible for administering a Federal program to carry out this title.

''(b) TREASURY TRANSACTIONS WITH THE FINANCING ACCOUNTS.—The Secretary of the Treasury shall borrow from, receive from, lend to, or pay the insurance financing accounts such amounts as may be appropriate. The Secretary of the Treasury may prescribe forms and denominations, maturities, and terms and conditions for the transactions described above. The authorities described above shall not be construed to supersede or override the authority of the head of a Federal agency to administer and operate an insurance program. All the transactions provided in this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code. Cash balances of the financing accounts in excess of current requirements shall be maintained in a form of uninvested funds, and the Secretary of the Treasury shall pay interest on these funds.

''(c) APPROPRIATION OF AMOUNT NECESSARY TO COVER RISK-ASSUMED COST OF INSURANCE COMMITMENTS AT TRANSITION DATE.—(1) A financing account is established on September 30, 2010, for each Federal insurance program.

''(2) There is appropriated to each financing account the amount of the risk-assumed cost of Federal insurance commitments outstanding for that program as of the close of September 30, 2010.

''(3) These financing accounts shall be used in implementing the budget accounting required by this title.

''SEC. 606. EFFECTIVE DATE.

''(a) IN GENERAL.—This title shall take effect immediately and shall expire on September 30, 2012.

''(b) SPECIAL RULE.—If this title is not reauthorized by September 30, 2012, then the accounting structure and budgetary treatment of Federal insurance programs shall revert to the accounting structure and budgetary treatment in effect immediately before the date of enactment of this title.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 507 the following 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.''.

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.

(a) Section 904 of the Congressional Budget Act of 1974 is amended as follows:

(1) In subsection 904(c)(1), insert ''312(g), (h), (i), and (j),'' before ''313,'', and insert ''316, 318,'' before ''904(c),''.

(2) In subsection (c) strike ''three-fifths'' each place it appears and insert ''two-thirds''.

(3)(A) In subsection (d)(2), insert ''312(g), (h), (i), and (j),'' before ''313,'', and insert ''316, 318,'' before ''904(c),''.

(B) In subsection (d), strike ''three-fifths'' each place it appears and insert ''two-thirds''.

(4)(A) In subsections (c)(2) and (d)(3), strike ''311(a),''.

(B) In subsections (c)(1) and (d)(2) insert ''311(a),'' after ''310(d)(2),''.

(5) In subsections (c)(1), (c)(2), (d)(2), and (d)(3) by inserting ''or the House of Representatives'' after ''Senate'' each place it appears.

(6) In subsection (e), strike ''2002'' and insert ''2010''.

SEC. 502. BUDGET RESOLUTION ENFORCEMENT POINT OF ORDER.

(a) ENTITLEMENT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 (as amended by section 221(d)) is further amended by adding at the end the following new subsection:

''(j) BUDGET RESOLUTION ENFORCEMENT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any joint resolution on the budget for a fiscal year, or amendment thereto or conference report thereon, that—

''(1) is not consistent with the discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985; or

''(2) provides for an increase in the aggregate level of direct spending for the fiscal year of the resolution or any ensuing fiscal year included in such resolution.''.

SEC. 503. POINT OF ORDER WAIVER PROTECTION.

Rule XIII of the Rules of the House of Representatives is amended by adding at the end the following new clause:

''8. (a) It shall not be in order to consider a rule or order that would waive waive the provisions of any section of the Congressional Budget Act of 1974 referred to in section 904(c)(1) of such Act or of section 302 of the Family Budget Protection Act of 2004.

''(b) As disposition of a point of order under paragraph (a), the Chair shall put the question of consideration with respect to the proposition that is the subject of the point of order. A question of consideration under this clause shall be debatable for 10 minutes by the Member initiating the point of order and for 10 minutes by an opponent of the point of order, but shall otherwise be decided without intervening motion except one that the House adjourn or that the Committee of the Whole rise, as the case may be.

''(c) The disposition of the question of consideration under this clause with respect to a bill or joint resolution shall be considered also to determine the question of consideration under this clause with respect to an amendment made in order as original text.''.

Subtitle B—The Byrd Rule

SEC. 511. LIMITATION ON BYRD RULE.

(a) PROTECTION OF CONFERENCE REPORTS.—Section 313 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (b)(1), by striking subparagraph (E) through the semicolon at the end thereof and by redesignating subparagraph (F) as subparagraph (E);

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

(3) by striking subsection (d);

(4) by redesignating subsection (e) as subsection (d); and

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

(A) by striking '', motion, or conference report'' the first place it appears and inserting '', or motion''; and

(B) by striking '', motion, or conference report'' the second and third places it appears and inserting ''or motion''.

(b) CONFORMING AMENDMENT.—The first sentence of section 312(e) of the Congressional Budget Act of 1974 is amended by inserting '', except for section 313,'' after ''Act''.

Subtitle C—Treatment of Extraneous Appropriations in Omnibus Appropriation Measures

SEC. 521. TREATMENT OF EXTRANEOUS APPROPRIATIONS.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 (as amended by section 127(a)) is further amended by adding at the end the following new section:

''TREATMENT OF EXTRANEOUS APPROPRIATIONS IN OMNIBUS APPROPRIATION MEASURES

''SEC. 319. (a) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider an omnibus appropriation measure, or any amendment thereto or conference report thereon, that appropriates funds for any program, project, or activity that is not within the subject-matter jurisdiction of any subcommittee of the Committee on Appropriations of the House of Representatives or Senate, as applicable, with jurisdiction over any regular appropriation bill contained in such measure.

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

''(1) The term 'omnibus appropriation measure' means any bill or joint resolution making continuing appropriations for a fiscal year and that is comprised of more than one regular appropriation bills.

''(2) The term 'regular appropriation bill' means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of projects and activities:

''(A) Agriculture, rural development, Food and Drug Administration, and related agencies programs.

''(B) The Departments of Commerce, Justice, and State, the Judiciary, and related agencies.

''(C) The Department of Defense.

''(D) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

''(E) Energy and water development.

''(F) Foreign operations, export financing, and related programs.

''(G) The Department of Homeland Security.

''(H) The Department of the Interior and related agencies.

''(I) The Departments of Labor, Health and Human Services, and Education, and related agencies.

''(J) The Legislative Branch.

''(K) Military construction, family housing, and base realignment and closure for the Department of Defense.

''(L) The Departments of Transportation and Treasury, and independent agencies.

''(M) The Departments of Veterans Affairs and Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 318 the following new item:

''Sec. 319. Treatment of extraneous appropriations in omnibus appropriation measures.''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Texas (Mr. HENSARLING) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, how much government is enough? Can we ever have enough? It seems many Members in this Chamber would say no. They seem to believe there should be no limit to the size, to the power, to the expense of the Federal Government.

Mr. Chairman, the Founding Fathers disagreed. They believed in limited government. They warned us of the pitfalls of allowing government to grow out of control. James Madison wrote in the Federalist Papers: ''There will be little avail to the people that laws are made by men of their own choice if the laws be so voluminous that they cannot be read or so incoherent they cannot be understood.''

Thomas Jefferson wrote that the natural progress of things is for liberty to yield and for government to gain ground.

Well, Mr. Chairman, just how much ground has government gained? Since I was born, the Federal budget has grown seven times faster than the family budget, as you can see from the attached chart. For only the fourth time in the history of our Nation, the Federal Government is now spending over $20,000 per household. This figure is up from $16,000 per household just 5 years ago. This represents the largest expansion of the Federal Government in 50 years.

Last year what we call mandatory spending reached 11 percent of our economy for the first time ever. Nondefense discretionary spending is now almost 4 percent of the economy for the first time in 20 years.

In fact, almost every major department of the government has grown precipitously way beyond the rate of inflation. By any reasonable measure, spending is out of control. And when we get more government, we get less freedom, fewer opportunities, fewer opportunities for Americans to choose the best health care for their families, to choose the best educational opportunities for their children, or to find the best job in a competitive market economy. You cannot have unlimited government and unlimited opportunity.

What else do we get for all this government spending? Unfortunately, we get a lot of waste, fraud, abuse, and duplication.

Until recently, Medicare had routinely paid as much as five times for a wheelchair as the VA had, simply because one would bid competitively and the other did not. In the last year of the Clinton administration, HUD wasted over 10 percent of their budget, $3 billion just lost making improper payments to people who did not qualify.

We have spent almost $800,000 on an outhouse in one national park, and it did not even work. We have over 342

different economic development programs in the Federal Government, and by the way, what does the Federal Government know about economic development anyway?

We are just scratching the surface here. Example after example shows that many Federal programs routinely waste 5, 10, 15, even 20, percent of their taxpayer-funded budgets in the last 4 decades. Government is inherently wasteful. It does almost nothing as well as we the people; and until we limit it, we will never prioritize, much less root out, the waste, the fraud, the abuse, the duplication that permeates every corner of the Federal Government and robs every family.

Recently, many of us in this Chamber spoke very eloquently about the legacy of President Ronald Reagan. Well, Mr. Chairman, I would remind us that it was President Reagan who said the answer to a government that is too big is to stop feeding its growth.

It was President Reagan who said we can no longer afford things simply because we think of them, and it was President Reagan who stood in this Chamber and called on Congress to limit government and fix a broken-down budget process.

Now, there are many ways that we can honor the memory of President Reagan. Tonight, I can think of no better way than passing the bill that would accomplish his dream.

Mr. Chairman, the time to act is now. We have the opportunity to realize the vision of Ronald Reagan, or we can continue with the largest expansion of government in 50 years. We can protect the family budget from the Federal budget, or we can continue to operate under a budget process that only serves to grow bigger and bigger government.

That is why, along with my colleagues, the gentleman from California (Mr. COX), the gentleman from Wisconsin (Mr. RYAN), the gentleman from Indiana (Mr. CHOCOLA), I offer as a substitute the Family Budget Protection Act, along with more than a hundred cosponsors.

And our bill has two simple propositions. Number one, it says the Federal budget should not grow faster than the family budget. Quite simply, there should be some ceiling on the growth of government. At some point we say enough is enough. We will take no more money away from American families.

Secondly, it says if Congress passes a budget, it ought to abide by the budget. It ought to enforce the budget. It ought to live by the budget. It is really that simple.

Mr. Chairman, I reserve the balance of my time.

Mr. NUSSLE. Mr. Chairman, I claim the time in opposition, and I ask unanimous consent that the gentleman from South Carolina (Mr. SPRATT) be yielded half of that time.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

For those who have voted against the previous amendments dealing with automatic extension of continuing resolutions, dealing with expedited rescission, for various other reasons they should be aware that this budget reincorporates all of those other provisions which they found onerous and objectionable in the past and would instate them in a bigger bill.

The chief feature of this bill which is objectionable is the effort it makes to put a cap on entitlement spending. According to the Center on Budget and Policy Priorities, if enacted, this particular provision would trigger the most severe budget cuts in modern history, calculation by which it would require entitlement cuts of $1.8 trillion over the next 10 years.

There are a couple of things to be aware of. When they say they are capping entitlement, they are capping not only entitlements like Medicare, Medicaid; they are also capping interest on the national debt. So one can have a result that certain Members would seek to have a large tax cut and succeed, which would increase the deficit and, therefore, increase the national debt and result in higher interest payments. And those interest payments would then have to be accommodated within the cap that will be imposed on entitlement spending.

Take also the level at which the cap is set and how it treats the Medicare program. The cost of the new Medicare drug benefit enacted last year to real spending occurs until the year 2006. The cap will be set at 2005 spending levels. So there will be a substantial amount of additional spending for Medicare which will have to be recouped from cuts in entitlements like Medicare.

This bill is full of anomalies that could have disastrous effect upon the programs in this country upon which people depend.

I will come back and explain further why this bill should be defeated soundly.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I would like to address a few of the things that the gentleman from South Carolina said. As far as the estimate on the $1.8 trillion cut, that is not accurate for this bill. Number one, this bill addresses those issues that were raised in that estimate. Number two, entitlement spending will go up. It will go up by the number of beneficiaries coming to these programs, it will go up by inflation, and medical inflation in Medicare's instance. And we do take care of putting into the baseline the new prescription drug benefit.

I would like to just quickly go through the summary of what this legislation actually accomplishes in a very, very quick order. Number one, what this budget does is it raises the budget to the point of law by making a joint budget resolution so we do not have these stalemates at the end of Congress every year like we do.

It also has a one-page budget so it is easier for the Congress, the House, the Senate, and the President to agree on a budget at the beginning of the session. It also abolishes the practice of designating everything as emergencies. One of the problems we have is we can designate just about anything an emergency. The census was designated an emergency. We knew that one was coming.

So what we are trying to do is tighten up that definition so true emergencies are designated emergencies. We go to biennial budget so that we do our budgeting in the first year of our cycle, and then in the second year we conduct oversight. We think that Congress does not do nearly enough government oversight into how our taxpayers' dollars are being spent.

We also have government shut-down protection so that, if for some reason we have this brinksmanship which has been common around here, we do not hold hostage government workers and shut down the government. We keep things going with an automatic continuing resolution.

We also have very important spending caps which we have been talking about on discretionary and entitlement spending. It will take two-thirds of a vote in Congress to break those spending caps. This is the real heart of this bill so that we do not violate our spending caps. Because all too often, we will pass a budget, we will set spending caps, lo and behold, a couple months go by, we break the spending caps.

In this bill, it takes two-thirds of the vote in the House and Senate to break those spending caps. We also protect ourselves from the point of order so we here in this body, unlike those in the other body who can have this power, we can raise points of order if they try to waive points of the Budget Act so that House Members can also play a role in enforcing the budget act. We also make sure we amend the Byrd Rule so we do not have temporary tax cuts. That was an arcane rule that occurred that is now giving us the largest tax increase we will ever see if we fail to make these tax cuts permanent.

We also try and clean up this omnibus appropriation problem so we do not bundle all these big bills that we have at the end of the cycle. For instance, last year 7 appropriations bills bundled into one bill. Each of us on the floor had one vote up or down on half of the discretionary spending in the Federal Government.

We also have very important spending control provisions. We talked about some of these. Discretionary caps, having the ability to save money when you

bring amendments to the floor to stop wasteful spending. Having the ability to make sure that we can give the President the power to take bad, wasteful spending out of the budget.

We also have an amendment that did pass already which is a commission to look at all of our Federal programs with respect to our earned entitlements, but also have a sunset in law of our programs on a rotating basis so that Congress actually does its oversight to see if the programs we have in our Federal Government are really meeting the spirit of the original intent of the law or whether they are really serving our constituents and serving our taxpayers so that we can make sure that no wasteful spending continues in this government.

□ 2215

The problem we have basically is that our budget process is not a clean process. It is not a functional process. It is not honest. It is not transparent, and we want to make it so.

We want to pass a budget and stick to a budget. We want to make sure that the American people really see how their money is being spent, and we want to make sure that those of us who want to see wasteless spending go away have the tools in which we can do that. That is what we are trying to accomplish with this bill.

What we simply want is the ability to treat our constituents' money like it ought to be treated. It is their money. That is what we are trying to do. It is a very big bill and project. We have 102 cosponsors. I urge passage of this substitute amendment.

Mr. SPRATT. Mr. Chairman, I yield 1½ minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, I do not know what is happening to this institution. We work a couple of days a week. We cannot even get a budget resolution passed. It is overdue by months, and then we get these amendments that are really designed to eliminate the appropriations process, as though we have no capacity to apply judgment to the decisions that we have to make.

Would it not be nice if the world was as simple as this? Let us just impose entitlement caps. Let us give it all over to the President, for example. We cite waste, fraud and abuse as though that is the problem. The Republican party controls the White House. They control the Senate. They control the House. Eliminate waste, fraud and abuse if that is the problem.

The real problem is that we are not willing to make the tough decisions that have to be made, and now they are suggesting an entitlement cap.

We have done an analysis of this entitlement cap. Over the next decade it would take $674 billion out of Medicare, $332 billion out of Medicaid, $100 billion out of Federal civilian retirement, $60 billion out of unemployment comp, $56 billion out of military retirement. I could go on and on, $45 billion out of veterans benefits, $11 billion out of TRICARE For Life, and on and on.

This is not the way to run a government. These are important programs. Make the tough decisions. To put in an amendment like this that supposedly limits entitlement programs so that we are going to all of the sudden solve the budget crisis, we have a budget crisis because we are not willing to balance our responsibilities to limit tax cuts and to limit spending at the same time. We know that is what has to be done, but now we are in a budget crisis. We are going to have $4.5 trillion of debt, and the answer is not to make it worse by putting in an entitlement cap.

This is one of the worst amendments that we have had presented all night in a long string of simplistic, irresponsible amendments that consumes our time. We will have another opportunity to take another shot at this.

Mr. HENSARLING. Mr. Chairman, I yield myself 15 seconds.

I am not sure which bill the gentleman was reading. He appears not to have read this one. Every single government program grows some by a factor of inflation. No government program is cut here, only the rate of growth. However, the gentleman and other gentlemen and ladies on that side of the aisle in the last budget resolution voted for an extra trillion dollars in spending.

Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. CHOCOLA), a coauthor.

Mr. CHOCOLA. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I came to Congress from the business world, and my first impression when I got here is that Congress, as a whole, is a lot like 535 general managers with no CEO. With all due respect to the Speaker and our leadership, there is no individual who can set spending priorities in the face of limited resources. We do not have a leadership problem here. We have a process problem.

When we take the facts, combined together that our budget process does not contain any of the realities that every family and every business in America faces; combined with the fact that our process is not enforceable; combined with the fact that our process only measures success by how much money we spend, never by how well we spend it; combined with the fact that people in this Chamber will come down here with a straight face and say that smaller increases are actually cuts; if we combine those facts with human nature, what we have is a lack of fiscal discipline and runaway spending.

I used to be a chairman of a publicly traded company, and if I accounted for and budgeted for my business the way government accounts and budgets for its business, I would, at best, be bankrupt and fired. I would more than likely be in jail. I find it very ironic when Members of Congress lecture business executives about truth in accounting and the importance of integrity in financial disclosure.

Mr. Chairman, what we need is a budget process that provides a framework of discipline. It simply fixes the process. It strengthens our enforcement tools. It requires truth in accounting, increases accountability and combats waste, fraud and abuse, and this is exactly what this amendment does. I encourage all of my colleagues to support it.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, we have a lot of energetic young legislators earnestly talking about budgets. I have got some advice for them. We do not have a budget this year. Their party, Republican party, controls the White House. They are part of the House majority. Their party controls the Senate. All these high-falutin ideas you bundled in this bill are not going to go anywhere. You ought to put your efforts where it might matter, getting a budget this year, getting a budget this year. The majority cannot produce a budget this year, and yet they run us out on a day-long adventure full of ill-founded ideas.

The gentleman from Texas speaks movingly about a budget, but in reality what he is proposing is very close scrutiny. I do not think I have seen a more irresponsible budget plan proposed in this House. He would propose excruciating cuts on essential programs while allowing any tax cut that might ever be passed irrespective of consequences to the deficit to go without check.

What are the spending cuts proposed? The Center For Budget Priorities analyzes that over 10 years, $674 billion in Medicare reduction. At time when we are in the military conflict, they come after veterans with a vengeance: military retirement, $56 billion in cuts; veterans benefits, $45 billion in cuts; TRICARE For Life, $11 billion for cuts. These are calculated on the proportional reductions that you have to make across mandatory spending programs that I know do not stop there. Nutrition programs for the little children of this country, reduced $19 billion in the gentleman's proposal. Cutting food for children.

Beyond that, student loans. At a time when our college tuitions are soaring, as our families know all across the country, proportional reductions would be $9 billion in student loan funding.

I believe this is a mean-spirited, ill-advised amendment. I urge my colleagues to vote ''no.''

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

Let me just take a minute to respond briefly to one of the comments from the gentleman, and we can have an honest disagreement about substitute amendments and all sorts of things on

the floor today, but we do have a conference report on the budget. That conference report on the budget was passed by the House of Representatives. That conference report on the budget was deemed to be the budget for the House of Representatives. The chairman of the Committee on Appropriations is operating under that budget that was passed by the House of Representatives. We have a budget.

What we are not sure we have is the other body. They have not acted. They have not even brought it to a vote. I do not know what they are doing. I can understand the gentleman's frustration. I share that frustration. We hear that a certain party may be in the majority over there, but from time to time that does not always manifest itself.

But we have a budget. We will operate under that budget. It is a budget that ensures that we can strengthen our economy and keep it growing; that we can protect our country; and that we can make sure that our important priorities are funded. We have a budget. Those who continue to say we do not have a budget, it is simply not correct.

The fact that the other body has not yet voted on a budget is for them to answer, not for us to answer here tonight, and be that as it may, let me just make one other point.

They are not arguing over the spending levels. The arguments are over technical amendments that the other body put on to control their own process because they were having a difficult time managing it, not anything that binds the House. We are not bound by that particular challenge that the other body is wrestling with.

We have a budget. It has been deemed the budget. We will operate under that budget, and so I just wanted to correct the record and remind all of us that we will continue to operate under the rules of that budget.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon). Members are reminded to refrain from improper references to the Senate.

Mr. NUSSLE. Mr. Chairman, I need a refresher. I keep referring to it as the other body. What am I saying wrong? I want to know. When they do not pass the budget, I guess I have been trying to be as polite as possible.

The CHAIRMAN pro tempore. The gentleman is reminded not to refer to Senate action or inaction, whether he calls it the Senate or the other body.

Who yields time?

Mr. SPRATT. Mr. Chairman, I yield 15 seconds to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I have no malice at my friends on the other side, but this is no laughing matter. They do not have a budget under the Budget Act without the House and the Senate passing versions, coming to agreement in conference committee and passing the final budget.

Mr. HENSARLING. Mr. Chairman, can I inquire as to the time I have remaining?

The CHAIRMAN pro tempore. The gentleman from Texas (Mr. HENSARLING) has 4 minutes remaining.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. COX), a coauthor of the amendment.

Mr. COX. Mr. Chairman, the House voted today to recognize and commemorate the 40th anniversary of the Civil Rights Act of 1964, a law that was approved with broad bipartisan support and that has proven its worth in enforcing the principles of freedom and individual rights that undergird our Nation.

We commemorate a much sadder anniversary today, the 30th anniversary of the Budget Act of 1974. Unlike the Civil Rights Act, which was a bipartisan achievement approved with over 80 percent of Republican support and 62 percent of Democrat support, the 1974 Budget Act was approved over the strong objections of Republicans. The results of the Budget Act have been precisely what Republicans predicted.

The House Policy Committee, which I chair, criticized the current budget process even before it took effect in 1973 and predicted precisely the runaway spending it would enable.

In 1973, policy chairman John Rhodes issued a statement of the official position of House Republicans that said, ''Any limitation on expenditures should cover not only budgetary outlays handled through the Appropriations Committee, but also programs funded separately from the annual appropriations process.'' The 1974 Budget Act decided to ignore that advice, and in every year since, we have suffered from runaway Federal spending.

In 1975, after the first year, the Policy Committee issued another statement reflecting on what a miserable failure the new Budget Act had been in organizing the process. ''Major legislative efforts are needed,'' the Policy Committee said at that time, ''to rein in 'uncontrollable' items and to establish a new pattern of legislative authorizations and appropriations.'' The Congress has never yet fixed this problem, and in every year since 1974, we have suffered from runaway government spending.

This legislation is about protecting the right of Americans to see their tax dollars wisely spent. It is about getting rid of a legislative contraption that has proved over 30 years it is utterly incapable of producing the budget that the minority wishes we had between the House and Senate. It is about getting rid of a budget process that has grown our Federal Government from less than $1 trillion when I first became a Member of Congress not many years ago to over $2 trillion today.

Our economy has not doubled. Our population has not doubled, but what has happened is our government is growing at rates that far outstrip the economy which supports it.

This ongoing displacement of the private sector by government is driven inexorably by the one-way leftward ratchet we euphemistically refer to as the budget process.

It is time to junk this contraption which does not work. It is time to protect the family budget. It is time to make the tough choices between government and the people and bring fiscal sanity and honest accounting back to Washington.

□ 2230

It is time to vote ''aye'' on the Hensarling amendment.

Mr. SPRATT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I want to correct the record. Earlier I said that the Center on Budget and Policy Priorities had done an analysis of this proposal and found that it would cut entitlement programs like Medicare and Medicare and TRICARE for Life by $1.8 trillion over the next 10 years. They have done a revised study. It was correct. They have revised that study and their revised study shows that the cut will only be $1.551 trillion. That is in entitlement programs. It comes out of child nutrition, its comes out of TRICARE for Life, it comes out of veterans benefits. Across the board people will be hurt.

I did not mention earlier the discretionary spending. Discretionary spending in the Hensarling proposal would increase each year at 2.1 percent a year. At the end of the 10-year period of time, because they take it out of the full 10-year time frame, this substitute would limit discretionary spending to $220 billion below what the President has recommended. And one of the reasons we do not have a budget right now is we are still struggling with the numbers the President has prepared, trying to bring it within the framework of what he has recommended.

So this would have severe consequences; and it would have severe consequences upon, in the words of the AARP, the health and economic security of millions of vulnerable Americans.

Finally, to remind everyone, if you voted against the automatic continuing resolution, if you voted against the joint budget resolution making the budget resolution a law signed by the President, if you are opposed to biennial budgeting, if you voted against expedited rescission, this bill reinstates all of those, and is an additional reason to oppose it.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. SHADEGG), even though I claimed the time in opposition.

Mr. SHADEGG. Mr. Chairman, I thank the gentleman for yielding me this time so graciously, and I want to compliment him on his service as the Committee on the Budget chairman. I think he has done an exemplary job in a very, very difficult position.

I want to point out that in my tenure here in the Congress, and I am in my

ninth year, I have worked very, very hard to honor the budget and support the budget we adopt. Indeed, early in my tenure in Congress, I served on that Committee on the Budget under John Kasich, and the current chairman of the committee was on the committee at the time. We labored long and hard to produce a workable budget. But the sad truth is, and I doubt if all of our colleagues here in Congress, much less the people across America, understand that that budget, while it is always a product that entails a lot of work, is almost never honored.

In 1995 and 1996 we honored the budget that we adopted. But from 1996 to this year, we dishonor that budget. We outspend that budget year after year. And that is why I rise in strong support of the Family Budget Protection Act, because the reality is that the hard work that the gentleman from Iowa (Mr. NUSSLE) and the members of his committee put in to write a budget and to craft it and to have it work becomes meaningless, or at least near meaningless as we go through the process. Because, quite frankly, it is not law. It is only the resolution, hopefully, of the two bodies. And so its goes out the door.

That is why my colleague, the gentleman from Texas (Mr. HENSARLING), is proposing that we make the budget resolution not a resolution but a law, so that all the work that Chairman NUSSLE and members of his committee put in works, and so that we can tell the American people that we are going to live within a budget.

But how do we break that budget? We break that budget year after year after year after year by trick and game. One of those has been talked about here tonight, and that is emergency spending. We called the census, which is commanded by the U.S. Constitution, the decennial census; we called that emergency spending and we spent outside the budget.

The American people, I think, get it. They think we should have a budget that we live within, a budget that we honor and that we should not spend at two or three times the rate of growth of the family budget. So I rise in strong support of the Family Budget Protection Act.

Mr. HENSARLING. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, if people will read this legislation, this puts a cap on the growth of the government. Every single government program will grow under this legislation.

After 6 hours of debate, we have heard much angst, anxiety, and grave concern over the deficit, over explosive spending, over a broken budget process. But, unfortunately, we have also heard that we just cannot do anything about it; there are committee jurisdiction issues, there are complexity issues, there are balance of power issues. When do we address family budget issues?

This debate before the House boils down to two simple questions. Number one, does this body believe once a budget is passed it should be enforced? Yes or no. Number two, does this body believe that the Federal budget should not be allowed to grow faster than the family budget? In other words, should there be any limit whatsoever placed on the government?

For the sake of the family budget, for the sake of personal freedom, for the sake of America's future, I hope the answer is yes and people support the Family Budget Protection amendment.

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume to close, and I first want to commend the gentleman from Texas for his work, and all of the Members who have helped him and labored through so many of these provisions. They have done a good job. They have done an excellent job.

I heard someone refer to it as the gold standard of budget process reform. It may very well be. It is not perfect, there is no question. There is no such thing as perfect. My job tonight is to defend the committee product, which is the underlying bill; so I gently oppose the gentleman's amendment because so many of these things look very familiar to me. I voted for a few of them earlier tonight. And I think a couple of them I might even have had an opportunity to write at an earlier time. But I gently oppose them.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon).

The question is on the amendment in the nature of a substitute offered by the gentleman from Texas (Mr. HENSARLING).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. HENSARLING. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment in the nature of a substitute offered by the gentleman from Texas (Mr. HENSARLING) will be postponed.

It is now in order to consider amendment No. 17 printed in House Report 108–566.

AMENDMENT IN THE NATURE OF A SUBSTITUTE NO. 17 OFFERED BY MR. KIRK

Mr. KIRK. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute No. 17 offered by Mr. KIRK:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Deficit Control Act of 2004''.

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Effective date.
Sec. 3. Protection of social security and medicare benefits.

TITLE I—A SIMPLIFIED BUDGET

Subtitle A—Rainy Day Fund for Emergencies

Sec. 101. Purpose.
Sec. 102. Repeal of adjustments for emergencies.
Sec. 103. OMB emergency criteria.
Sec. 104. Development of guidelines for application of emergency definition.
Sec. 105. Reserve fund for emergencies in President's budget.
Sec. 106. Adjustments and reserve fund for emergencies in concurrent budget resolutions.
Sec. 107. Up-to-date tabulations.
Sec. 108. Prohibition on amendments to emergency reserve fund.
Sec. 109. Content of budget resolutions.

Subtitle B—The Baseline

Sec. 111. Elimination of inflation adjustment.
Sec. 112. The President's budget.
Sec. 113. The congressional budget.
Sec. 114. Congressional budget office reports to committees.
Sec. 115. Treatment of emergencies.

TITLE II—IMPLEMENTING FEDERAL SPENDING DISCIPLINE

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.

Subtitle B—Discretionary Spending Limits

Sec. 211. Enforcing discretionary spending limits.
Sec. 212. Annual joint resolution establishing discretionary spending limits.

TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.

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

Sec. 301. Enhanced consideration of certain proposed rescissions.

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

Sec. 311. Establishment of Commission.
Sec. 312. Duties of the Commission.
Sec. 313. Powers of the Commission.
Sec. 314. Commission personnel matters.
Sec. 315. Termination of the Commission.
Sec. 316. 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. Limit on public debt.
TITLE V—PAYGO EXTENSION
Sec. 501. PAYGO extension.

SEC. 2. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act and shall apply with respect to fiscal years beginning after September 30, 2005.

SEC. 3. PROTECTION OF SOCIAL SECURITY AND MEDICARE BENEFITS.

Notwithstanding any other provision in law, nothing in titles I through V shall be construed to reduce benefits entitled to Americans through social security and medicare.

TITLE I—A SIMPLIFIED BUDGET

Subtitle A—Rainy Day Fund for Emergencies

SEC. 101. PURPOSE.

The purposes of this subtitle are to—

(1) develop budgetary and fiscal procedures for emergencies;

(2) subject spending for emergencies to budgetary procedures and controls; and

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

SEC. 102. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.

(a) ELIMINATION OF EMERGENCY DESIGNATION.—Sections 252(e) and 252(d)(4)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 are repealed.

(b) ELIMINATION OF ADJUSTMENTS.—Section 314 of the Congressional Budget Act of 1974 is repealed.

(c) CONFORMING AMENDMENT.—Clause 2 of rule XXI of the Rules of the House of Representatives is amended by repealing paragraph (e) and by redesignating paragraph (f) as paragraph (e).

SEC. 103. OMB EMERGENCY CRITERIA.

(a) DEFINITION OF EMERGENCY.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

''(11)(A) The term 'emergency' means a situation that—

''(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

''(ii) is unanticipated.

''(B) As used in subparagraph (A), the term 'unanticipated' means that the situation is—

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

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

''(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

''(iv) temporary, which means not of a permanent duration.''.

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

''(20) The term 'emergency' has the meaning given to such term in section 3 of the Congressional Budget and Impoundment Control Act of 1974.''.

SEC. 104. DEVELOPMENT OF GUIDELINES FOR APPLICATION OF EMERGENCY DEFINITION.

Not later than 5 months after the date of enactment of this Act, the chairmen of the Committees on the Budget (in consultation with the President) shall, after consulting with the chairmen of the Committees on Appropriations and applicable authorizing committees of their respective Houses and the Directors of the Congressional Budget Office and the Office of Management and Budget, jointly publish in the Congressional Record guidelines for application of the definition of emergency set forth in section 3(11) of the Congressional Budget and Impoundment Control Act of 1974.

SEC. 105. RESERVE FUND FOR EMERGENCIES IN PRESIDENT'S BUDGET.

Section 1105(f) of title 31, United States Code is amended by adding at the end the following new sentences: ''Such budget submission shall also comply with the requirements of section 316(b) of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(11) of the Congressional Budget Act of 1974.''.

SEC. 106. ADJUSTMENTS AND RESERVE FUND FOR EMERGENCIES IN CONCURRENT BUDGET RESOLUTIONS.

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

''EMERGENCIES

''SEC. 316. (a) ADJUSTMENTS.—

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

''(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 104 of the Deficit Control Act of 2004, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(11); and

''(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

''(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

''(b) RESERVE FUND FOR EMERGENCIES.—

''(1) AMOUNTS.—The amount set forth in the reserve fund for emergencies (other than those covered by subsection (c)) for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

''(A) the average of the enacted levels of budget authority for emergencies (other than those covered by subsection (c)) in the 5 fiscal years preceding the current year; and

''(B) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in subparagraph (A), but only in the fiscal year for which such budget authority first becomes available for obligation.

''(2) AVERAGE LEVELS.—For purposes of paragraph (1), the amount used for a fiscal year to calculate the average of the enacted levels when one or more of such 5 preceding fiscal years is any of fiscal years 2000 through 2004 is as follows: the amount of enacted levels of budget authority and the amount of new outlays flowing therefrom for emergencies, but only in the fiscal year for which such budget authority first becomes available for obligation for each of such 5 fiscal years, which shall be determined by the Committees on the Budget of the House of Representatives and the Senate after receipt of a report on such matter transmitted to such committees by the Director of the Congressional Budget Office 6 months after the date of enactment of this section and thereafter in February of each calendar year.

''(c) TREATMENT OF EMERGENCIES TO FUND CERTAIN MILITARY OPERATIONS AND OTHER EXTRAORDINARY AND CRITICAL NEEDS.—Whenever the Committee on Appropriations reports any bill or joint resolution that provides budget authority for any emergency that is a threat to national security and the funding of which carries out a military operation authorized by a declaration of war or a joint resolution authorizing the use of military force, or for any other emergency designated by the President and the Congress as relating to extraordinary and critical needs, and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause the total amount of budget authority or outlays provided for emergencies for the budget year in the concurrent resolution on the budget (pursuant to section 301(a)(4)) to be exceeded, such bill or joint resolution may be considered in the House or the Senate, as the case may be.

''(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emergency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 104 of the Deficit Control Act of 2004.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

''Sec. 316. Emergencies.''.

SEC. 107. UP-TO-DATE TABULATIONS.

Section 308(b)(2) of the Congressional Budget Act of 1974 is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ''; and'', and by adding at the end the following new subparagraph:

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

SEC. 108. PROHIBITION ON AMENDMENTS TO EMERGENCY RESERVE FUND.

(a) POINT OF ORDER.—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

''(e) POINT OF ORDER REGARDING EMERGENCY RESERVE FUND.—It shall not be in order in the House of Representatives or in the Senate to consider an amendment to a concurrent resolution on the budget which changes the amount of budget authority and outlays set forth in section 301(a)(4) for emergency reserve fund.''.

(b) TECHNICAL AMENDMENT.—(1) Section 904(c)(1) of the Congressional Budget Act of

1974 is amended by inserting ''305(e),'' after ''305(c)(4),''.

(2) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting ''305(e),'' after ''305(c)(4),''.

SEC. 109. CONTENT OF BUDGET RESOLUTIONS.

Section 301(a)(4) of the Congressional Budget Act of 1974 is amended by inserting before the semicolon at the end the following: '', and for emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c))''.

Subtitle B—The Baseline

SEC. 111. ELIMINATION OF INFLATION ADJUSTMENT.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (1) by striking ''for inflation as specified in paragraph (5),''; and

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

SEC. 112. THE PRESIDENT'S BUDGET.

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

''(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year, and, except for detailed budget estimates, the percentage change from the current year to the fiscal year for which the budget is submitted for estimated expenditures and for appropriations.''.

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

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

''(A) laws in effect when the budget is submitted; and

''(B) proposals in the budget to increase revenues,

and the percentage change (in the case of each category referred to in subparagraphs (A) and (B)) between the current year and the fiscal year for which the budget is submitted and between the current year and each of the 9 fiscal years after the fiscal year for which the budget is submitted.''.

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

''(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

''(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted;

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

''(C) the estimated amount for the same activity or function, if any, in the current fiscal year,

and, except for detailed budget estimates, the percentage change (in the case of each category referred to in subparagraphs (A), (B), and (C)) between the current year and the fiscal year for which the budget is submitted.''.

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

(e) Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraphs:

''(35) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction.

''(36) a table on sources of growth in total direct spending under current law and as proposed in this budget submission for the budget year and the ensuing 9 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.''.

(f) Section 1109(a) of title 31, United States Code, is amended by inserting after the first sentence the following new sentence: ''For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).''.

SEC. 113. THE CONGRESSIONAL BUDGET.

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

(1) in paragraph (1), by inserting at the end the following: ''The basis of deliberations in developing such concurrent resolution shall be the estimated budgetary levels for the preceding fiscal year. Any budgetary levels pending before the committee and the text of the concurrent resolution shall be accompanied by a document comparing such levels or such text to the estimated levels of the prior fiscal year. Any amendment offered in the committee that changes a budgetary level and is based upon a specific policy assumption for a program, project, or activity shall be accompanied by a document indicating the estimated amount for such program, project, or activity in the current year.''; and

(2) in paragraph (2), by striking ''and'' at the end of subparagraph (H) (as redesignated), by striking the period and inserting ''; and'' at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

''(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.''.

SEC. 114. CONGRESSIONAL BUDGET OFFICE REPORTS TO COMMITTEES.

(a) The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting ''compared to comparable levels for the current year'' before the comma at the end of subparagraph (A) and before the comma at the end of subparagraph (B).

(b) Section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following new sentence: ''Such report shall also include a table on sources of spending growth in total direct spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.''.

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

(d) Section 202(e) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

''(4) On or before February 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, a report for the fiscal year ending on September 30 of the preceding year, with respect to entitlement spending, including (A) a comparison of actual spending for entitlements, on an account by account basis, with projected spending for such entitlements assumed in the concurrent resolution of the budget for that fiscal year and (B) an identification of those entitlements for which the actual spending exceeded the projected spending.''.

SEC. 115. TREATMENT OF EMERGENCIES.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 111) is further amended by adding at the end the following new paragraph:

''(6) EMERGENCIES.—Budgetary resources for emergencies shall be at the level provided in the reserve fund for emergencies for that fiscal year pursuant to section 301(a)(4) of the Congressional Budget Act of 1974.''.

TITLE II—IMPLEMENTING FEDERAL SPENDING DISCIPLINE

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

SEC. 201. SPENDING CAPS ON GROWTH OF ENTITLEMENTS AND MANDATORIES.

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

''SEC. 252A. ENFORCING CONTROLS ON DIRECT SPENDING.

''(a) CAP ON GROWTH OF ENTITLEMENTS.—Effective for fiscal year 2006 and for each ensuing fiscal year, the total level of direct spending for all direct spending programs, projects, and activities (excluding social security, medicare, and net interest spending) for any such fiscal year shall not exceed the total level of spending for all such programs, projects, and activities for the previous fiscal year after the direct spending for each such program, project, or activity is increased by—

''(1) the higher of the change in the Consumer Price Index for All Urban Consumers or the inflator (if any) applicable to that program, project, or activity; and

''(2) the growth in eligible population for such program, project, or activity.

''(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session (other than of the second session of the One Hundred Eighth Congress), and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to reduce the amount of direct spending for the fiscal year beginning in the year the Congress adjourns by any amount necessary to reduce such spending to the level set forth in subsection (a) unless that amount is less than $250,000,000.

''(c) UNIFORM REDUCTIONS; LIMITATIONS.—The amount required to be sequestered for the fiscal year under subsection (a) shall be obtained from nonexempt direct spending accounts by actions taken in the following order:

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

''(2) SECOND.—Any additional reductions that may be required shall be achieved by reducing each remaining nonexempt direct spending account by the uniform percentage necessary to achieve those additional reductions, except that—

''(A) the low-income programs specified in section 256(d) shall not be reduced by more than 2 percent; and

''(B) the retirement and veterans benefits specified in sections 256(f), (g), and (h) shall not be reduced by more than 2 percent in the manner specified in that section.

The limitations set forth in subparagraphs (A) and (B) shall be applied iteratively, and after each iteration the uniform percentage applicable to all other programs under this paragraph shall be increased (if necessary) to a level sufficient to achieve the reductions required by this paragraph.''.

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents set forth in 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after the item relating to section 252 the following new item:

''Sec. 252A. Enforcing controls on direct spending.''.

SEC. 202. EXEMPT PROGRAMS AND ACTIVITIES.

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

''SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

''(a) SOCIAL SECURITY BENEFITS; TIER I RAILROAD RETIREMENT BENEFITS; AND MEDICARE BENEFITS.—(1) Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, and benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall be exempt from reduction under any order issued under this part.

''(2) Payments made under title XVIII (relating to medicare of the Social Security Act shall be exempt from reduction under any order issued under this part.

''(b) DESCRIPTIONS AND LISTS.—The following budget accounts or activities shall be exempt from sequestration:

''(1) net interest;

''(2) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

''(3) all payments from one Federal direct spending budget account to another Federal budget account; and all intragovernmental funds including those from which funding is derived primarily from other Government accounts, except to the extent that such funds are augmented by direct appropriations for the fiscal year for which the order is in effect;

''(4) activities resulting from private donations, bequests, or voluntary contributions to the Government;

''(5) payments from any revolving fund or trust-revolving fund (or similar activity) that provides deposit insurance or other Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

''(6) credit liquidating and financing accounts;

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

''Administration of Territories, Northern Mariana Islands Covenant grants (14–0412–0–1–806);

''Armed Forces Retirement Home Trust Fund, payment of claims (84–8930–0–7–705);

''Bureau of Indian Affairs, miscellaneous payments to Indians (14–2303–0–1–452);

''Bureau of Indian Affairs, miscellaneous trust funds, tribal trust funds (14–9973–0–7–999);

''Claims, defense;

''Claims, judgments, and relief act (20–1895–0–1–806);

''Compact of Free Association, economic assistance pursuant to Public Law 99–658 (14–0415–0–1–806);

''Compensation of the President (11–0001–0–1–802);

''Customs Service, miscellaneous permanent appropriations (20–9992–0–2–852);

''Eastern Indian land claims settlement fund (14–2202–0–1–806);

''Farm Credit Administration, Limitation on Administration Expenses (78–4131–0–3–351);

''Farm Credit System Financial Assistance Corporation, interest payments (20–1850–0–1–351);

''Internal Revenue collections of Puerto Rico (20–5737–0–2–852);

''Panama Canal Commission, operating expenses and capital outlay (95–5190–0–2–403);

''Payments of Vietnam and USS Pueblo prisoner-of-war claims (15–0104–0–1–153);

''Payments to copyright owners (03–5175–0–2–376);

''Payments to health care trust funds (75–0580–0–1–571);

''Payments to social security trust funds (75–0404–0–1–651);

''Payments to the United States territories, fiscal assistance (14–0418–0–1–801);

''Payments to widows and heirs of deceased Members of Congress (00–0215–0–1–801);

''Pension Benefit Guaranty Corporation Fund (16–4204–0–3–601);

''Salaries of Article III judges;

''Washington Metropolitan Area Transit Authority, interest payments (46–0300–0–1–401);

''(8) the following noncredit special, revolving, or trust-revolving funds:

''Coinage profit fund (20–5811–0–2–803);

''Comptroller of the Currency;

''Director of the Office of Thrift Supervision;

''Exchange Stabilization Fund (20–4444–0–3–155);

''Federal Housing Finance Board;

''Foreign Military Sales trust fund (11–82232–0–7–155);

''National Credit Union Administration, central liquidating facility (25–4470–0–3–373);

''National Credit Union Administration, credit union insurance fund (25–4468–0–3–373);

''National Credit Union Administration operating fund (25–4056–0–3–373); and

''Resolution Trust Corporation Revolving Fund (22–4055–0–3–373);

''(9) Thrift Savings Fund;

''(10) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

''(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

''(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

''(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account;

''(12)(A) FDIC, Bank Insurance Fund (51–4064–0–3–373);

''(B) FDIC, FSLIC Resolution Fund (51–4065–0–3–373); and

''(C) FDIC, Savings Association Insurance Fund (51–4066–0–3–373); and

''(13) Food Stamp Programs (12–3505–0–1–605).

''(c) FEDERAL RETIREMENT AND DISABILITY ACCOUNTS.—The following Federal retirement and disability accounts shall be exempt from reduction under any order issued under this part:

''Civil service retirement and disability fund (24–8135–0–7–602).

''Black Lung Disability Trust Fund (20–8144–0–7–601).

''Foreign Service Retirement and Disability Fund (19–8186–0–7–602).

''District of Columbia Judicial Retirement and Survivors Annuity Fund (20–8212–0–7–602).

''Judicial Survivors' Annuities Fund (10–8110–0–7–602).

''Payments to the Railroad Retirement Accounts (60–0113–0–1–601).

''Tax Court Judges Survivors Annuity Fund (23–8115–0–7–602).

''Employees Life Insurance Fund (24–8424–0–8–602).

''(d) FEDERAL ADMINISTRATIVE EXPENSES.—

''(1) Notwithstanding any provision of law other than paragraph (3), administrative expenses incurred by the departments and agencies, including independent agencies, of the Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to any sequestration order, without regard to any exemption, exception, limitation, or special rule otherwise applicable with respect to such program, project, activity, or account, and regardless of whether the program, project, activity, or account is self-supporting and does not receive appropriations.

''(2) Payments made by the Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Government for purposes of this section, and shall be subject to sequestration to the extent (and only to the extent) that other payments made by the Government under or in connection with that program, project, activity, or account are subject to that reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by that State under or in connection with the unemployment compensation programs specified in subsection (a)(11) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that subsection.

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

''(A) Comptroller of the Currency.

''(B) Federal Deposit Insurance Corporation.

''(C) Office of Thrift Supervision.

''(D) National Credit Union Administration.

''(E) National Credit Union Administration, central liquidity facility.

''(F) Federal Retirement Thrift Investment Board.

''(G) Resolution Funding Corporation.

''(H) Resolution Trust Corporation.

''(I) Board of Governors of the Federal Reserve System.

''(e) VETERANS' PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

''General Post Funds (36–8180–0–7–705).

''Veterans Insurance and Indemnities (36–0120–0–1–701).

''Service-Disabled Veterans Insurance Funds (36–4012–0–701).

''Veterans Reopened Insurance Fund (36–4010–0–3–701).

''Servicemembers' Group Life Insurance Fund (36–4009–0–3–701).

''Post-Vietnam Era Veterans Education Account (36–8133–0–7–702).

''National Service Life Insurance Fund (36–8132–0–7–701).

''United States Government Life Insurance Fund (36–8150–0–7–701).

''Veterans Special Life Insurance Fund (36–8455–0–8–701).

''(f) OPTIONAL EXEMPTION OF DEFENSE AND HOMELAND SECURITY ACCOUNTS.—

''(1) IN GENERAL.—The President may, with respect to any defense or homeland security account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

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

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

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

''SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.

''(a) NATIONAL WOOL ACT AND THE SPECIAL MILK PROGRAM.—Automatic spending increases are increases in outlays due to changes in indexes in the following programs:

''(1) National Wool Act; and

''(2) Special milk program.

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

''(b) THE GUARANTEED STUDENT LOAN PROGRAM.—(1) Any reductions which are required to be achieved from the student loan programs operated pursuant to part B of title IV of the Higher Education Act of 1965 under any sequestration order shall be achieved only from loans described in paragraphs (2) and (3) by the application of the measures described in such paragraphs.

''(2) For any loan made during the period beginning on the date that a sequestration order takes effect with respect to a fiscal year, the rate used in computing the special allowance payment pursuant to section 438(b)(2)(A)(iii) of such Act for each of the first four special allowance payments for such loan shall be adjusted by reducing such rate by the lesser of—

''(A) 0.40 percent, or

''(B) the percentage by which the rate specified in such section exceeds 3 percent.

''(3) For any loan made during the period beginning on the date that a sequestration order takes effect with respect to a fiscal year, the origination fee which is authorized to be collected pursuant to section 438(c)(2) of such Act shall be increased by 0.50 percent.

''(c) FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS.—Any sequestration order shall make the reduction otherwise required under the foster care and adoption assistance programs (established by part E of title IV of the Social Security Act) only with respect to payments and expenditures made by States in which increases in foster care maintenance payment rates or adoption assistance payment rates (or both) are to take effect during the fiscal year involved, and only to the extent that the required reduction can be accomplished by applying a uniform percentage reduction to the Federal matching payments that each such State would otherwise receive under section 474 of that Act (for such fiscal year) for that portion of the State's payments attributable to the increases taking effect during that year. No State's matching payments from the Government for foster care maintenance payments or for adoption assistance maintenance payments may be reduced by a percentage exceeding the applicable domestic sequestration percentage. No State may, after the date of the enactment of this Act, make any change in the timetable for making payments under a State plan approved under part E of title IV of the Social Security Act which has the effect of changing the fiscal year in which expenditures under such part are made.

''(d) LOW-INCOME PROGRAMS.—(1) Benefit payments or payments to States or other entities for the programs listed in paragraph (2) shall not be reduced by more than 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

''(2) The programs referred to in paragraph (1) are the following:

''Child Nutrition (12–3539–0–1–605).

''Grants to States for Medicaid (75–0512–0–1–551).

''State Children's Health Insurance Fund (75–0515–0–1–551).

''Supplemental Security Income Program (75–0406–0–1–609).

''Temporary Assistance for Needy Families (75–1552–0–1–609).

''Special supplemental nutrition program for women, infants, and children (WIC) (12–3510–0–1–605).

''(e) VETERANS' MEDICAL CARE.—The maximum permissible reduction in budget authority for Veterans' medical care (36–0160–0–1–703) for any fiscal year, pursuant to an order issued under section 254, shall be 2 percent.

''(f) FEDERAL RETIREMENT PROGRAMS.—

''(1) For each of the programs listed in paragraph (2) and except as provided in paragraph (3), monthly (or other periodic) benefit payments shall be reduced by the uniform percentage applicable to direct spending sequestrations for such programs, which shall in no case exceed 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January or 7 weeks after the order is issued, whichever is later. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

''(2) The programs subject to paragraph (1) are:

''Central Intelligence Agency Retirement and Disability Fund (56–3400–0–1–054).

''Comptrollers General Retirement System (05–0107–0–1–801)

''Judicial Officers' Retirement Fund (10–8122–0–7–602).

''Claims Judges' Retirement Fund (10–8124–0–7–602).

''Pensions for former Presidents (47–0105–0–1–802).

''National Oceanic and Atmospheric Administration Retirement (13–1450–0–1–306).

''Railroad Industry Pension Fund (60–8011–0–7–601).

''Retired pay, Coast Guard (70–0602–0–1–403).

''Retirement pay and medical benefits for commissioned officers, Public Health Service (75–0379–0–1–551).

''Payments to Civil Service Retirement and Disability Fund (24–0200–0–1–805).

''Payments to the Foreign Service Retirement and Disability Fund (72–1036–0–1–153)

''Payments to Judiciary Trust Funds (10–0941–0–1–752).

''(g) VETERANS PROGRAMS.—To achieve the total percentage reduction required by any order issued under this part, the percentage reduction that shall apply to payments under the following programs shall in no event exceed 2 percent:

''Canteen Service Revolving Fund (36–4014–0–3–705).

''Medical Center Research Organizations (36–4026–0–3–703).

''Disability Compensation Benefits (36–0102–0–1–701).

''Education Benefits (36–0137–0–1–702).

''Vocational Rehabilitation and Employment Benefits (36–0135–0–1–702).

''Pensions Benefits (36–0154–0–1–701).

''Burial Benefits (36–0139–0–1–701).

''Guaranteed Transitional Housing Loans For Homeless Veterans Program Account (36–1119–0–1–704).

''Housing Direct Loan Financing Account (36–4127–0–1–704).

''Housing Guaranteed Loan Financing Account (36–4129–0–3–704).

''Vocational Rehabilitation and Education Direct Loan Financing Account (36–4259–0–3–702).

''(h) MILITARY RETIREMENT.—To achieve the total percentage reduction in military retirement required by any order issued under this part, the percentage reduction that shall apply to payments under the military retirement fund (97–8097–0–7–602) and payments to the military retirement fund (97–0040–0–1–054) shall in no event exceed 2 percent.

''(i) FEDERAL PAY.—

''(1) IN GENERAL.—For purposes of any order issued under section 254, new budget authority to pay Federal personnel shall be reduced by the applicable uniform percentage, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1009 of title 37, United States Code, or any other provision of law.

''(2) DEFINITIONS.—For purposes of this subsection:

''(A) The term 'statutory pay system' shall have the meaning given that term in section 5302(1) of title 5, United States Code.

''(B) The term 'elements of military pay' means—

''(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code,

''(ii) allowances provided members of the uniformed services under sections 403a and 405 of such title, and

''(iii) cadet pay and midshipman pay under section 203(c) of such title.

''(C) The term 'uniformed services' shall have the meaning given that term in section 101(3) of title 37, United States Code.

''(j) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in expenditures under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under such program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

''(k) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly

benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under an order issued under this title by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

''(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1954.

''(l) COMMODITY CREDIT CORPORATION.—

''(1) POWERS AND AUTHORITIES OF THE COMMODITY CREDIT CORPORATION.—This title shall not restrict the Commodity Credit Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

''(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—(A) Payments and loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time any sequestration order has been issued shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after any sequestration order is issued for a fiscal year, any cash payments made by the Commodity Credit Corporation—

''(i) under the terms of any one-year contract entered into in or after such fiscal year and after the issuance of the order; and

''(ii) out of an entitlement account,

to any person (including any producer, lender, or guarantee entity) shall be subject to reduction under the order.

''(B) Each contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of any sequestration order, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for succeeding crops of the commodity, under the authority provided in paragraph (3).

''(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if any sequestration order is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (2) may provide for reductions in outlays for the account involved to occur in the fiscal years following the fiscal year to which the order applies.

''(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) that are required to be made in connection with any sequestration order with respect to a fiscal year—

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

''(B) with respect to commodity price support and income protection programs, shall be made in such manner and under such procedures as will attempt to ensure that—

''(i) uncertainty as to the scope of benefits under any such program is minimized;

''(ii) any instability in market prices for agricultural commodities resulting from the reduction is minimized; and

''(iii) normal production and marketing relationships among agricultural commodities (including both contract and non-contract commodities) are not distorted.

In meeting the criterion set out in clause (iii) of subparagraph (B) of the preceding sentence, the President shall take into consideration that reductions under an order may apply to programs for two or more agricultural commodities that use the same type of production or marketing resources or that are alternative commodities among which a producer could choose in making annual production decisions.

''(5) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this title shall limit or reduce in any way any appropriation that provides the Commodity Credit Corporation with funds to cover the Corporation's net realized losses.

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

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

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

''(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

''(3) Administrative regulations or similar actions implementing a sequestration shall be made within 120 days of the sequestration order. To the extent that formula allocations differ at different levels of budgetary resources within an account, program, project, or activity, the sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

''(4) Except as otherwise provided, obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years.

''(5) If an automatic spending increase is sequestered, the increase (in the applicable index) that was disregarded as a result of that sequestration shall not be taken into account in any subsequent fiscal year.

''(6) Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by amending the item relating to section 256 to read as follows:

''Sec. 256. Exceptions, limitations, and special rules.''.

SEC. 204. POINT OF ORDER.

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

''(g) ENTITLEMENT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

''(1) increases aggregate level of direct spending for any ensuing fiscal year or

''(2) includes any provision that has the effect of modifying the application of section 252A of the Balanced Budget and Emergency Deficit Control Act of 1985 to any entitlement program subject to sequestration or exempt from sequestration under such Act.''.

SEC. 205. TECHNICAL AND CONFORMING AMENDMENTS.

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

(1) Section 251(a)(1) is amended by inserting '', section 252A,'' after ''section 252''.

(2) Section 254(c)(4)(B) is amended by inserting ''or section 252A'' after ''section 252''.

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

''(5) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

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

''(B) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to comply with section 252A.''.

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

''(4) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the direct spending control sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequesterable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear for direct spending programs.''.

(5) Section 258C(a)(1) is amended by inserting '', 252A,'' after ''section 252''.

Subtitle B—Discretionary Spending Limits

SEC. 211. ENFORCING DISCRETIONARY SPENDING LIMITS.

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

''(b) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term 'discretionary spending limit' means with respect to fiscal year 2005: $818,736,000,000 in new budget authority and $901,816,000,000 in outlays.''.

(b) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 (as amended by section 204(a)) is further amended by adding at the end the following new subsection:

''(h) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

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

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

SEC. 212. ANNUAL JOINT RESOLUTION ESTABLISHING DISCRETIONARY SPENDING LIMITS.

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

''ANNUAL JOINT RESOLUTION ESTABLISHING DISCRETIONARY SPENDING LIMITS

''SEC. 317. (a) INTRODUCTION.—Before the close of the second legislative day of the House of Representatives after the date of House passage of a concurrent resolution on the budget, the chairman of the Committee on the Budget of the House shall introduce a joint resolution that amends section 251(b) of the Balanced Budget and Emergency Deficit Control of Act of 1985 to establish a discretionary spending limit for the fiscal year of the concurrent resolution.

''(b) EXPEDITED CONSIDERATION.—For purposes of the consideration of a joint resolution introduced pursuant to subsection (a), the provisions of subsections (c) and (d) of section 1013 (other than subsection (c)(1)(A)) shall be applied by substituting 'joint resolution' and 'Committee on the Budget' for 'bill' and 'Committee on Appropriations', respectively.''.

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 316 the following new item:

''Sec. 317. Annual joint resolution establishing discretionary spending limits.''.

TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.

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

SEC. 301. ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS.

(a) IN GENERAL.—Part B of title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.) is amended by redesignating sections 1013 through 1017 as sections 1014 through 1018, respectively, and by inserting after section 1012 the following new section:

''ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS

''SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any budget authority provided in an appropriation Act that he identifies as wasteful spending. If the President proposes a rescission of budget authority, he may also propose to reduce the appropriate discretionary spending limits for new budget authority and outlays flowing therefrom set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount that does not exceed the amount of the proposed rescission. Funds made available for obligation under this procedure may not be proposed for rescission again under this section.

''(b) TRANSMITTAL OF SPECIAL MESSAGE.—

''(1) The President may transmit to Congress a special message proposing to rescind amounts of budget authority and include with that special message a draft bill that, if enacted, would only rescind that budget authority unless the President also proposes a reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985. That bill shall clearly identify the amount of budget authority that is proposed to be rescinded for each program, project, or activity to which that budget authority relates.

''(2) In the case of an appropriation Act that includes accounts within the jurisdiction of more than one subcommittee of the Committee on Appropriations, the President in proposing to rescind budget authority under this section shall send a separate special message and accompanying draft bill for accounts within the jurisdiction of each subcommittee.

''(3) Each special message shall specify, with respect to the budget authority proposed to be rescinded, the following:

''(A) The amount of budget authority which he proposes to be rescinded.

''(B) Any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved.

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

''(D) To the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission.

''(E) All facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and to the maximum extent practicable, the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority is provided.

''(F) A reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, if proposed by the President.

''(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

''(1)(A) Before the close of the second legislative day of the House of Representatives after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of the House of Representatives shall introduce (by request) the draft bill accompanying that special message. If the bill is not introduced as provided in the preceding sentence, then, on the third legislative day of the House of Representatives after the date of receipt of that special message, any Member of that House may introduce the bill.

''(B) The bill shall be referred to the Committee on Appropriations. The bill shall be reported not later than the seventh legislative day of that House after the date of receipt of that special message. If that committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

''(C) A vote on final passage of the bill shall be taken in the House of Representatives on or before the close of the 10th legislative day of that House after the date of the introduction of the bill in that House. If the bill is passed, the Clerk of the House of Representatives shall cause the bill to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the bill is passed.

''(2)(A) A motion in the House of Representatives to proceed to the consideration of a bill under this section shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

''(B) Debate in the House of Representatives on a bill under this section shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion to further limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this section or to move to reconsider the vote by which the bill is agreed to or disagreed to.

''(C) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

''(D) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any rescission bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

''(3) A bill transmitted to the Senate pursuant to paragraph (1)(D) shall be referred to its Committee on Appropriations. That committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of the Senate after it receives the bill. A committee failing to report the bill within such period shall be automatically discharged from consideration of the bill, and the bill shall be placed upon the appropriate calendar.

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

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

''(C) Debate in the Senate or any debatable motion or appeal in connection with a bill under this section shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control of the passage of a bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

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

''(d) AMENDMENT AND DIVISIONS PROHIBITED.—No amendment to a bill considered under this section shall be in order in either the House of Representatives or the Senate. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole) or in the Senate. No motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to suspend the application of this subsection by unanimous consent.

''(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded in a special message transmitted to Congress under subsection (b) shall be made available for obligation on the day after the date on which either House rejects the bill transmitted with that special message.

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

''(1) The term 'appropriation Act' means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

''(2) The term 'legislative day' means, with respect to either House of Congress, any day of session.

''(3) The term 'rescind' means, with respect to an appropriation Act, to reduce the amount of budget authority appropriated in that Act, and reducing budget authority shall include reducing obligation limitations set forth in that Act.''.

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

(1) in subsection (a), by striking ''and 1017'' and inserting ''1012, and 1017''; and

(2) in subsection (d), by striking ''section 1017'' and inserting ''sections 1012 and 1017''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1011 of the Congressional Budget Act of 1974 (2 U.S.C. 682(5)) is amended by repealing paragraphs (3) and (5) and by redesignating paragraph (4) as paragraph (3).

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

(A) in subsection (b)(1), by striking ''or the reservation''; and

(B) in subsection (e)(1), by striking ''or a reservation'' and by striking ''or each such reservation''.

(3) Section 1015(a) of such Act (2 U.S.C. 686) is amended by striking ''is to establish a reserve or'', by striking ''the establishment of such a reserve or'', and by striking ''reserve or'' each other place it appears.

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

(A) in subsection (a), by striking ''rescission bill introduced with respect to a special message or'';

(B) in subsection (b)(1), by striking ''rescission bill or'', by striking ''bill or'' the second place it appears, by striking ''rescission bill with respect to the same special message or'', and by striking '', and the case may be,'';

(C) in subsection (b)(2), by striking ''bill or'' each place it appears;

(D) in subsection (c), by striking ''rescission'' each place it appears and by striking ''bill or'' each place it appears;

(E) in subsection (d)(1), by striking ''rescission bill or'' and by striking '', and all amendments thereto (in the case of a rescission bill)'';

(F) in subsection (d)(2)—

(i) by striking the first sentence;

(ii) by amending the second sentence to read as follows: ''Debate on any debatable motion or appeal in connection with an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event that the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.'';

(iii) by striking the third sentence; and

(iv) in the fourth sentence, by striking ''rescission bill or'' and by striking ''amendment, debatable motion,'' and by inserting 'debatable motion';

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

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

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

''Sec. 1013. Enhanced consideration of certain proposed rescissions.''.

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

SEC. 311. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established the Commission to Eliminate Waste, Fraud, and Abuse (hereafter in this subtitle referred to as the ''Commission'').

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall consist of 12 members, all of whom shall be appointed by the President not later than 90 days after the date of enactment of this Act.

(2) CHAIRPERSON AND VICE CHAIRPERSON.—The President shall designate a chairperson and vice chairperson from among the members of the Commission.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) MEETINGS.—

(1) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(2) SUBSEQUENT MEETINGS.—The Commission shall meet at the call of the chairperson.

(e) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

SEC. 312. DUTIES OF THE COMMISSION.

(a) DEFINITIONS.—In this section, the following definitions shall apply:

(1) AGENCY.—The term ''agency'' has the meaning given the term ''Executive agency'' under section 105 of title 5, United States Code.

(2) PROGRAM.—The term ''program'' means any activity or function of an agency.

(b) IN GENERAL.—The Commission shall—

(1) evaluate all agencies and programs within those agencies, using the criteria under subsection (c); and

(2) submit to Congress a plan with recommendations of the agencies and programs that should be realigned or eliminated.

(c) CRITERIA.—

(1) DUPLICATIVE.—If 2 or more agencies or programs are performing the same essential function and the function can be consolidated or streamlined into a single agency or program, the Commission shall recommend that the agency or program be realigned.

(2) WASTEFUL OR INEFFICIENT.—The Commission shall recommend the realignment or elimination of any agency or program that has wasted Federal funds by—

(A) egregious spending;

(B) mismanagement of resources and personnel; or

(C) use of such funds for personal benefit or the benefit of a special interest group.

(3) OUTDATED, IRRELEVANT, OR FAILED.—The Commission shall recommend the elimination of any agency or program that—

(A) has completed its intended purpose;

(B) has become irrelevant; or

(C) has failed to meet its objectives.

(d) SYSTEMATIC ASSESSMENT OF PROGRAMS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President shall—

(A) establish a systematic method for assessing the effectiveness and accountability of agency programs; and

(B) submit, to the Commission, assessments of not less than ½ of all programs covered under subsection (b)(1) that use the method established under subparagraph (A).

(2) METHOD OBJECTIVES.—The method established under paragraph (1) shall—

(A) recognize different types of federal programs;

(B) assess programs based primarily on the achievement of performance goals (as defined under section 1115(f)(4) of title 31, United States Code); and

(C) assess programs based in part on the adequacy of the program's performance measures, financial management, and other factors determined by the President.

(3) DEVELOPMENT.—The method established under paragraph (1) shall not be implemented until it has been reviewed and accepted by the Commission.

(4) CONSIDERATION OF ASSESSMENTS.—The Commission shall consider assessments submitted under this subsection when evaluating programs under subsection (b)(1).

(e) COMMON PERFORMANCE MEASURES.—Not later than 1 year after the date of enactment of this Act, the President shall identify common performance measures for programs covered in subsection (b)(1) that have similar functions and, to the extent feasible, provide the Commission with data on such performance measures.

(f) REPORT.—Not later than 2 years after the date of enactment of this Act, the Commission shall submit to the President and Congress a report that includes the plan described under subsection (b)(2), with supporting documentation for all recommendations.

SEC. 313. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission or, at its direction, any subcommittee or member of the Commission, may, for the purpose of carrying out this subtitle—

(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths as any member of the Commission considers advisable;

(2) require, by subpoena or otherwise, the attendance and testimony of such witnesses as any member of the Commission considers advisable; and

(3) require, by subpoena or otherwise, the production of such books, records, correspondence, memoranda, papers, documents, tapes, and other evidentiary materials relating to any matter under investigation by the Commission.

(b) SUBPOENAS.—

(1) ISSUANCE.—Subpoenas issued under subsection (a) shall bear the signature of the chairperson of the Commission and shall be served by any person or class of persons designated by the chairperson for that purpose.

(2) ENFORCEMENT.—In the case of contumacy or failure to obey a subpoena issued under subsection (a), the United States district court for the judicial district in which the subpoenaed person resides, is served, or may be found, may issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt of that court.

(c) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this Act. Upon request of the chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Government.

(e) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 314. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—

(1) NON-FEDERAL MEMBERS.—Except as provided under subsection (b), each member of the Commission who is not an officer or employee of the Government shall not be compensated.

(2) FEDERAL OFFICERS OR EMPLOYEES.—All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—Upon the approval of the chairperson, the executive director may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the maximum rate payable for a position at GS–15 of the General Schedule under section 5332 of such title.

(3) PERSONNEL AS FEDERAL EMPLOYEES.—

(A) IN GENERAL.—The executive director and any personnel of the Commission who are employees shall be employees under section 2105 of title 5, United States Code, for purposes of chapters 63, 81, 83, 84, 85, 87, 89, and 90 of that title.

(B) MEMBERS OF COMMISSION.—Subparagraph (A) shall not be construed to apply to members of the Commission.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 315. TERMINATION OF THE COMMISSION.

The Commission shall terminate 90 days after the date on which the Commission submits its report.

SEC. 316. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary for carrying out this subtitle for each of the fiscal years 2006 through 2008.

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.

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

(1) in section 8331—

(A) in paragraph (17)—

(i) by striking ''normal cost'' and inserting ''normal cost percentage''; and

(ii) by inserting ''and standards (using dynamic assumptions)'' after ''practice'';

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

''(18) 'Fund balance' means the current net assets of the Fund available for payment of benefits, as determined by the Office in accordance with appropriate accounting standards, but does not include any amount attributable to—

''(A) the Federal Employees' Retirement System; or

''(B) contributions made under the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Federal Employees' Retirement System;''

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

''(19) 'accrued liability' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Members, subject to this subchapter, and their survivors, over the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf;''

(D) in paragraph (27) by striking ''and'' at the end;

(E) in paragraph (28) by striking the period at the end and inserting a semicolon; and

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

''(29) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation; and

''(30) 'unfunded liability' means the estimated excess of—

''(A) the actuarial present value of all future benefits payable from the Fund under this subchapter based on the service of current or former employees or Members, over

''(B) the sum of—

''(i) the actuarial present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this chapter pursuant to section 8334;

''(ii) the actuarial present value of the future contributions to be made pursuant to section 8334 with respect to employees and Members currently subject to this subchapter;

''(iii) the Fund balance, as defined in paragraph (18), as of the date the unfunded liability is determined; and

''(iv) any other appropriate amount, as determined by the Office of Personnel Management in accordance with generally accepted actuarial practices and principles.'';

(2) in section 8334—

(A) in subsection (a)(1)—

(i) by striking the last two sentences;

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

(iii) by adding at the end the following new subparagraphs:

''(B) Except as provided in subparagraph (E), each employing agency having any employees or Members subject to subparagraph (A) shall contribute from amounts available for salaries and expenses an amount equal to the sum of—

''(i) the product of—

''(I) the normal cost percentage, as determined for employees (other than employees covered by clause (ii)), multiplied by

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

''(ii) the product of—

''(I) the normal cost percentage, as determined for Members, Congressional employees, law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Capitol Police, nuclear materials couriers, and members of the Supreme Court Police, multiplied by

''(II) the aggregate amount of basic pay payable by the agency for the period involved, to employees and Members (under subclause (I)) who are within such agency.

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

''(D) Contributions under this paragraph shall be paid—

''(i) in the case of law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, from the appropriations or fund used to pay such law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, respectively;

''(ii) in the case of elected officials, from an appropriation or fund available for payment of other salaries of the same office or establishment; and

''(iii) in the case of employees of the legislative branch paid by the Clerk of the House of Representatives, from the contingent fund of the House.

''(E) In the case of the United States Postal Service, the Metropolitan Washington Airports Authority, and the government of the District of Columbia, an amount equal to that withheld under subparagraph (A) shall be contributed from the appropriation or fund used to pay the employee.''; and

(B) in subsection (k)—

(i) in paragraph (1)—

(I) in subparagraph (A) by striking ''the first sentence of subsection (a)(1) of this section'' and inserting ''subsection (a)(1)(A)''; and

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

''(B) the amount of the contribution under subsection (a)(1)(B) shall be the amount which would have been contributed under such subsection if this subsection had not been enacted.''; and

(ii) in paragraph (2)(C)(iii) by striking ''the first sentence of subsection (a)(1)'' and inserting ''subsection (a)(1)(A)''; and

(3) in section 8348—

(A) by repealing subsection (f);

(B) by amending subsection (g) to read as follows:

''(g)(1)(A) Not later than June 30, 2005, the Office of the Actuary shall determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this chapter and make recommendations regarding its liquidation. After considering such recommendations, the Office shall

establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(B) The Office 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(C) The Office 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(D) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System.

''(2) At the beginning of each fiscal year, beginning on October 1, 2005, the Office shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

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

''(A) require the Board of Actuaries of the Civil Service Retirement System to make actuarial determinations and valuations, make recommendations, and maintain records in accordance with section 8347(f); and

''(B) use the latest actuarial determinations and valuations made by such Board of Actuaries.'';

(C) in subsections (h), (i), and (m) by striking ''unfunded'' and inserting ''accrued'' each place it appears; and

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

''(n) Under regulations prescribed by the Office, the head of an agency may request reconsideration of any amount determined to be payable with respect to such agency under section 8334(a)(1)(B)–(D). Any such request shall be referred to the Board of Actuaries of the Civil Service Retirement System. The Board of Actuaries shall review the computations of the Office and may make any adjustment with respect to any such amount which the Board determines appropriate. A determination by the Board of Actuaries under this subsection shall be final.''.

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

(1) in subsection (a)(2) by striking ''section 8422'' and inserting ''section 8422(a)''; and

(2) in subsection (b)(2) by striking ''equal annual installments'' and inserting ''annual installments set in accordance with generally accepted actuarial practices and principles''.

SEC. 402. CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.

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

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

''(5) UNFUNDED LIABILITY.—The term 'unfunded liability' means the estimated excess of—

''(A) the actuarial present value of all future benefits payable from the Fund under title II of this Act based on the service of current or former participants, over

''(B) the sum of—

''(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to title II of this Act pursuant to section 211;

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

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

''(iv) any other appropriate amount, as determined by the Director in accordance with generally accepted actuarial practices and principles.'';

(2) in paragraph (6)—

(A) by striking '' 'normal cost' '' and inserting '' 'normal cost percentage' ''; and

(B) by inserting ''and standards (using dynamic assumptions)'' after ''practice''; and

(3) by adding at the end the following paragraph:

''(10) DYNAMIC ASSUMPTIONS.—The term 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation.''.

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

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

''(2) AGENCY CONTRIBUTIONS.—The Agency shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Central Intelligence Agency Retirement and Disability System by the Director. Contributions under this paragraph shall be paid from amounts available for salaries and expenses.''.

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

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

(2) by inserting after subsection (b) the following new subsections:

''(c)(1) Not later than June 30, 2005, the Director shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this title and make recommendations regarding its liquidation. After considering such recommendations, the Director shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(2) The Director 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) The Director 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement and Disability System.

''(d) At the beginning of each fiscal year, beginning on October 1, 2005, the Director shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under subsection (c). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated. For the purposes of Section 504 of the National Security Act of 1947, this amount shall be considered authorized.''.

(e)(1) Title III of such Act (50 U.S.C. 2151 et seq.) is amended by adding at the end the following new section:

''SEC. 308. FULL FUNDING OF RETIREE COSTS FOR EMPLOYEES DESIGNATED UNDER SECTION 302.

''(a) In addition to other government contributions required by law, the Agency shall contribute to the Civil Service Retirement and Disability fund (hereinafter in this section referred to as the 'Fund') amounts calculated in accordance with section 8423 of title 5, United States Code, based on the projected number of employees to be designated pursuant to section 302 of this Act. In addition, the Agency, in a manner similar to that established for employee contributions to the Fund by section 8422 of title 5, United States Code, will contribute an amount equal to the difference between that which would be contributed by the number of employees projected to be designated under section 302 and the amounts that are actually being deducted and contributed from the basic pay of an equal number of employees pursuant to section 8422. The amounts of the Agency's contributions under this subsection shall be determined by the Director of the Office of Personnel Management, in consultation with the Director, and shall be paid by the Agency from funds available for salaries and expenses. Agency employees designated pursuant to section 302 of this Act shall, commencing with such designation, have deducted from their basic pay the full amount required by section 8422 of title 5, United States Code, and such deductions shall be contributed to the Fund.

''(b)(1) The Director of the Office of Personnel Management, in consultation with the Director, shall determine the total amount of unpaid contributions (government and employee contributions) and interest attributable to the number of individuals employed with the Agency on September 30, 2005, who are projected to be designated under section 302 of this Act, but are not yet designated under that section as of that date. The amount shall be referred to as the section 302 unfunded liability.

''(2) Not later than June 30, 2006, the Director of the Office of Personnel Management, in consultation with the Director, shall establish an amortization schedule, setting forth a series of annual installments commencing September 30, 2006, which provides for the liquidation of the section 302 unfunded liability by September 30, 2013.

''(3) At the end of each fiscal year, beginning on September 30, 2006, the Director shall notify the Secretary of the Treasury of the amount of the annual installment under the amortization schedule established under paragraph (2) of this subsection. Before closing the accounts for that fiscal year, the Secretary shall credit that amount to the

Fund, out of any money in the Treasury of the United States not otherwise appropriated.

''(c) Amounts paid by the Agency pursuant to this section are deemed to be specifically authorized by the Congress for the purposes of section 504 of the National Security Act of 1947.''.

(2) The table of contents of such Act is amended by inserting after the item relating to section 307 the following new item:

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

SEC. 403. FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.

Chapter 8 of title I of the Foreign Service Act of 1980, Public Law 96–465 (22 U.S.C. 4041 et seq.) 94 Stat. 2071, as amended, is further amended—

(1) in section 804 (22 U.S.C. 4044)—

(A) by amending paragraph (5) to read as follows:

''(5) 'normal cost percentage' means the entry-age normal cost computed in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay;'';

(B) by amending paragraph (14) to read as follows:

''(14) 'unfunded liability' means the estimated excess of—

''(A) the actuarial present value of all future benefits payable from the Fund under this part based on the service of current or former participants, over

''(B) the sum of—

''(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to this part pursuant to section 805;

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

''(iii) the Fund balance, as defined in paragraph (7), as of the date the unfunded liability is determined, excluding any amount attributable to the Foreign Service Pension System, or contributions made under the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Foreign Service Pension System; and

''(iv) any other appropriate amount, as determined by the Secretary of the Treasury in accordance with generally accepted actuarial practices and principles.''; and

(C)(i) by striking the period at the end of paragraph (15) and inserting ''; and''; and

(ii) by adding at the end the following new paragraph:

''(16) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation.'';

(2) in section 852 (22 U.S.C. 4071a)—

(A) in paragraph (4)—

(i) by striking ''normal cost'' and inserting ''normal cost percentage''; and

(ii) by striking ''by the Secretary of State'';

(B) in paragraph (7)—

(i) by striking ''supplemental'' and inserting ''unfunded'';

(ii) in subparagraph (B)(i) by striking ''(I)'' and ''and (II) contributions for past civilian and military service''; and

(iii) in subparagraph (B)(ii) by inserting before the semicolon ''with respect to participants currently subject to this part''; and

(C)(i) at the end of paragraph (8) by striking ''and'';

(ii) at the end of paragraph (9) by striking the period and inserting ''; and''; and

(iii) by adding at the end the following new paragraph:

''(10) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

''(A) investment yields;

''(B) increases in rates of basic pay; and

''(C) rates of price inflation.'';

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

(A) by striking the second sentence;

(B) by redesignating that subsection, as so amended, as (a)(1)(A);

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

(D) by inserting after subparagraph (A) the following new subparagraph:

''(B) Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System. Contributions under this subparagraph shall be paid from the appropriations or fund used for payment of the salary of the participant.'';

(E) in subsection (a)(2)(A) by striking ''An equal amount shall be contributed by the Department'' and inserting in its place ''Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System''; and

(F) in subsection (a)(2)(B) by striking ''An equal amount shall be contributed by the Department'' and inserting in its place ''Each employing agency having participants shall contribute to the Fund from amounts available for salaries and expenses the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System'';

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

''Sec. 821. Unfunded Liability.—(a)(1) Not later than June 30, 2005, the Secretary of State shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this subchapter and make recommendations regarding its liquidation. After considering such recommendations, the Secretary of State shall establish an amortization schedule, including a series of annual installments commencing October 1, 2004, which provides for the liquidation of such liability by October 1, 2044.

''(2) The Secretary of State 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) The Secretary of State 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Foreign Service Retirement and Disability System.

''(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary of State shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary of the Treasury shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.'';

(5) in section 857(b)(1) (22 U.S.C. 4071f(b)(1)) by striking ''equal annual installments'' and inserting ''annual installments set in accordance with generally accepted actuarial practices and principles'';

(6) in section 859 (22 U.S.C. 4071h) by adding ''percentage'' after ''normal cost'';

(7) in section 802 (22 U.S.C. 4042) by adding at the end the following: ''The Fund is appropriated for the payment of benefits as provided by this subchapter.''; and

(8) in section 818 (22 U.S.C. 4058) by striking ''System'' and inserting ''Systems under this subchapter''.

SEC. 404. PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM.

(a) In General.—Title II of the Public Health Service Act (42 U.S.C. 202 et seq.) is amended by adding at the end the following new part:

''PART C—PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM

''ESTABLISHMENT AND PURPOSE OF FUND

''Sec. 251. There is established on the books of the Treasury a fund to be known as the Public Health Service Commissioned Corps Retirement Fund (hereinafter in this part referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Health and Human Services for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

''ASSETS OF THE FUND

''Sec. 252. There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

''(1) Amounts paid into the Fund under section 255.

''(2) Any return on investment of the assets of the Fund.

''(3) Amounts transferred into the Fund pursuant to section 404(c) of the Deficit Control Act of 2004.

''PAYMENT FROM THE FUND

''Sec. 253. There shall be paid from the Fund benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

''DETERMINATION OF CONTRIBUTIONS TO THE FUND

''Sec. 254. (a)(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purpose of

section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(2) 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) 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 amortization schedule, including a 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.

''(b) 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 Health and Human Services contributions to be made to the Fund during the fiscal year under section 255(a). That amount shall be the sum of—

''(1) the product of—

''(A) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1) at the time of the most recent actuarial valuation under subsection (c); and

''(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of the Public Health Service on active duty (other than active duty for training); and

''(2) the product of—

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

''(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) expected to be paid during the fiscal year to commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training) who are not otherwise described in subparagraph (A).

''(c) Not less often than every four years thereafter (or by the fiscal year end prior to the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include—

''(1) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers of the Public Health Service on active duty (other than active duty for training); and

''(2) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) of commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full time duty other than for training) who are not otherwise described in paragraph (1).

''(d) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

''(e) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

''PAYMENTS INTO THE FUND

''SEC. 255. (a) From amounts available to the Department of Health and Human Services for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the sum of—

''(1) the product of—

''(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under sections 254(c)(1) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

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

''(2) the product of—

''(A) the level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 254(c)(2) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determinations); and

''(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) accrued for that month by commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training).

''(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

''INVESTMENTS OF ASSETS OF FUND

''SEC. 256. The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.

''IMPLEMENTATION YEAR EXCEPTIONS

''SEC. 257. (a) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in sections 255(a)(1)(A) and 255(a)(2)(A) shall be set equal to those estimates in sections 254(b)(1)(A) and 254(b)(2)(A) if final determinations are not available. The original unfunded liability as defined in section 254(a) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 254(b)(1)(A) and 254(b)(2)(A).''.

(b) CONFORMING AMENDMENTS.—

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

''(e) The Secretary shall condition any detail under subsection (a), (b), or (c) upon the agreement of the executive department, State, subdivision, Committee of the Congress, or institution concerned to pay to the Department of Health and Human Services, in advance or by way of reimbursement, for the full cost of the detail including that portion of the contributions under section 255(a) that is attributable to the detailed personnel.''.

(2) EXEMPTION FROM SEQUESTRATION.—Section 255(g)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)) is amended—

(A) in subparagraph (A), by inserting after the item relating to ''payment to the foreign service retirement and disability fund'' the following item: ''Payment to the Public Health Service Commissioned Corps Retirement Fund (75–0380–0–1–551);''; and

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

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 251 of the Public Health Service Act, as added by subsection (a), any obligated or unobligated balances of appropriations made to the Department of Health and Human Services that are currently available for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of title II of the Public Health Service Act, and amounts so transferred shall be part of the assets of the Fund.

SEC. 405. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION COMMISSIONED OFFICER CORPS RETIREMENT SYSTEM.

(a) IN GENERAL.—The National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107–372) is amended by inserting after section 246 (33 U.S.C. 3046) the following new section:

''SEC. 246A. (a) ESTABLISHMENT AND PURPOSE OF NOAA COMMISSIONED OFFICER CORPS RETIREMENT FUND.—(1) There is established on the books of the Treasury a fund to be known as the National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund (hereinafter in this section referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Commerce under military retirement and survivor benefit programs for the commissioned officers corps.

''(2) The term 'military retirement and survivor benefit program' means—

''(A) the provisions of this title and title 10, United States Code, creating entitlement to, or determining, the amount of retired pay;

''(B) the programs under the jurisdiction of the Department of Defense providing annuities for survivors and members and former members of the Armed Forces, including chapter 73 of title 10, section 4 of Public Law 92–425, and section 5 of Public Law 96–202, as made applicable to the commissioned officer corps by section 261.

''(b) ASSETS OF THE FUND.—There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

''(1) Amounts paid into the Fund under subsection (e).

''(2) Any return on investment of the assets of the Fund.

''(3) Amounts transferred into the Fund pursuant to section 405(c) of the Deficit Control Act of 2004.

''(c) PAYMENTS FROM THE FUND.—There shall be paid from the Fund benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the commissioned officer corps and their survivors.

''(d) DETERMINATION OF CONTRIBUTIONS TO THE FUND.—(1)(A) Not later than June 30, 2004, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purpose of this title. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 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 under subsection (e) at the time of the most recent actuarial valuation under paragraph (3); and

''(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of NOAA on active duty.

''(3) Not less often then every four years (or by the fiscal year end before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers on active duty.

''(4) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices, and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

''(5) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

''(e) PAYMENTS INTO THE FUND.—(1) From amounts appropriated to the National Oceanic Atmospheric Administration for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the product of—

''(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under subsection (d) (except that any statutory change affecting benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors that is effective date after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

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

''(2)(A) At the beginning of each fiscal year, the Secretary shall determine the sum of—

''(i) the amount of the payment for that year under the amortization of the original unfunded liability of the Fund;

''(ii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization of any cumulative actuarial gain or loss to the Fund, resulting from changes in benefits; and

''(iii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization or any cumulative actuarial gain or loss to the Fund resulting from changes in actuarial assumptions and from experience different from the assumed since the last valuation.

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

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

''(f) INVESTMENT OF ASSETS OF THE FUND.—The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income of such investments shall be credited to and form a part of the Fund.

''(g) IMPLEMENTATION YEAR EXCEPTIONS.—(1) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in subsection (e)(1)(A) shall be set equal to the estimate in subsection (d)(2)(A) if final determinations are not available. The original unfunded liability as determined in subsection (d)(1) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in subsection (d)(2)(A).''.

(b) EXEMPTION FROM SEQUESTRATION.—Section 255(g)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(B)) is amended by striking ''National Oceanic and Atmospheric Administration retirement (13–1450–0–1–306);'' and inserting ''National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund;''.

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 246A(a) of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107–372, as added by subsection (a)), any obligated and unobligated balance of appropriations made to the Department of Commerce that are available as of the date of the enactment of this Act for benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the NOAA Commissioned Officer Corps and to their survivors, and amounts so transferred shall be part of the assets of the Fund, effective October 1, 2006.

(d) EFFECTIVE DATE.—Subsection (c) (relating to payments from the Fund) and (e) (relating to payments into the Fund) of section 246A of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107–372, as added by subsection (a)), shall take effect on October 1, 2006.

SEC. 406. COAST GUARD MILITARY RETIREMENT SYSTEM.

(a) ACCRUAL FUNDING FOR COAST GUARD RETIREMENT.—

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

''SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

''§ 441. Establishment and purpose of Fund; definitions

''(a) ESTABLISHMENT OF FUND; PURPOSE.—There is established on the books of the Treasury a fund to be known as the Coast Guard Military Retirement Fund (hereinafter in this subchapter referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulations of funds in order to finance on an actuarially sound basis liabilities of the Coast Guard under military retirement and survivor benefit programs.

''(b) MILITARY RETIREMENT AND SURVIVOR BENEFIT PROGRAMS DEFINED.—In this subchapter, the term 'military retirement and survivor benefit programs' means—

''(1) the provisions of this title and title 10 creating entitlement to, or determining the amount of, retired pay;

''(2) the programs providing annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92–425, and section 5 of Public Law 96–402; and

''(3) the authority provided in section 1048(h) of title 10.

''(c) SECRETARY DEFINED.—In this subchapter, the term 'Secretary' means the Secretary of Homeland Security when the Coast Guard is not operating as a service in the Navy and the Secretary of Defense when the Coast Guard is operating as a service in the Navy.

''§ 442. Assets of the Fund

''There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

''(1) Amounts paid into the Fund under section 445 of this title.

''(2) Any return on investment of the assets of the Fund.

''(3) Amounts transferred into the Fund pursuant to section 406(d) of the Deficit Control Act of 2004.

''§ 443. Payments from the Fund

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

''(1) Retired pay payable to persons on the retired list of the Coast Guard.

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

''(3) Benefits payable under programs that provide annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92–425, and section 5 of Public Law 96–402.

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

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

''§ 444. Determination of contributions to the Fund

''(a) INITIAL UNFUNDED LIABILITY.—(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purposes of section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

''(2) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each 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 October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

''(3) 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 amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

''(b) ANNUAL CONTRIBUTIONS FOR CURRENT SERVICES.—(1) 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 Homeland Security, or Department of Defense, contributions to be made to the Fund during that fiscal year under section 445(a) of this title. That amount shall be the sum of the following:

''(A) The product of—

''(i) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1)(A) at the time of the most recent actuarial valuation under subsection (c); and

''(ii) the total amount of basic pay expected to be paid during that fiscal year to members of the Coast Guard on active duty (other than active duty for training).

''(B) The product of—

''(i) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) to be determined under subsection (c)(1)(B) at the time of the most recent actuarial valuation under subsection (c); and

''(ii) the total amount of basic pay and compensation (paid pursuant to section 206 of title 37) expected to be paid during that fiscal year to members of the Coast Guard Ready Reserve (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A)(ii).

''(2) The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Homeland Security for that fiscal year for payments to be made to the Fund during that year under section 445(a) of this title. The President shall include not less than the full amount so determined in the budget transmitted to Congress for that fiscal year under section 1105 of title 31. The President may comment and make recommendations concerning any such amount.

''(c) PERIODIC ACTUARIAL VALUATIONS.—(1) Not less often than every four years (or before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to members of the Coast Guard or their survivors), the Secretary shall carry out an actuarial valuation of the Coast Guard military retirement and survivor benefit programs. Each actuarial valuation of such programs shall be signed by an enrolled actuary and shall include—

''(A) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for members of the Coast Guard on active duty (other than active duty for training); and

''(B) a determination (using the aggregate entry-age normal cost method) of single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) for members of the Ready Reserve of the Coast Guard (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A).

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

''(d) USE OF GENERALLY ACCEPTED ACTUARIAL PRINCIPLES AND PRACTICES.—All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

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

''§ 445. Payments into the Fund

''(a) MONTHLY ACCRUAL CHARGE FOR CURRENT SERVICES.—From amounts appropriated to the Coast Guard for salaries and expenses, the Secretary shall pay into the Fund at the end of each month as the Department of Homeland Security, or Department of Defense, contribution to the Fund for that month the amount that is the sum of the following:

''(1) The product of—

''(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(A) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

''(B) the total amount of basic pay accrued for that month by members of the Coast Guard on active duty (other than active duty for training).

''(2) The product of—

''(A) the level percentage of basic pay and compensation (accrued pursuant to section 206 of title 37) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(B) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

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

''(b) ANNUAL PAYMENT FOR UNFUNDED LIABILITIES.—(1) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

''§ 446. Investment of assets of the Fund

''The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.''.

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

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

''SUBCHAPTER I—OFFICERS'';

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

''SUBCHAPTER II—ENLISTED MEMBERS'';

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

''SUBCHAPTER III—GENERAL PROVISIONS'';

and

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

''SUBCHAPTER IV—SPECIAL PROVISIONS''.

(3) CLERICAL AMENDMENTS.—The table of sections at the beginning of such chapter is amended—

(A) by striking ''OFFICERS'' at the beginning of the table and inserting ''SUBCHAPTER I—OFFICERS'';

(B) by striking ''ENLISTED MEMBERS'' after the item relating to section 336 and inserting ''SUBCHAPTER II—ENLISTED MEMBERS'';

(C) by striking ''GENERAL PROVISIONS'' after the item relating to section 373 and inserting ''SUBCHAPTER III—GENERAL PROVISIONS'';

(D) by striking ''SPECIAL PROVISIONS'' after the item relating to section 425 and inserting ''SUBCHAPTER IV—SPECIAL PROVISIONS''; and

(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.''.

(b) IMPLEMENTATION YEAR EXCEPTIONS.—To avoid funding shortfalls in the first year of implementation of subchapter V of chapter 11 of title 14, United States Code, as added by subsection (a), if formal actuarial determinations are not available in time for budget preparation, the amounts used in the first year under sections 445(a)(1)(A) and 445(a)(2)(A) of such title shall be set equal to those estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i), respectively, of such title if final determinations are not available. The original unfunded liability, as defined in section 444(a) of such title, shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i) of such title.

(c) CONFORMING AMENDMENT.—Subparagraph (B) of section 255(g)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)) is amended by striking ''Retired Pay, Coast Guard (69–0241–0–1–403)'' and inserting ''Coast Guard Military Retirement Fund (69–0241–01–403)''.

(d) TRANSFER OF EXISTING BALANCES.—

(1) TRANSFER.—There shall be transferred into the Fund on October 1, 2005, any obligated and unobligated balances of appropriations made to the Department of Homeland Security that are currently available for retired pay, and amounts so transferred shall be part of the assets of the Fund.

(2) FUND DEFINED.—For purposes of paragraph (1), the term ''Fund'' means the Coast Guard Military Retirement Fund established under section 441 of title 14, United States Code, as added by subsection (a).

(e) EFFECTIVE DATE.—Sections 443 (relating to payments from the Fund) and 445 (relating to payments into the Fund) of title 14, United States Code, as added by subsection (a), shall take effect on October 1, 2005.

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

SEC. 411. FEDERAL EMPLOYEES HEALTH BENEFITS FUND.

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

(1) by redesignating subsection (c) as subsection (c)(1) and by adding at the end the following new paragraphs:

''(2) In addition to Government contributions required by subsection (b) and paragraph (1), each employing agency shall contribute amounts as determined by the Office to be necessary to prefund the accruing actuarial cost of post-retirement health benefits for each of the agency's current employees who are eligible for Government contributions under this section. Amounts under this paragraph shall be paid by the employing agency separate from other contributions under this section, from the appropriations or fund used for payment of the salary of the employee, on a schedule to be determined by the Office.

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

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

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

(b) Section 8909 of title 5, United States Code, is amended by adding at the end the following new subsection:

''(h)(1) Not later than June 30, 2006, the Office shall determine the existing liability of the Fund for post-retirement health benefits, excluding the liability of the United States Postal Service for service under section 8906(g)(2), under this chapter as of September 30, 2006. The Office shall establish an amortization schedule, including a series of annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.

''(2) At the close of each fiscal year, for fiscal years beginning after September 30, 2005, the Office shall determine the supplemental liability of the Fund for post-retirement health benefits, excluding the liability attributable to the United States Postal Service for service subject to section 8906(g)(2), and shall establish an amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for liquidation of such supplemental liability over 30 years.

''(3) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles.

''(4) At the end of each fiscal year on and after September 30, 2006, the Office shall notify the Secretary of the Treasury of the amounts of the next installments under the most recent amortization schedules established under paragraphs (1) and (2). Before closing the accounts for the fiscal year, the Secretary shall credit the sum of these amounts (including in that sum any negative amount for the amortization of the supplemental liability) to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

''(5) For the purpose of carrying out paragraphs (1) and (2), the Office shall perform or arrange for actuarial determinations and valuations and shall prescribe retention of such records as it considers necessary for making periodic actuarial valuations of the Fund.

''(6) Notwithstanding subsection (b), the amounts deposited into the Fund pursuant to this subsection and section 8906(c)(2) to prefund post-retirement health benefits costs shall be segregated within the Fund so that such amounts, as well as earnings and proceeds under subsection (c) attributable to them, may be used exclusively for the purpose of paying Government contributions for post-retirement health benefits costs. When such amounts are used in combination with amounts withheld from annuitants to pay for health benefits, a portion of the contributions shall then be set aside in the Fund as described in subsection (b).

''(7) Under this subsection, 'supplemental liability' means—

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

''(B) the sum of—

''(i) the actuarial present value of all future contributions by agencies and annuitants to the Fund toward those benefits pursuant to section 8906;

''(ii) the present value of all scheduled amortization payments to the Fund pursuant to paragraphs (1) and (2);

''(iii) the Fund balance as of the date the supplemental liability is determined, to the extent that such balance is attributable to post-retirement benefits; and

''(iv) any other appropriate amount, as determined by the Office in accordance with generally accepted actuarial practices and principles.''.

SEC. 412. FUNDING UNIFORMED SERVICES HEALTH BENEFITS FOR ALL RETIREES.

Title 10, United States Code, is amended—

(1) in the title of chapter 56, by striking ''**DEPARTMENT OF DEFENSE MEDICARE-ELIGIBLE**'' and inserting ''**UNIFORMED SERVICES**'';

(2) in section 1111—

(A) in subsection (a)—

(i) by striking ''Department of Defense Medicare-Eligible'' and inserting ''Uniformed Services'';

(ii) by striking ''Department of Defense under''; and

(iii) by striking ''for medicare-eligible beneficiaries'';

(B) in subsection (c)—

(i) by striking ''The Secretary of Defense may'' and inserting ''The Secretary of Defense shall'';

(ii) by striking ''with any other'' and inserting ''with each'';

(iii) by striking ''Any such agreement'' and inserting ''Such agreements''; and

(iv) by striking ''administering Secretary may'' and inserting ''administrative Secretary shall'';

(3) in section 1113—

(A) in subsection (a)—

(i) by striking ''and are medicare eligible'';

(ii) by striking ''who are medicare eligible''; and

(iii) by adding at the end the following new sentence: ''For the fiscal year starting October 1, 2004, only, the payments will be solely for the costs of members or former members of a uniformed service who are entitled to retired or retainer pay and are medicare-eligible, and eligible dependents or survivors who are medicare-eligible.'';

(B) in subsection (c)(1), by striking ''who are medicare-eligible'';

(C) in subsection (d), by striking ''who are medicare-eligible''; and

(D) in subsection (f), by striking ''If'' and inserting ''When'';

(4) in section 1114, in subsection (a)(1), by striking ''Department of Defense Medicare-Eligible'' and inserting ''Uniformed Services'';

(5) in section 1115—

(A) in subsection (b)(2), by striking ''The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Defense (or to the other executive department having jurisdiction over the participating uniformed service)'' and inserting ''The amount determined under paragraph (1), or the amount determined under section 1111(c) for a participating uniformed service, for any fiscal year, is the amount needed to be appropriated to the Department of Defense (or to any other executive department having jurisdiction over a participating uniformed service)'';

(B) in subsection (c)(2), by striking ''for medicare eligible beneficiaries''; and

(C) by adding at the end the following new subsection:

''(f) For the fiscal year starting October 1, 2004, only, the amounts in this section shall be based solely on the costs of medicare-eligible benefits of beneficiaries and the costs for their eligible dependents or survivors who are medicare-eligible, and shall be recalculated thereafter to reflect the cost of beneficiaries defined in section 1111.''; and

(6) in section 1116—

(A) in subsection (a)(1)(A), by striking ''for medicare-eligible beneficiaries'';

(B) in subsection (a)(2)(A), by striking ''for medicare-eligible beneficiaries''; and

(C) in subsection (c), by striking ''subsection (a) shall be paid from funds available

for the health care programs'' and inserting ''subsection (a) and section 1111(c) shall be paid from funds available for the pay of members of the participating uniformed services under the jurisdiction of the respective administering secretaries''.

SEC. 413. EFFECTIVE DATE.

Except as otherwise provided, this title shall take effect upon enactment with respect to fiscal years beginning after 2005.

''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.''.

Subtitle C—Limit on the Public Debt

SEC. 421. LIMIT ON PUBLIC DEBT.

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

''§ 3101. Public debt limit

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

''(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury and intragovernmental holdings) may not be more than $4,393,000,000,000 outstanding at one time, subject to changes periodically made in that amount as provided by law.

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

''(1) the original issue price of the obligation, plus

''(2) the portion of the discount on the obligation attributable to periods before the beginning of such month (as determined under the principles of section 1272(a) of the Internal Revenue Code of 1986 without regard to any exceptions contained in paragraph (2) of such section).

''(d) For purposes of this section, the term 'intragovernment holding' is any obligation issued by the Secretary of the Treasury to any Federal trust fund or Government account, whether in respect of public money, money otherwise required to be deposited in the Treasury, or amounts appropriated.''.

TITLE V—PAYGO EXTENSION

SEC. 501. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.

(a) PURPOSE.—Section 252(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

''(a) PURPOSE.—The purpose of this section is to assure that any legislation that is enacted before October 1, 2007, that causes a net increase in direct spending will trigger an offsetting sequestration.''.

(b) TIMING.—Section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''any net deficit increase'' and all that follows through ''2002,'' and by inserting ''any net increase in direct spending enacted before October 1, 2007,''.

(c) CALCULATION OF DIRECT SPENDING INCREASE.—Section 252(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking ''deficit'' the first place it appears and inserting ''direct spending'';

(2) in subparagraph (A) by striking ''and receipts'';

(3) in subparagraph (C) by striking ''and receipts''; and

(4) by amending the heading to read as follows: ''CALCULATION OF DIRECT SPENDING INCREASE.—''.

(d) CONFORMING AMENDMENTS.—(1) The heading of section 252(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows: ''ELIMINATING A DIRECT SPENDING INCREASE.—''.

(2) Paragraphs (1), (2), and (4) of section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking ''or receipts'' each place it appears.

(3) Section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking ''or receipts'' and by striking '', outlays, and receipts'' and inserting ''and outlays''.

(4) Section 254(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(A) in subparagraph (A) by striking ''net deficit increase or decrease'' and by inserting ''net increase or decrease in direct spending'';

(B) in subparagraph (B) by striking ''amount of deficit increase or decrease'' and by inserting ''increase or decrease in direct spending''; and

(C) in subparagraph (C) by striking ''a deficit increase'' and by inserting ''an increase in direct spending''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Illinois (Mr. KIRK) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Illinois (Mr. KIRK).

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I urge support for the Republican Consensus Budget Substitute. In sum, the consensus substitute saves $445 billion to help protect Social Security and Medicare.

This substitute includes 10 consensus principles that help restrain spending and make it difficult to create new government programs. It represents the work of the Conservative Republican Study Committee and the Moderate Republican Tuesday Group to put spending restraint as a core value of this Congress.

We know that Medicare's unfunded liability is in the red $21 trillion. We know that Social Security's unfunded liability is in the red $10 trillion. In just 5 years, the first baby boomers will start collecting Social Security checks. The number of people collecting Social Security checks will then climb from 40 million Americans to 80 million Americans. To honor our commitment to Social Security and Medicare, we must restrain spending on other programs. Our substitute would cut the growth of other entitlement programs by $445 billion, saving that to meet our Social Security and Medicare commitments.

Now, the Federal Government has made two important promises to the American people: one, to provide for the common defense; and, two, to ensure some retirement security. To honor those expensive financial commitments, we must hold back spending on other programs to keep those promises. In this substitute, we do some things, and we do not do other things. We do not cut Social Security and Medicare. We do honor our commitment to America's retirement security.

And we have other reforms. Ten reforms. They are: a rainy day fund for emergencies, so that we stop our process of emergency appropriations outside the budget.

We have baselines without automatic spending increase inflation adjustments, to begin to slow down the process of spending.

We have annual caps to make sure that we can keep track of the actual budget targets we set.

We have spending controls, automatic reductions, in non-Social Security, non-Medicare accounts to make sure that a budget we pass is one that we actually keep.

We keep promises to seniors by ensuring that Social Security and Medicare are not cut and have additional resources at the government's command to make sure that those programs are strengthened.

We have enhanced rescission protections to make sure that the President would be able to eliminate pork barrel spending projects, like greenhouses in Iowa.

We would be able to also focus on government inefficiencies with a new bipartisan commission.

We would be able to have proper accounting of long-term liability through accrual accounting.

We also have a clear showing of the Federal debt through more transparent reforms.

And, lastly, we maintain our fiscal discipline by making sure pay-as-you-go rules apply to entitlement spending.

Now, many criticize this effort, because while we do not touch Social Security or Medicare, we do hold other spending to the rate of inflation. Some say we must allow government spending to grow much faster than inflation. But if spending grows faster than taxes, we will run out of money; and every senior knows that.

Even Senator KERRY does not agree with the Center on Budget and Policy Priorities. They say that we cannot slow health care costs. But Senator KERRY disagrees. And in his latest TV ad he says the following, and I quote: ''We spend about $1.5 trillion every year on health care in America. $350 billion of that has nothing to do with care. It is all paperwork. We will literally save billions of dollars in health care costs in America by becoming more streamlined and more efficient.'' And he could not be more right.

Ask your seniors a question: Should we cut other entitlement programs so that $445 billion can go to protect Social Security and Medicare? Our seniors are savvy citizens. They know that spending in other programs threatens the long-term future of Social Security and Medicare, and they know that the retirement of the baby boom means that we will need to cut other programs to protect Social Security and Medicare.

Mr. Chairman, I urge adoption of the substitute.

Mr. Chairman, I reserve the balance of my time.

Mr. NUSSLE. Mr. Chairman, I claim the time in opposition, and I ask unanimous consent that half of that time be yielded to the gentleman from South Carolina (Mr. SPRATT).

The CHAIRMAN pro tempore. Without objection, the gentleman from South Carolina (Mr. SPRATT) and the gentleman from Iowa (Mr. NUSSLE) each will control 7½ minutes.

There was no objection.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Iowa (Mr. NUSSLE).

Mr. NUSSLE. Mr. Chairman, I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the Kirk substitute is Hensarling light, just as objectionable for most of the same reasons, only less so.

He just put up his sign over there which said it would save $445 billion and which could be spent on Medicare and Social Security. That is the estimated savings produced by the Center on Budget and Policy Priorities. The gentleman from Illinois (Mr. KIRK) just said they are wrong, and yet he was holding up a sign indicating that the savings that he would accomplish are just what they indicated they would be.

□ 2245

So he saves $445 billion for Medicare but he gets it by taking $175 billion out of Medicaid, $50 billion out of Federal civil service retirement and disability, $28 billion out of military retirement, $22 billion out of veterans' benefits, on down the list. That is how that $445 billion adds up. He limits the safety net programs to 2 percent. It is true, he picks out some programs that are sensitive, we might call them safety net programs, and he provides they will not be cut more than 2 percent, another difference between him and the gentleman from Texas.

But this provision means that other programs are not deemed to be sensitive and they include child care payments, price supports, farm price supports, crop insurance, TRICARE military health benefits, among others; these face unlimited cuts, larger cuts because the other programs are shielded. These cuts could reach 43 percent by 2014 based on current projections according to the Center on Budget and Policy Priorities.

So this particular substitute is just as bad, only not in dollar terms quite as great, it is just as flawed, has just as many anomalies in it, and for the same reason should be rejected by everyone in this House.

Mr. Chairman, I reserve the balance of my time.

Mr. KIRK. Mr. Chairman, I yield 4 minutes to the gentleman from Delaware (Mr. CASTLE), the chairman of the moderate Republican Tuesday Group.

Mr. CASTLE. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in support of the Kirk substitute and encourage my colleagues to support this compromise approach. I know this is ancient history, but in the 1970s, my home State of Delaware struggled greatly. I know it is a small State, but we were not balancing budgets, we were borrowing money and had the highest tax rate in the United States of America, a 19.8 percent personal income tax rate. In an effort to rectify the situation, the business community got together with then Governor Pete DuPont and decided they had to make procedural changes. These changes included rainy day funds, other set-asides, estimates of revenues, and procedures.

These have been in place, and enforced, since then, resulting in a balanced budget every year. In my opinion, the fact that Delaware has a strongly enforced process has led us to have one of the healthiest economic reports of any State in the country. I am particularly pleased that this substitute includes some of the specific provisions that made such a difference in the State of Delaware.

But as we all know, the existence of process is not enough. It must be enforced. I believe we can all agree on that. At the Federal Government level, we see a great deal of unenforced process when it comes to budgets and appropriations. This leads one to often wonder why we bother doing it. We can do something about this. Enforced process could make a vast difference, not necessarily in balancing the budget but in the reliability of our process. Oversight is also imperative in the enforcement of the process, something I would argue that is not done well in the Congress of the United States.

Finally, any measure of reforming the budget process should improve the transparency of our practice. Our procedure should empower Americans to hold us accountable for our choices. Eliminating structural impediments and obvious loopholes in the process would be a great step in this direction and could improve our ability to pass a budget resolution and individual appropriations bills.

Months ago, the gentleman from Illinois and I got together in an attempt to develop a package that represented a host of balanced approaches to restrain spending and control deficits, including process, oversight, enforcement and transparency. I would like to only highlight a couple of the provisions in the substitute.

We recognized that it was important to create a bipartisan congressional commission to identify wasteful spending and the Kirk substitute includes such a demand on our oversight responsibilities. As we work to get our financial House in order, we must be willing to identify where we are wasting money. While we do have a number of mechanisms at the Federal level to study the effectiveness and efficiency of programs, I do believe we should be paying more attention to wasteful spending each budget cycle.

Today's substitute also addresses PAYGO. I support full PAYGO and believe that both revenues and spending should be included. I have long been arguing that to truly balance our budget everything really should be on the table. I recognize, however, that compromise is a necessity in Congress; without it we can debate ourselves silly, but in the end it is compromise that moves this country forward. For that reason, I support today's substitute despite the fact that it is not full PAYGO.

In an effort to ensure we are abiding by PAYGO rules, today's substitute includes automatic sequesters. This is difficult to swallow, and most of us would never want a sequester triggered. It is, however, necessary to establish boundaries. Unfortunately, many guidelines we have used to control spending and reduce deficits have been and continue to be circumvented. The automatic sequester will require us to live within the guidelines we have set for ourselves, ultimately helping to balance our country's budget.

The Kirk substitute takes a very balanced approach to meeting in the middle. I am in full support of this substitute and encourage its passage.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I have a lot of respect for the sponsor of this amendment and the gentleman who just spoke, but let me make it very clear. There is nothing moderate about this proposal. Not to be too graphic, but imagine going to the deli. The person puts that little ham or turkey up there and an automatic slicer starts going. Just imagine further that the slicer keeps going until the hand goes into the slicer, up to the wrist, up to the forearm. Not a pretty picture.

This is the budget equivalent that is created in this bill. It puts automatic cuts in place by a process and then those cuts cut and they cut. They cut the fat, they cut the skin, they cut the meat, they cut the bone. They cut and they cut and they cut.

Entitlement caps under this proposal would devastate so many programs: Medicaid, medical assistance to the poor, estimated cut at $175 billion. The President of the American Legion has written to express his profound concern about entitlement caps, as well he should because the projected cuts of the Kirk proposal, $28 military retirement and disability, $22 billion veterans' benefits, TRICARE for life, $6 billion.

We also see student loans once again taking a hit. They also hard freeze other programs, discretionary programs, no inflation. That means again put the automatic slicer in place and the cuts start happening. The cuts

under that proposal alone on discretionary programs would take, as a proportion of the Federal Government discretionary program, spending down to a level not seen since Herbert Hoover was President. Herbert Hoover was a Republican. And he was the last Republican other than the existing President to have a job loss under their administration.

It appears that this is no accident. Herbert Hoover seems to be someone that they aspire to, because this economic plan takes the Federal Government to the days of Herbert Hoover. There is nothing moderate about it. Reject it.

Mr. KIRK. Mr. Chairman, I yield 1 minute to the gentlewoman from Pennsylvania (Ms. HART).

Ms. HART. Mr. Chairman, I thank the gentleman from Illinois for yielding time. The facts are simple. When we look at the facts, we see that our spending here in the Federal Government has increased by significantly more from year to year in the last 4 years than has the family budget. If we are spending more from year to year than families are earning from year to year, I think it is obvious that we are taking too much money from the general public. It is important for us to live within our means like they have to do.

This amendment that the gentleman from Illinois has offered will help us do that. It sets caps. It forces us to keep within the budget that we state that we will keep within. It is that simple. It is an enforcement mechanism. It forces us to identify waste. It forces us to eliminate waste. Clearly we have not done that if we look at the chart.

What is also important about this amendment is that it protects Social Security and Medicare, so our seniors will not lose. It is important for us to live within a budget. It is important for us to protect our seniors. I urge support of the Kirk amendment.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, how nice it would be if we could come up with a magic bullet to all of a sudden fix our fiscal crisis, but it is not that easy. It certainly is not going to be fixed by radical proposals like this. I say radical because this would cut spending in domestic discretionary programs, including defense. In fact, defense would be cut by $1.1 trillion, it is estimated, over the next decade. We could go down a long list of programs that would be deeply cut, but really what is at stake here is a fundamental philosophy. The proposal as most of the other proposals, in fact, I think all of the amendments and substitutes tonight, would exempt tax cuts. We exempt tax cuts because we do not want to hurt the most affluent people in this country.

The richer you are, the more benefit you get from tax cuts. But the poorer you are, the more dependent you are upon entitlement programs, Medicare, Medicaid, food stamps, child nutrition, foster care, disability payments, veterans' benefits. Those go to people who need help, to enable us to have a civil society in this country, not a survival of the fittest.

Some people are not born into wealth. Some people have disabilities. Some people suffer all their lives through the accident of birth. Yet what we would do with these proposals to try to balance the budget is to afford the tax cuts by taking the money away from the people who need it the most. We will take it from Medicaid, we will take it from student loans, we will take it from child nutrition, from food stamps. To heck with them. Veterans. They are out there risking their lives for us and most of them are not the children of affluent and middle-class families.

This is a perverse budget amendment as have been the other substitutes. It is a simplistic proposal that ought to be soundly defeated. I urge defeat of this substitute amendment.

Mr. SPRATT. Mr. Chairman, I yield myself the balance of my time.

My good friend, the gentleman from Illinois, comes to the floor and he acknowledges, he touts this amendment as requiring cuts that equal $445 billion over the next 10 years in entitlement programs, except for Social Security and Medicare, but they come out of Medicaid and Federal civil service retirement and military retirement and family support and TRICARE for life.

The list goes on and on. He acknowledges that these programs will be cut by $445 billion. But he holds up the sign and says, but look, this money can be used to shore up Medicare and Social Security. But I defy you to read this substitute and find in it one line, one word, anything that will say that these savings must go to Social Security or Medicare. More likely than not, they will be used to offset tax cuts, maybe to offset the deficit but unlikely they will go to Social Security and Medicare. So what we have here is an across-the-board entitlement cap proposal that by the author's own acknowledgment will cut key programs by a substantial amount. It does protect some, limiting the cuts to 2 percent. But by limiting the cuts in some to 2 percent, the Center on Budget and Policy Priorities makes it clear that this provision means that other programs, child care payments, farm price supports, crop insurance, TRICARE military benefits, face unlimited cuts that could reach 43 percent by 2014.

Unless you want to vote for this kind of Draconian budget, vote against the Kirk amendment.

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume. We have an argument here. One side urges spending restraint and the other side urges higher taxes. I lean toward spending restraint and believe that Americans are taxed enough. This Congress was run by the other party in the 1980s and we raised taxes back then. But spending went up even faster than we raised taxes. We remember in the 1980s that for every $1 in taxes raised, the Congress lifted spending by $1.24. Therefore, taxes went up and so did the deficit.

Ask your seniors this question. Should we cut other programs to make sure that we have $445 billion to help protect Social Security? The gentleman asks, what commitment is there by the United States Government to make sure that these savings go to Social Security and Medicare? As I referred to in my opening, we have an unfunded liability in Medicare of $21 trillion, and we have an unfunded liability in Social Security of $10 trillion. There is a sacred bond and a piece of paper from the Treasury Department to the Social Security Administration that says that the American taxpayer will honor these debts.

□ 2300

But with what money? Ask seniors this question: Should we cut entitlement spending to make sure that the money is there for Social Security and Medicare? Should we make sure that their basic retirement security and their basic health care program has the money it needs to cover those sacred promises?

As I said before, we made two sacred promises to the people of the United States: one, that we would provide for the common defense. We made that promise in 1776. And, two, that we would protect at a minimum level their retirement security. But as I said, we are $21 trillion in the hole on Medicare and $10 trillion in the hole on Social Security. To honor those commitments, we have got to restrain spending. We have got to make sure that we have the money available to protect America's seniors, and with that I urge adoption of the substitute.

Mr. Chairman, I yield back the balance of my time.

Mr. NUSSLE. Mr. Chairman, I yield myself the balance of my time.

I say first to my friend from Illinois, great job. He and the gentleman from Delaware (Mr. CASTLE) have probably done something here tonight that none of the other amendments or substitutes even attempted to do, and that was to bridge the many varied ideas within our conference into one document, one amendment, one substitute.

It is going to have some opposition because it is imperfect. This entire day, one could argue, was an imperfect day. Some may have a different way of putting it, but today was about controlling spending. And as far as I am concerned, any day we can debate how to control spending is a good day. At the end of this day, and we are getting close to the end of the day, it is possible nothing will pass and there will be some people, including myself as I am driving back home, wondering why did we go through this then, if, in fact, absolutely nothing passes?

That is not going to be easy to necessarily understand for everybody that is listening except that we have got to start this discussion. We really do. I mean, there are too many situations out there that are going unchecked. They are going unchecked in the appropriations process. They are going unchecked in the authorization process. They are unchecked in the way we spend money on the discretionary side. They are going unchecked in the way we spend money on the mandatory side. And today was a discussion about how we can finally bring that into a system to put it into some modicum of check and balance.

It is not going to be easy to figure out. We saw a lot of different votes today from Members who oppose some things, they support others. The bottom line is we had to have this discussion. We had to have this debate. We had to have it out here on the floor in the light of day because nothing was working behind the scenes either. But we knew that we had to have this debate in order to begin the discussion about how we are going to control spending.

This is not about tax increases. I know the other side wants to have a tax increase. In fact, we had one of those debates earlier today on an Obey resolution that wanted to increase taxes. That is fine. We defeated that. This is not about an increase in taxes. The motion to recommit is going to be automatic tax increases. The motion to recommit this bill is going to say we ought to have what is called pay-as-you-go, as we described, for taxes or for revenue. All that is going to do is amount to an automatic tax increase that we do not need.

Today is going to be focused on spending, on controlling spending; and that is why we have we will have, as our last vote today, an opportunity on the base bill to vote up or down whether or not we want to have 2 years of caps for discretionary spending and pay-as-you-go for mandatory spending. That is what the vote will be about, and we will have the opportunity to support that or oppose that.

But let me remind us why we are doing it. We are doing it because these are the only two measures of spending control and budget enforcement that have proven to work anytime in the last 20 years, the only two, short of our own personal restraint and ability to vote.

And that is the last thing I would remind Members. Even if this does not pass tonight, even if nothing passes tonight, we are going to go back into the appropriations process. We will go back into the authorization process. And in that process, Members cannot just say let us turn this over to somebody else to do or another process to enforce. They have got to enforce controlling spending with every single vote they cast on this floor throughout the year. This cannot be the only time we discuss this in a process or try to blame someone else. We have got to start doing it on a day-to-day basis in the oversight we do and the votes that we cast on the floor.

Mr. KIRK. Mr. Chairman, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from Illinois.

Mr. KIRK. Mr. Chairman, I do want to commend the gentleman for a very trying and difficult debate. But this was one of the few times in the Congress where we did not have a scripted debate. This was one of the few times where we did not know how the votes would turn out. And the American people have seen that we are now wrestling with a very difficult problem of how to bring spending under control so that we meet the commitments to Social Security, to Medicare, to the Nation's defense that we have already made.

Mr. NUSSLE. Mr. Chairman, reclaiming my time, the good news is it is working. The deficit this year will be reduced by almost $100 billion, we are hearing reports already, over what was predicted just 6 months ago, $100 billion because of the work that we are doing reducing the deficit, which helps keep that economy moving. That is good news. We have got to do more. We have got to continue the debate. This is the first step in controlling spending.

Unfortunately, I do not think we are going to pass much today, but we needed to begin that debate today.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon). The question is on the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. KIRK).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. KIRK. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Illinois (Mr. KIRK) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: amendment No. 16 offered by the gentleman from Texas (Mr. HENSARLING), amendment No. 17 offered by the gentleman from Illinois (Mr. KIRK).

The Chair will reduce to 5 minutes the time for the second electronic vote.

AMENDMENT NO. 16 OFFERED BY MR. HENSARLING

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. HENSARLING) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 88, noes 326, not voting 19, as follows:

[Roll No. 315]

AYES—88

Akin
Ballenger
Barrett (SC)
Bartlett (MD)
Beauprez
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Brady (TX)
Burgess
Cannon
Cantor
Carter
Chabot
Chocola
Coble
Cole
Cox
Crane
Cubin
Deal (GA)
DeMint
Diaz-Balart, M.
Duncan
Dunn
English
Feeney
Flake
Franks (AZ)
Garrett (NJ)
Gibbons
Gingrey
Goode
Green (WI)
Gutknecht
Harris
Hart
Hayworth
Hefley
Hensarling
Herger
Hoekstra
Hostettler
Isakson
Jenkins
Johnson, Sam
Jones (NC)
Kennedy (MN)
King (IA)
Kline
Manzullo
McCrery
McKeon
Miller (FL)
Miller, Gary
Moran (KS)
Musgrave
Myrick
Neugebauer
Norwood
Otter
Paul
Pence
Pitts
Putnam
Radanovich
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shimkus
Shuster
Stearns
Sullivan
Tancredo
Terry
Thornberry
Toomey
Turner (OH)
Vitter
Wilson (SC)

NOES—326

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baldwin
Bass
Becerra
Bell
Berkley
Berry
Biggert
Bishop (GA)
Bishop (NY)
Blumenauer
Boehlert
Bonilla
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Case
Castle
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Diaz-Balart, L.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Edwards
Ehlers
Emanuel
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Foley
Forbes
Ford
Fossella
Frank (MA)
Frelinghuysen
Frost
Gallegly
Gerlach
Gilchrest
Gillmor
Gonzalez
Goodlatte
Goss
Graves
Green (TX)
Greenwood
Grijalva
Gutierrez
Hall
Harman
Hayes
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Hulshof
Hunter
Hyde
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Kanjorski
Kaptur
Keller
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind

King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McInnis
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moore
Moran (VA)
Murphy
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Shays
Sherman
Sherwood
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spratt
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—19

Baker
Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Deutsch
Gephardt
Gordon
Granger
Hastings (FL)
Hastings (WA)
Houghton
Istook
Jones (OH)
McDermott
Mollohan
Rothman
Tauzin

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon) (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2333

Ms. WOOLSEY, Ms. GINNY BROWN-WAITE of Florida, and Messrs. FORBES, WEINER, and BOEHLERT changed their vote from ''aye'' to ''no.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2330

AMENDMENT NO. 17 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KIRK

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon). The pending business is the demand for a recorded vote on the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. KIRK) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment in the nature of a substitute.

The Clerk redesignated the amendment in the nature of a substitute.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 120, noes 296, not voting 17, as follows:

[Roll No. 316]

AYES—120

Akin
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bishop (UT)
Blackburn
Blunt
Boehlert
Bonner
Bono
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Cannon
Cantor
Carter
Castle
Chabot
Chocola
Coble
Cole
Cox
Crane
Cubin
Deal (GA)
DeLay
DeMint
Diaz-Balart, M.
Duncan
Dunn
Ehlers
English
Feeney
Flake
Forbes
Fossella
Franks (AZ)
Garrett (NJ)
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hayworth
Hefley
Hensarling
Herger
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Isakson
Issa
Jenkins
Johnson (CT)
Johnson, Sam
Kennedy (MN)
King (IA)
Kirk
Kline
Linder
Manzullo
McCrery
McInnis
McKeon
Miller (FL)
Miller, Gary
Murphy
Musgrave
Myrick
Neugebauer
Norwood
Nunes
Otter
Paul
Pence
Pitts
Portman
Pryce (OH)
Putnam
Radanovich
Rehberg
Reynolds
Rogers (MI)
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Smith (MI)
Stearns
Sullivan
Tancredo
Terry
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Weller
Wilson (SC)

NOES—296

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Becerra
Bell
Berkley
Berry
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Boehner
Bonilla
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brown (OH)
Brown, Corrine
Burns
Burr
Buyer
Calvert
Camp
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Case
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Diaz-Balart, L.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Edwards
Emanuel
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Foley
Ford
Frank (MA)
Frelinghuysen
Frost
Gallegly
Gerlach
Gonzalez
Goss
Graves
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hayes
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (IL)
Johnson, E. B.
Jones (NC)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McGovern
McHugh
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moore
Moran (KS)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Platts
Pombo
Pomeroy
Porter
Price (NC)
Quinn
Rahall
Ramstad
Rangel
Regula
Renzi
Reyes
Rodriguez
Rogers (AL)
Rogers (KY)
Ros-Lehtinen
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Sherman
Sherwood
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spratt
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Whitfield
Wicker
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Deutsch
Gephardt
Gordon
Granger
Hastings (FL)
Hastings (WA)
Houghton
Jones (OH)
McDermott
Mollohan
Rothman
Tauzin

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2340

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The Chair is advised that amendment No. 19 is not to be offered.

Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SHIMKUS) having assumed the chair, Mr. WALDEN of Oregon, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, pursuant to House Resolution 692, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. STENHOLM

Mr. STENHOLM. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentlemen opposed to the bill?

Mr. STENHOLM. I am, Mr. Speaker, in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Stenholm moves to recommit the bill H.R. 4663 to the Committee on the Budget with instructions to report the same back to the House forthwith with the following amendments:

Amend section 6 to read as follows:

SEC. 6. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended ''2002'' both places it appears and inserting ''2009''.

Strike section 9 and redesignate the succeeding sections accordingly.

□ 2340

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Texas (Mr. STENHOLM) is recognized for 5 minutes.

Mr. STENHOLM. Mr. Speaker, my motion will make one simple change to the base bill. It will reinstate the original pay-as-you-go rules for all legislation which would increase the deficit. The motion would leave in place the discretionary spending limits and other provisions of the base bill.

The original pay-as-you-go legislation was part of the bipartisan 1990 budget agreement between President George Bush and the Democratic Congress. Pay-as-you-go rules applying to changes in revenues in the mandatory spending were extended in the 1993 Budget Reconciliation Act, the 1995 budget resolution, and the bipartisan balanced budget agreement in 1997.

The pay-as-you-go rules enacted in 1990 have been tested and they worked. They were instrumental in going from large deficits in the early 1980s and early 1990s to budget surpluses in the late 1990s.

The Concord Coalition, Federal Reserve Chairman Alan Greenspan, the Committee for a Responsible Federal Budget, the AARP and a bipartisan majority in the other body and a bipartisan majority in this body, for more than 20 minutes, when the gentleman from California (Mr. THOMPSON) offered this the first time, have all expressed support for reinstating balanced and effective PAYGO rules that applies to all legislation that would increase the deficit.

These rules are based on a simple concept that all families understand, and we have heard so much of this today. If we want to reduce our revenues or increase spending, we need to say how we would pay for these changes.

If we are truly serious about restoring fiscal discipline, budget enforcement rules must apply to all legislation which would increase the deficit through increased spending or reductions in revenues.

All parts of the budget must be on the table. It is irresponsible and politically unrealistic to propose budget rules that apply to one part of the budget but not others.

It is irresponsible and politically unrealistic to propose budget rules that apply to one part of the budget but not to others. Both sides need to be willing to apply budget discipline to their own priorities, not just the other side's priorities.

Applying pay-as-you-go rules to tax cuts do not prevent Congress from passing more tax cuts or increasing spending. All it says is that if we are going to reduce our revenues we need to reduce our spending by the same amount, and if we want to increase spending, we need to make room in the budget for the increased spending by cutting other spending or raising revenues.

Enacting meaningful budget enforcement legislation will require bipartisan support. This recommittal will bring bipartisan support.

I conclude by saying again, and listen carefully, applying pay-as-you-go rules to tax cuts do not prevent Congress from passing more tax cuts. All it says is that if we are going to reduce our revenues we need to reduce our spending by the same amount.

If my friends on the other side of the aisle actually mean what they have said over and over about controlling spending, if all of those that have just offered the last two substitutes really mean what they say about controlling spending, they should have no problem with applying pay-as-you-go to tax cuts because it would force Congress to actually control spending when we pass tax cuts instead of just promising to do so in the future.

In fact, requiring Congress to offset tax cuts could be a tool to force Congress to control spending. The problem is that we have not matched our actions with our rhetoric. We propose cutting taxes without cutting spending. We run up the deficits and we pass the difference on to our children and grandchildren.

This motion to recommit, very simple, will accomplish that which we have talked about all day.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. For what purpose does the gentleman from Iowa (Mr. NUSSLE) seek recognition?

Mr. NUSSLE. Mr. Speaker, I rise in opposition to the motion.

The SPEAKER pro tempore. The gentleman from Iowa is recognized for 5 minutes in opposition.

Mr. NUSSLE. Mr. Speaker, the gentleman from Texas is correct. We have been debating this all day, and he is exactly right, but you just do not get it because you equate taxes with spending. You equate when the government does not take in taxes, somehow that is spending, and the reason you do that is because you believe that decisions should start here in Washington rather than at the small businesses and the farms and the kitchen tables of America. Those are the people who pay taxes.

We are not going to raise taxes. We have decided that. Seven times this year we have had this vote, and so we want to get to that vote, but let me just remind us of a couple of things.

Today was a good debate because any day you discuss controlling spending is a good day. Any day you discuss that is a good day. What is not quite good about today is that we are probably not going to pass anything, and that is because they do not want to control spending. I know that was tough, but before we start pointing fingers at each other, all I was going to say is that we are all in this together.

We can blame processes, we can blame appropriators, we can blame Democrats and we can blame Republicans. We can blame Presidents. Oh, sure, we can blame the other body. We can blame all sorts of things for what we do every day when we cast our votes in committee or on the floor to have spending continue out of control, and we can devise all sorts of very interesting processes to try and rein us in and to convince our constituents that if all we did was to pass a new law or pass a new process, somehow all of it would be fixed. This is about us. This is not about one particular committee or another.

Now, I understand why the appropriators today, with all due respect, came to the floor just a little bit paranoid about this process. Even paranoids have enemies. I understand, but rightfully so, they are concerned that we have spent way too much time only looking at discretionary spending, and that is why in final analysis what this

bill does is it manages the mandatory spending process with a pay-as-you-go requirement, and it manages the discretionary process by setting caps for only 2 years at the budget that we have all voted for.

We have a budget. We should stick to that budget. If we stick to that budget, we will control spending, and as a result already, if we stick to that budget, we are going to protect the country, make sure that our homeland is secure, make sure we can win the global war on terrorism, make sure our economy can continue to grow like it has for the last 6 months, which has been the fastest in over 20 years, and continue to create jobs.

The payoff is even better than that. If we stick to this plan, we will already see, I predict within this next month a reduction in the prediction for the deficit for this year alone by $100 billion. That my friends is controlling spending, and that is a good day's work, even if this does not quite make it to the finish line.

Mr. Speaker, I yield back the balance of our time.

□ 2350

The SPEAKER pro tempore (Mr. SHIMKUS). Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. STENHOLM. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of H.R. 4663 and agreeing to House Resolution 691.

The vote was taken by electronic device, and there were—ayes 196, noes 218, not voting 19, as follows:

[Roll No. 317]

AYES—196

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Becerra
Bell
Berkley
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Case
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Green (TX)
Grijalva
Gutierrez
Harman
Herseth
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—218

Aderholt
Akin
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole
Cox
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—19

Ballenger
Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Deutsch
Gephardt
Gordon
Granger
Hastings (FL)
Hastings (WA)
Houghton
Jones (OH)
McDermott
Mollohan
Rothman
Smith (MI)
Tauzin

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Two minutes remain in this vote.

□ 0009

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SPRATT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 146, noes 268, not voting 19, as follows:

[Roll No. 318]

AYES—146

Akin
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Biggert
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Camp
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Cole
Cox
Crane
Cubin
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dreier
Duncan
Dunn
Ehlers
Feeney
Flake
Foley
Forbes
Fossella
Franks (AZ)
Gallegly
Garrett (NJ)
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Graves
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hayworth
Hefley
Hensarling
Herger
Hoekstra
Hostettler
Hulshof
Isakson
Issa
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
Kirk
Kline
Linder
Lucas (OK)
Manzullo
McCotter
McCrery
McInnis
Miller (FL)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Norwood
Nunes
Nussle
Ose
Otter
Oxley
Paul
Pearce
Pence
Petri
Pickering
Pitts
Platts
Pombo
Portman

Pryce (OH)
Putnam
Radanovich
Ramstad
Rehberg
Reynolds
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shays
Shimkus
Shuster
Stearns
Sullivan
Tancredo
Terry
Thomas
Thornberry
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Weldon (PA)
Wilson (SC)
Young (AK)

NOES—268

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Becerra
Bell
Berkley
Berry
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Bonilla
Bonner
Bono
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Calvert
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Case
Chandler
Clay
Clyburn
Coble
Conyers
Cooper
Costello
Cramer
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Edwards
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Ford
Frank (MA)
Frelinghuysen
Frost
Gerlach
Gonzalez
Goss
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hayes
Herseth
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Hunter
Hyde
Inslee
Israel
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McHugh
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, George
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Northup
Oberstar
Obey
Olver
Ortiz
Osborne
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Pomeroy
Porter
Price (NC)
Quinn
Rahall
Rangel
Regula
Renzi
Reyes
Rodriguez
Rogers (AL)
Rogers (KY)
Ross
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Shaw
Sherman
Sherwood
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spratt
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Thompson (CA)
Thompson (MS)
Tiahrt
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (FL)

NOT VOTING—19

Ballenger
Barton (TX)
Bereuter
Berman
Carson (IN)
Collins
Deutsch
Gephardt
Gordon
Granger
Hastings (FL)
Hastings (WA)
Houghton
Jones (OH)
McDermott
Mollohan
Rothman
Smith (MI)
Tauzin

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Members are advised there are 2 minutes left in this vote.

□ 0016

So the bill was not passed.

The result of the vote was announced as above recorded.

CONGRATULATING THE INTERIM GOVERNMENT OF IRAQ ON ITS FORTHCOMING ASSUMPTION OF SOVEREIGN AUTHORITY IN IRAQ

The SPEAKER pro tempore. The pending business is the question of agreeing to the resolution, House Resolution 691, on which further proceedings were postponed earlier today.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution, on which the yeas and nays are ordered.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 352, nays 57, not voting 24, as follows:

[Roll No. 319]

YEAS—352

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Becerra
Bell
Berkley
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (OK)
Carter
Case
Castle
Chabot
Chandler
Chocola
Clyburn
Coble
Cole
Cooper
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Culberson
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeFazio
DeLauro
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Etheridge
Evans
Everett
Fattah
Feeney
Ferguson
Flake
Foley
Forbes
Ford
Fossella
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Goss
Graves
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall
Harman
Harris
Hart
Hayes
Hayworth
Hensarling
Herger
Herseth
Hill
Hinojosa
Hoeffel
Hoekstra
Holden
Hooley (OR)
Hostettler
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Manzullo
Marshall
Matheson
Matsui
McCarthy (NY)
McCotter
McCrery
McHugh
McInnis
McIntyre
McKeon
McNulty
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Moore
Moran (KS)
Moran (VA)
Murphy
Musgrave
Myrick
Napolitano
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Obey
Ortiz
Osborne
Ose
Otter
Oxley
Pascrell
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Roybal-Allard
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schiff
Scott (GA)
Sensenbrenner
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Watson
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NAYS—57

Baldwin
Blumenauer
Brown (OH)
Clay
Conyers
Cummings
DeGette
Delahunt
Eshoo
Farr
Filner
Frank (MA)
Grijalva
Gutierrez
Hinchey
Holt
Honda
Jackson (IL)
Kaptur
Kilpatrick
Kleczka
Kucinich
Larson (CT)
Lee
Lewis (GA)
Lofgren
Maloney
Markey
McCarthy (MO)
McCollum
McGovern
Meehan
Miller, George
Nadler
Neal (MA)
Oberstar
Olver
Owens
Pallone
Pastor
Paul
Payne
Rangel
Rush
Sabo
Schakowsky
Scott (VA)
Serrano
Solis
Stark
Tierney
Towns
Velázquez
Waters
Watt
Wexler
Woolsey

NOT VOTING—24

Ballenger	Gordon	McDermott
Barton (TX)	Granger	Mollohan
Bereuter	Hastings (FL)	Murtha
Berman	Hastings (WA)	Rothman
Carson (IN)	Hefley	Schrock
Collins	Hobson	Sessions
Deutsch	Houghton	Smith (MI)
Gephardt	Jones (OH)	Tauzin

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Members are advised 2 minutes remain in this vote.

□ 0023

Mr. WEXLER and Mr. DELAHUNT changed their vote from ''yea'' to ''nay.''

So the the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4614, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 2005

Mr. SESSIONS, from the Committee on Rules, submitted a privileged report (Rept. No. 108–569) on the resolution (H. Res. 694) providing for consideration of the bill (H.R. 4614) making appropriations for energy and water development for the fiscal year ending September 30, 2005, and for other purposes, which was referred to the House Calendar and ordered to be printed.

GENERAL LEAVE

Mr. SESSIONS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4663.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

APPOINTMENT AS MEMBER OF ELECTION ASSISTANCE COMMISSION BOARD OF ADVISORS

The SPEAKER pro tempore. Pursuant to Section 214(a) of the Help America Vote Act of 2002 (42 USC 15344), and the order of the House of December 8, 2003, the Chair announces the Speaker's appointment of the following member on the part of the House to the Election Assistance Commission Board of Advisors for a term of two years:

Mr. J.C. Watts, Jr., Norman, Oklahoma.

PATRIOTIC EMPLOYERS OF GUARD AND RESERVISTS ACT OF 2004

(Mr. MCGOVERN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include therein extraneous material.)

Mr. MCGOVERN. Mr. Speaker, currently over 170,000 National Guard and Reservists are on active duty serving in Afghanistan, Iraq, and elsewhere. President Bush just activated an additional 47,000 Reservists. Most are serving extended tours of duty, deployed for longer periods than their families or their employers expected. Seventy percent of these Guard and Reservists work in small or medium-size businesses. When called to active duty, their civilian job and salary is put on hold.

They begin receiving military pay, which is often less than their civilian salary, placing undue hardship on families already suffering the absence of a loved one.

Yesterday, I introduced H.R. 4655, the Patriotic Employers of Guard and Reservists Act. The bill provides tax relief to those employers who close the pay gap of Guardsmen and Reservists serving overseas and tax credits to defray the cost of training new workers to fill these temporary vacancies.

H.R. 4655 helps our troops and their families and encourages more companies to keep their employees on payroll when serving our Nation. I urge my colleagues to support H.R. 4655. And I urge that it move rapidly through this House.

BASIC FACTS AND BACKGROUND INFORMATION ON H.R. 4655, THE PATRIOTIC EMPLOYERS OF GUARD AND RESERVISTS ACT OF 2004

Since September 11th, more than 350,000 members of the National Guard and Reserves have been called to active duty, and the Pentagon increasingly relies on the Army, Navy and Air Force Reserves and our National Guard to achieve its missions. Currently, over 170,000 are serving on active duty in Iraq, Afghanistan and elsewhere. President Bush recently activated an additional 47,000 Reservists. Not since World War II have so many National Guard members been called to serve abroad.

The U.S. Chamber Of Commerce estimates that 70 percent of military Reservists called to active duty work in small- or medium-size companies.

Most Guard and Reservists are serving extended tours of duty and have been deployed for longer periods than they, their families, or their employers expected. The continuing, extended activation of Guard and Reserve members has imposed a tremendous burden on many companies, small businesses and manufacturers, as well as placing an undue financial burden on families already suffering the absence of a loved one. Currently, more than 41 percent of military Reservists and National Guard members face a pay cut when they are called to active duty.

In January, the Commander of the Army Reserve, Lt. General James R. Helmly, warned of a recruiting-retention crisis in the future for the National Guard and Reserves. A recent U.S. military questionnaire of returning Army National Guard soldiers projected a resignation rate of double what it was in November 2001. From October to December 2003, almost one-quarter of National Guard members who have had the opportunity to re-enlist have opted not to do so. Recently, the U.S. Army developed a plan to pay Reservists up to $10,000 to re-enlist in order to stop a developing problem.

H.R. 4655 encourages all employers, especially small businesses, to pay their reservist employees when they face a reduction in salary due to their military activation. Employers who continue to pay their reservist all or part of their civilian salary will be eligible to receive a tax credit up to $15,000 of the wages they pay per employee who has been called up to active duty by the National Guard or Reserves for as long as the Reservist is on active duty status (up to a maximum of two years).

Additionally, many small employers currently have a difficult time hiring and training temporary workers to fill the temporary vacancies caused by employees called to active duty. H.R. 4655 provides a tax credit of 50 percent up to $6,000 to help companies defray the costs of hiring and training a replacement worker, and up to $10,000 for small manufacturers.

The Joint Committee on Taxation estimates this measure would cost $2 billion through FY 2014, or approximately $200 million annually; $1.2 billion of those costs would occur in FY 2005 through FY 2009, given the current unusually large-scale and extended deployments of National Guard and Reserve forces.

The proposal to provide tax credits to employers and close the pay-gap for Reservists and National Guardsmen is supported by the United States Conference of Mayors, the National Guard Association of the United States, and the Reserve Officers Association of the United States.

COSPONSOR H.R. 4655, THE PATRIOTIC EMPLOYERS OF GUARD AND RESERVISTS ACT

DEAR COLLEAGUE. When a national Guardsman or Reservist is called up to active duty, their civilian job—and salary— is put on hold, and they begin receiving military pay, which is often much less than their civilian salary. This places undue hardship on many families who are already suffering the absence of a loved one. The military increasingly relies on our Reserves and National Guard forces to achieve its missions. Currently, over 170,000 National Guard and Reservists are on active duty, with many serving in Iraq, Afghanistan or elsewhere on the front lines of the war against terror. Furthermore, most are serving extended tours of duty, deployed for longer periods than they, their families, or their employers expected.

We invite you to join us as cosponsors to H.R. 4655, the Patriotic Employers of Guard and Reservists Act of 2004. This bill provides tax credits to those employers who continue to pay the salary of National Guardsmen and Reservists serving overseas and tax credits to help these employers defray the costs of hiring and training new workers to fill these temporary vacancies. H.R. 4655 will do a lot to help our troops' families and encourage more companies to keep their employees on salary while serving our nation.

Specifically, H.R. 4655 will:

Provide a 50% tax credit to employers continuing to pay activated Guard and Reserve employees, with a cap of $30,000 (i.e. $15,000 credit) per employee;

Cover salaries paid on days when the employee is activated for up to 2 years to cover the entirety of the deployment; and

Provide a 50% tax credit to employers up to $12,000 in costs (i.e. $6,000 tax credit) to help companies, especially small businesses and manufacturers, hire and train temporary workers to fill-in for activated employees.

We all know the continuing activation of our Guard and Reservists has imposed a tremendous burden on many of our country's companies, small businesses, and manufacturers. The U.S. Chamber of Congress estimates that 70 percent of military reservists called to active duty work in small- or medium-sized businesses. The proposal to provide tax credits to employers and close the

pay-gap for Reservists and National Guard is supported by the U.S. Conference of Mayors, the National Guard Association of the United States (NGAUS), and the Reserve Officers Association of the United States.

Please join us in helping businesses weather the loss of an employee to active duty and protecting employees and their families from suffering financial hardship when serving our nation in uniform. to cosponsor H.R. 4655, please feel free to contact us or Cindy Buhl at 5–6101 (cindy.buhl@mail.house.gov).

Sincerely,

JAMES P. MCGOVERN,
Member of Congress.
TOM LANTOS,
Member of Congress.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

8772. A letter from the Director, Defense Procurement and Acquisition Policy, Department of Defense, transmitting the Department's final rule — Defense Federal Acquisition Regulation Supplement; Contracting for Architect-Engineer Services [DFARS Case 2003-D105] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

8773. A letter from the Director, Defense Procurement and Acquisition Policy, Department of Defense, transmitting the Department's final rule — Defense Federal Acquisition Regulation Supplement; Fish, Shellfish, and Seafood Products [DFARS Case 2002-D034] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

8774. A letter from the Director, Defense Procurement and Acquisition Policy, Department of Defense, transmitting the Department's final rule — Defense Federal Acquisition Regulation Supplement; Follow-On Production Contracts for Products Developed Pursuant to Prototype Projects [DFARS Case 2002-D023] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

8775. A letter from the Director, Defense Procurement and Acquisition Policy, Department of Defense, transmitting the Department's final rule — Defense Federal Acquisition Regulation Supplement; Production Surveillance and Reporting [DFARS Case 2002-D015] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Armed Services.

8776. A letter from the Acting General Counsel/FEMA, Department of Homeland Security, transmitting the Department's final rule — Changes in Flood Elevation Determinations [Docket No. FEMA-D-7557] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8777. A letter from the Acting General Counsel, FEMA, Department of Homeland Security, transmitting the Department's final rule — Changes in Flood Elevation Determinations [Docket No. FEMA-B-7446] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8778. A letter from the Acting General Counsel/FEMA, Department of Homeland Security, transmitting the Department's final rule — Changes in Flood Elevation Determinations — received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8779. A letter from the Acting General Counsel/FEMA, Department of Homeland Security, transmitting the Department's final rule — Suspension of Community Eligibility [Docket No. FEMA-7833] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8780. A letter from the Acting General Counsel/FEMA, Department of Homeland Security, transmitting the Department's final rule — Final Flood Elevation Determinations — received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8781. A letter from the Assistant Secretary for Special Education and Rehabilitative Services, Department of Education, transmitting the Department's final rule — National Institute on Disability and Rehabilitation Research (RIN: 1820-ZA34) received June 21, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8782. A letter from the Assistant Secretary for Special Education and Rehabilitative Services, Department of Education, transmitting the Department's final rule — National Institute on Disability and Rehabilitation Research (RIN: 1820-ZA37) received June 21, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8783. A letter from the Assistant Secretary for Special Education and Rehabilitative Services, Department of Education, transmitting the Department's final rule — National Institute on Disability and Rehabilitation Research (RIN: 1820-ZA26) received May 28, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8784. A letter from the Deputy Under Secretary, Department of Education, transmitting the Department's final rule — Safe Schools/Healthy Students (RIN: 1865-ZA02) received June 3, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8785. A letter from the Director, OSHA Standards and Guidance, Department of Labor, transmitting the Department's final rule — Mechanical Power Transmission Apparatus; Mechanical Power Presses; Telecommunications; Hyrdrogen — received June 21, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8786. A letter from the Assistant Secretary for Employee Benefits Security Administration, Department of Labor, transmitting the Department's final rule — Health Care Continuation Coverage (RIN: 1210-AA60) Recieved May 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8787. A letter from the Director, Corporate Policy and Research Department, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule — Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits — received June 2, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

8788. A letter from the DIrector, Regulations Policy and Management Sta., FDA, Department of Health and Human Services, transmitting the Department's final rule — Requirements for Liquid Medicated Animal Feed and Free-Choice Medicated Animal Feed [Docket No. 1993P-0174] received June 14, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8789. A letter from the Director, Regulations Policy and Management Sta., FDA, Department of Health and Human Services, transmitting the Department's final rule — Medical Device Reports; Reports of Corrections and Removals; Establishment Registration and Device Listing; Premarket Approval Supplements; Quality System Regulation; Importation of Electronic Products; Technical Amendment; Correction — received May 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8790. A letter from the Chief, Policy and Rules Division, Federal Communications Commission, transmitting the Commission's final rule — Review of Part 15 and other Parts of the Commission's Rules [ET Docket No. 01-278; RM-9375; RM-10051] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8791. A letter from the Legal Advisor, Office of the Bureau Chief, WTB, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Part 97 of the Rules Governing the Amateur Radio Services [Dkt No.04-140, RM-10313, R M-10352, RM-10353, RM-10354, RM-10355, RM-10412, RM-10413, RM-10492, RM-10521, RM-10582, RM-10620, RM-10621] Amendment of Section 97.111 of the Amateur Radio Service Rules to Limit Transmissions of Information Bulletins; Conforming Amendments to Part 97 of the Commission's Rules to Implement the Worlds Radio Conference 1997 Final Acts; Amendment of Part 97 to Provide Color-coded License Documents; Amendment of Part 97 to Allow Instant Temporary Licensing; Amendment of the Amateur Service Rules to Limit to the Committee on Energy and Commerce.

8792. A letter from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Chase City, Virginia, and Creedmoor, Ahoskie, Gatesville, and Nashville, North Carolina) [MB Docket No. 03-232; RM-10819] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8793. A letter from the Legal Advisor, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Section 73.202(b) FM Table of Allotments, FM Broadcast Stations. (Glasgow and Bowling Green, Kentucky) [MB Docket No. 04-42; RM-10850] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8794. A letter from the Legal Advisor to Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Section 73.622(b), Table of Allotments, Digital Television Broadcast Stations. (Anniston, Alabama) [MB Docket No. 03-229; RM-10795] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8795. A letter from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Arlington, The Dalles, Moro, Fossil, Astoria, Gladstone, Portland, Tillamook, Coos Bay, Springfield-Eugene, Manzanita and Hermiston, Oregon, and Covington, Trout Lake, Shoreline, Bellingham, Forks, Hoquiam, Aberdeen, Walla Walla, Kent, College Place, Long Beach and Ilwaco, Washington) [MB Docket No. 02-136; RM-10458; RM-10663, RM-10667, RM-10668] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8796. A letter from the Attorney Advisor, Federal Communications Commission, transmitting the Commission's final rule — Amendment of the Commission's Rules Regarding Dedicated Short-Range Communication Services in the 5.850-5.925 GHz Band (5.9

GHz Band) [WT Docket No. 01-90] Amendment of Parts 2 and 90 of the Commission's Rules to Allocate the 5.850-5.925 GHz Band to the Mobile Service for Dedicated Short Range Communications of Intelligent Transportation Services [ET Docket No. 98-95; RM-9096] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8797. A letter from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Arthur and Hazelton, North Dakota) [MB Docket No. 03-208; RM-10793] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8798. A letter from the Legal Advisor to Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of Section 73.622(b), Table of Allotments, Digital Television Broadcast Stations. (Roswell, New Mexico) [MB Docket No. 04-16; RM-10840] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8799. A letter from the Senior Legal Advisor, International Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of the Commission's Space Station Licensing Rules and Policies [IB Docket No. 02-34] Mitigation of Orbital Debris [IB Docket No. 02-54] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8800. A letter from the Legal Advisor, International Bureau, Federal Communications Commission, transmitting the Commission's final rule — Amendment of the Commission's Space Station Licensing Rules and Regulations [IB Docket No. 02-34] 2000 Biennial Regulatory Review — Streamlining and Other Revisions of Part 25 of the Commission's Rules Governing the Licensing of, and Spectrum Usage by, Satellite Network Earth Stations and Space Stations [IB Docket No. 00-248] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8801. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule — Voluntary Fire Protection Requirements for Light Water Reactors; Adoption of NFPA 805 as a Risk-Informed, Performance-Based Alternative (RIN: 3150-AG48) received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8802. A letter from the General Counsel, Federal Retirement Thrift Investment Board, transmitting the Board's final rule — Methods of Withdrawing Funds From the Thrift Savings Plan; Court Orders and Legal Processes Affecting Thrift Savings Plan Accounts; Loan Program; Thrift Savings Plan— received June 2, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

8803. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule — Prevailing Rate Systems; Change in Federal Wage System Survey Job (RIN: 3206-AJ79) received May 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

8804. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule — Pay Administration (General) (RIN: 3206-AK47) received May 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

8805. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule — Physicians' Comparability Allowances (RIN: 3206-AJ96) received May 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

8806. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule — Federal Employees Health Benefits Program: Modification of Two-Option Limitation for Health Benefits Plans and Continuation of Coverage for Annuitants Whose Plan Terminates an Option (RIN: 3206-AK48) received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

8807. A letter from the Attorney Advisor, Federal Communications Commission, transmitting the Commission's final rule — Amendments to Parts 1, 2, 27, and 90 of the Commission's Rules to License Services in the 216-220 MHz, 1390-1395 MHz, 1427-1429 MHz, 1429-1432 MHz, 1432-1435 MHz, 1670-1675 MHz, and 2385-2390 MHz Government Transfer Bands [WT Docket No. 02-8; RM-9267, RM-9692, RM-9797, RM-9854, RM-9882] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8808. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries Off West Coast States and in the Western Pacific; West Coast Salmon Fisheries; Inseason Action #1 — Adjustments of the Commercial Fishery from the U.S. — Canada Border to Cape Falcon, Oregon [Docket No. 040429134-4135-01; I.D. 051704B] received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8809. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Zone Off Alaska; ''Other Flatfish'' in the Bering Sea and Aleutian Islands [Docket No. 031124287-4060-02; I.D. 060104A] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8810. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Economic Zone Off Alaska; Yellowfish Sole in the Bering Sea and Aleutian Islands [Docket No. 031124287-4060-02; I.D. 060304C] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8811. A letter from the Acting DIrector, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Northeastern United States; Atlantic Mackerel, Squid, and Butterfish Fisheries; Closure of the Quarter II Fishery for Loligo Squid [Docket No.031104274-4011-02; I.D. 060804G] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8812. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries off West Coast States and in the Western Pacific; Pacific Coast Groundfish Fishery; Groundfish Observer Program [Docket 980702167-4150-03; I.D. 031901A] (RIN: 0648-AK26] received June 17, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8813. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Magnuson-Stevens Fishery Conservation and Management Act Provisions; Fisheries of the Northeastern United States; Northeast (NE) Multispecies Fishery; Amendment 13 Regulatory Amendment [Docket No. 040112010-4167-03; I.D.122203A] (RIN: 0648-AN17) received June 21, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8814. A letter from the Deputy Assistant Administrator for Operations, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Endangered and Threatened Wildlife; Sea Turtle Conservation Requirements [Docket No. 040412113-4152-01; I.D. 040104C] (RIN: 0648-AS02) received June 16, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

8815. A letter from the Acting Under Secretary and Acting Director, U.S. Patent and Trademark Office, Department of Commerce, transmitting the Department's final rule — Changes to Representation of Others Before The United States Patent and Trademark Office [Docket No. 2002-C-005] (RIN: 0651-AB55) received June 21, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

8816. A letter from the Acting Under Secretary and Acting Director, U.S. Patent and Trademark Office, Department of Commerce, transmitting the Department's final rule — Revision of Power of Attorney and Assignment Practice [Docket No.: 2003-P-019] (RIN: 0651-AB63) received May 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

8817. A letter from the Regulations Coordinator, Department of Health and Human Services, transmitting the Department's final rule — Procedures for Designating Classes of Employees as Members of the Special Exposure Cohort under the Energy Employees Occupations Illness Compensation Program Act of 2000; Final Rule (RIN: 0920-AA07) received May 28, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

8818. A letter from the Assistant Administrator for Procurement, National Aeronautics and Space Administration, transmitting the Administration's final rule — Representations and Certifications—Other Than Commercial Items (RIN: 2700-AC97) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Science.

8819. A letter from the Acting Chief, Publications and Regulations, Internal Revenue Service, transmitting the Service's final rule — Compensation for labor or personal services (Rev. Proc. 2004-37) received June 14, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

8820. A letter from the Acting Chief, Publications and Regulations, Internal Revenue Service, transmitting the Service's final rule — Compensation for Injuries or Sickness (Also Amounts received Under Accident and Health Plans) (Rev. Rul. 2004-55) received June 14, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

8821. A letter from the Acting Chief, Publications and Regulations, Internal Revenue Service, transmitting the Service's final rule — Weighted Average Interest Rates Update [Notice 2004-42] received June 14, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. OXLEY: Committee on Financial Services. H.R. 3916. A bill to improve circulation

of the $1 coin, create a new bullion coin, and for other purposes; with an amendment (Rept. 108–568). Referred to the Committee of the Whole House on the State of the Union.

[Filed on June 25 (legislative day, June 24), 2004]

Mr. SESSIONS: Committee on Rules. House Resolution 694. Resolution providing for consideration of the bill (H.R. 4614) making appropriations for energy and water development for the fiscal year ending September 30, 2005, and for other purposes (Rept. 108–569). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. JONES of North Carolina:

H.R. 4677. A bill to name the lake known as Falls Lake in North Carolina after United States Senator Jesse Helms; to the Committee on Transportation and Infrastructure.

By Mr. DAVIS of Florida:

H.R. 4678. A bill to bar certain additional restrictions on travel and remittances to Cuba; to the Committee on International Relations.

By Mr. FRANK of Massachusetts (for himself, Mr. KANJORSKI, Ms. WATERS, Mr. SANDERS, Mrs. MALONEY, Mr. GUTIERREZ, Ms. VELAZQUEZ, Mr. WATT, Ms. CARSON of Indiana, Ms. LEE, Mr. CAPUANO, Mr. CROWLEY, Mr. CLAY, Mr. ISRAEL, Mrs. MCCARTHY of New York, Mr. BACA, Mr. LYNCH, Mr. EMANUEL, Mr. SCOTT of Georgia, and Mr. DAVIS of Alabama):

H.R. 4679. A bill to authorize the Secretary of Housing and Urban Development to provide assistance for privately owned low- and moderate-income housing with expiring Federal subsidies to prevent displacement of low- and moderate-income tenants, and for other purposes; to the Committee on Financial Services.

By Mr. HAYWORTH:

H.R. 4680. A bill to amend the National Labor Relations Act to ensure that Indian tribes and any organizations owned, controlled, or operated by Indian tribes are not considered employers for purposes of such Act; to the Committee on Education and the Workforce.

By Mr. CARDIN (for himself, Mr. PALLONE, and Mr. MCNULTY):

H.R. 4681. A bill to require the Secretary of Health and Human Services to establish and maintain an Internet website that is designed to allow consumers to compare the usual and customary prices for covered outpatient drugs sold by retail pharmacies that participate in the Medicaid Program for each postal Zip Code, and for other purposes; to the Committee on Energy and Commerce.

By Mr. CASTLE (for himself, Ms. DEGETTE, Mr. DOOLEY of California, Mr. BASS, Mrs. BIGGERT, Mr. GIBBONS, Mr. GILCHREST, Mr. GREENWOOD, Mr. HOUGHTON, Mrs. JOHNSON of Connecticut, Mr. KIRK, Mr. KOLBE, Mr. LEACH, Mr. RAMSTAD, Mr. SHAYS, Ms. BALDWIN, Mr. BROWN of Ohio, Mr. EVANS, Mr. LANGEVIN, Mrs. MALONEY, Mr. WAXMAN, Mr. STARK, Mr. MOORE, Mrs. CAPPS, Mr. HOYER, and Ms. SOLIS):

H.R. 4682. A bill to amend the Public Health Service Act to provide for human embryonic stem cell research; to the Committee on Energy and Commerce.

By Mr. CLYBURN (for himself, Mr. BROWN of South Carolina, and Mrs. CHRISTENSEN):

H.R. 4683. A bill to enhance the preservation and interpretation of the Gullah/Geechee cultural heritage, and for other purposes; to the Committee on Resources.

By Mr. ENGLISH:

H.R. 4684. A bill to extend the Temporary Extended Unemployment Compensation Act of 2002, and for other purposes; to the Committee on Ways and Means.

By Mr. KIND (for himself, Mr. PICKERING, Mr. THOMPSON of California, Mr. WELDON of Pennsylvania, Mr. BERRY, Mr. BOSWELL, Mr. BOEHLERT, and Mr. PETERSON of Minnesota):

H.R. 4685. A bill to direct the Secretary of the Interior to conduct a pilot program under which up to 15 States may issue electronic Federal migratory bird hunting stamps; to the Committee on Resources.

By Mr. KIND (for himself and Ms. MCCOLLUM):

H.R. 4686. A bill to revitalize the Mississippi River; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. KIND (for himself and Mr. OSBORNE):

H.R. 4687. A bill to amend part C of title XVIII of the Social Security Act to require Medicare Advantage (MA) organizations to pay for critical access hospital services and rural health clinic services at a rate that is at least 101 percent of the payment rate otherwise applicable under the Medicare Program; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GILCHREST (for himself, Mr. SCOTT of Virginia, Mr. SCHROCK, Mr. CARDIN, Mrs. CAPITO, Mr. RUPPERSBERGER, Mr. VAN HOLLEN, Mr. CASTLE, Mr. WELDON of Pennsylvania, Mr. BOEHLERT, Mr. PLATTS, Mr. ENGLISH, Mr. CUMMINGS, Mr. WYNN, Mr. MURTHA, Mr. HOYER, and Mr. BARTLETT of Maryland):

H.R. 4688. A bill to amend the Federal Water Pollution Control Act to reauthorize the Chesapeake Bay Program; to the Committee on Transportation and Infrastructure.

By Mr. GREEN of Texas (for himself, Mr. HINCHEY, Mr. RANGEL, Mr. FROST, Mr. GUTIERREZ, and Mr. ENGEL):

H.R. 4689. A bill to amend title XVIII of the Social Security Act to provide Medicare beneficiaries with access to geriatric assessments and chronic care management, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HASTINGS of Washington:

H.R. 4690. A bill to transfer certain lands along the Cle Elum River in the State of Washington to the administrative jurisdiction of the Secretary of the Interior, to support a land exchange involving a portion of such lands, and for other purposes; to the Committee on Resources.

By Mr. HEFLEY (for himself, Mr. BEAUPREZ, and Mr. TANCREDO):

H.R. 4691. A bill to authorize the Secretary of the Interior to engage in a feasibility study relating to long-term water needs for the area served by the Fryingpan-Arkansas Project, Colorado, and for other purposes; to the Committee on Resources.

By Mr. INSLEE (for himself, Mrs. WILSON of New Mexico, Mr. SMITH of Washington, Mr. DICKS, Mr. LARSEN of Washington, Mr. MCDERMOTT, Mr. UDALL of New Mexico, Mr. PEARCE, and Mr. BAIRD):

H.R. 4692. A bill to amend title XXI of the Social Security Act to permit qualifying States to use a portion of their allotments under the State children's health insurance program for any fiscal year for certain Medicaid expenditures, and for other purposes; to the Committee on Energy and Commerce.

By Ms. KAPTUR:

H.R. 4693. A bill to require persons who seek to retain seed harvested from the planting of patented seeds to register with the Secretary of Agriculture and pay fees set by the Secretary for retaining such seed, and for other purposes; to the Committee on Agriculture, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. KENNEDY of Rhode Island (for himself and Ms. ROS-LEHTINEN):

H.R. 4694. A bill to amend the Older Americans Act of 1965 to provide for mental health screening and treatment services, to amend the Public Health Service Act to provide for integration of mental health services and mental health treatment outreach teams, and for other purposes; to the Committee on Education and the Workforce, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. LARSEN of Washington:

H.R. 4695. A bill to amend the Small Business Act to extend the redesignation period for certain Historically Underutilized Business Zones (HUBZones) in States with persistently high unemployment; to the Committee on Small Business.

By Mr. MCHUGH:

H.R. 4696. A bill to promote the use of anaerobic digesters by agricultural producers and rural small businesses to produce renewable energy and improve environmental quality; to the Committee on Agriculture.

By Mr. MCHUGH:

H.R. 4697. A bill to amend the Internal Revenue Code of 1986 to provide for a permanent extension of the credit for producing electricity from wind; to the Committee on Ways and Means.

By Mr. MCHUGH:

H.R. 4698. A bill to establish a grant program to support cluster-based economic development efforts; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MCHUGH:

H.R. 4699. A bill to establish a grant program to support broadband-based economic development efforts; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MCINNIS:

H.R. 4700. A bill to provide special authority to the Secretary of Agriculture to convey certain Forest Service administrative sites in the White River National Forest in Colorado, to reserve the proceeds from such conveyances to help resolve the facilities needs of that national forest, and for other purposes; to the Committee on Resources.

By Mr. NADLER (for himself, Mr. FRANK of Massachusetts, Ms. BALDWIN, Mr. KENNEDY of Rhode Island, and Mr. GRIJALVA):

H.R. 4701. A bill to provide for entitlement to dependents' and survivors' benefits under the old-age, survivors, and disability insurance program under title II of the Social Security Act based on permanent partnership as well as marriage; to the Committee on Ways and Means.

By Mr. NEUGEBAUER:

H.R. 4702. A bill to require farmers to be offered supplemental crop insurance based on an area yield and loss plan of insurance; to the Committee on Agriculture.

By Mr. OSBORNE (for himself, Mr. HOEKSTRA, and Mr. FORD):

H.R. 4703. A bill to establish a Federal Youth Development Council to improve the administration and coordination of Federal programs serving youth, and for other purposes; to the Committee on Education and the Workforce.

By Mr. OSE (for himself, Mr. DOOLITTLE, Mr. CARSON of Oklahoma, and Mr. DOOLEY of California):

H.R. 4704. A bill to amend the Internal Revenue Code of 1986 to establish tax credits for climate neutral combustion technologies; to the Committee on Ways and Means.

By Mr. POMEROY:

H.R. 4705. A bill to provide crop and livestock disaster assistance; to the Committee on Agriculture.

By Mr. RAHALL (for himself, Mr. FARR, Mr. JACKSON of Illinois, Ms. LEE, Ms. MCCOLLUM, Mrs. CAPPS, Mr. GEORGE MILLER of California, Mr. WEXLER, Mr. GRIJALVA, Mr. GUTIERREZ, Mr. CASE, Mr. MORAN of Virginia, Mr. HONDA, Mr. KUCINICH, Mr. VAN HOLLEN, and Mr. SCHIFF):

H.R. 4706. A bill to amend the Magnuson-Stevens Fishery Conservation and Management Act to provide for stewardship of fishery resources for the American public, and for other purposes; to the Committee on Resources.

By Mr. RANGEL (for himself and Mr. HOUGHTON):

H.R. 4707. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives to encourage diversity of ownership of telecommunications businesses, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. RYAN of Ohio:

H.R. 4708. A bill to allow workers certified to receive trade adjustment assistance under the Trade Act of 1974 who are rehired by the same employer to continue to receive such assistance if they are subsequently unable to work because of a lock-out in the course of a labor dispute; to the Committee on Ways and Means.

By Ms. LORETTA SANCHEZ of California:

H.R. 4709. A bill to amend the Uniform Code of Military Justice to bring sexual assault crimes under military law into parallel with sexual assault crimes under Federal law, and for other purposes; to the Committee on Armed Services.

By Ms. SLAUGHTER (for herself, Mr. HINCHEY, and Mr. GRIJALVA):

H.R. 4710. A bill to clarify the congressional intent concerning, and to codify, certain requirements of the Communications Act of 1934 that ensure that broadcasters afford reasonable opportunity for the discussion of conflicting views on issues of public importance; to the Committee on Energy and Commerce.

By Mr. SNYDER (for himself and Mr. BOOZMAN):

H.R. 4711. A bill to amend title 38, United States Code, to eliminate reductions of basic pay for eligibility for basic educational assistance for veterans under the Montgomery GI Bill; to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TIAHRT (for himself, Mr. BALLENGER, Mr. NORWOOD, and Mr. WILSON of South Carolina):

H.R. 4712. A bill to amend the Occupational Safety and Health Act of 1970 with respect to enforcement provisions; to the Committee on Education and the Workforce.

By Mr. MCGOVERN (for himself, Ms. SCHAKOWSKY, and Mr. HONDA):

H. Con. Res. 465. Concurrent resolution commending the efforts of women in the Republic of Colombia to promote peace; to the Committee on International Relations.

By Mr. HOLT (for himself, Mr. WOLF, Mr. GEORGE MILLER of California, and Mr. LANTOS):

H. Con. Res. 466. Concurrent resolution urging the Government of India to conduct a thorough and transparent investigation of the scope of abusive child labor in circuses throughout India and to pursue immediate and effective remedies to end such abuse, and to provide immediate and continuous police protection to secure the personal safety of Kailash Satyarthi, his family, and his colleagues in the South Asian Coalition Against Child Servitude; to the Committee on International Relations.

By Mr. PAYNE (for himself, Mr. CUMMINGS, Mr. JEFFERSON, Mr. WYNN, Ms. LEE, Ms. MAJETTE, Mrs. CHRISTENSEN, Mr. DAVIS of Illinois, Ms. WATERS, Mr. JACKSON of Illinois, Ms. NORTON, Mr. SCOTT of Georgia, Ms. MILLENDER-MCDONALD, Mr. DAVIS of Alabama, Mr. RUSH, Mr. TOWNS, Ms. SCHAKOWSKY, Mr. FATTAH, Mr. OWENS, Mr. RANGEL, Mr. THOMPSON of Mississippi, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. WATT, Mr. MEEKS of New York, Ms. CORRINE BROWN of Florida, Ms. WATSON, Ms. JACKSON-LEE of Texas, Mr. LEWIS of Georgia, Mr. CLYBURN, Mr. CONYERS, Mr. SCOTT of Virginia, Mr. FORD, Ms. KILPATRICK, Mr. TANCREDO, and Mr. BISHOP of Georgia):

H. Con. Res. 467. Concurrent resolution declaring genocide in Darfur, Sudan; to the Committee on International Relations.

By Mr. CARDIN (for himself, Mr. GILCHREST, Mr. HOYER, Mr. CUMMINGS, Mr. VAN HOLLEN, Mr. WYNN, Mr. BARTLETT of Maryland, Mr. RUPPERSBERGER, Mr. GRIJALVA, Mr. WAXMAN, Mr. MCDERMOTT, Mr. BURTON of Indiana, Ms. MCCARTHY of Missouri, Mr. MORAN of Virginia, Mr. HONDA, Ms. JACKSON-LEE of Texas, and Mr. MATSUI):

H. Res. 695. A resolution expressing the condolences of the House of Representatives to the family and friends of Mattie Stepanek on his passing, and honoring the life of Mattie Stepanek for his braveness, generosity of spirit, and efforts to raise awareness of muscular dystrophy; to the Committee on Government Reform.

By Mr. FROST:

H. Res. 696. A resolution providing for consideration of the bill (H.R. 3767) to amend title XVIII of the Social Security Act to deliver a meaningful benefit and lower prescription drug prices under the Medicare Program; to the Committee on Rules.

By Mr. RYAN of Ohio (for himself and Mr. MANZULLO):

H. Res. 697. A resolution urging the Government of the People's Republic of China to take certain actions regarding exports of coke; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. MILLER of Florida introduced A bill (H.R. 4713) for the relief of Christine L. Barrott; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 99: Mr. BARTLETT of Maryland.
H.R. 173: Mr. MCCOTTER.
H.R. 284: Mr. HASTINGS of Washington.
H.R. 303: Ms. HERSETH.
H.R. 344: Mr. OTTER.
H.R. 594: Ms. HERSETH.
H.R. 715: Mr. GALLEGLY.
H.R. 792: Mr. ACKERMAN, Mr. NEUGEBAUER, Ms. DELAURO, and Mr. NEAL of Massachusetts.
H.R. 953: Ms. HERSETH.
H.R. 962: Mr. WU.
H.R. 1080: Mr. SHAYS.
H.R. 1355: Mr. STARK.
H.R. 1466: Mr. HOEFFEL.
H.R. 1501: Mr. RANGEL, Mr. LYNCH, Mr. NEAL of Massachusetts, Mr. MCGOVERN, Mr. FRANK of Massachusetts, Ms. BORDALLO, and Mr. CASE.
H.R. 1563: Mr. RENZI.
H.R. 1684: Mr. DOGGETT and Mr. SKELTON.
H.R. 1746: Mr. POMEROY.
H.R. 1824: Mr. CRANE.
H.R. 2079: Mr. KLECZKA.
H.R. 2176: Mr. LARSEN of Washington and Mr. PICKERING.
H.R. 2239: Mr. KANJORSKI.
H.R. 2262: Mr. GUTIERREZ.
H.R. 2318: Mr. FATTAH.
H.R. 2387: Mr. FRANK of Massachusetts.
H.R. 2536: Mr. CROWLEY, Mr. BOEHLERT, and Mr. BAIRD.
H.R. 2598: Mr. SOUDER, Mr. WEINER, Mr. LARSON of Connecticut, and Mr. BACA.
H.R. 2959: Mr. ISRAEL and Mr. PORTER.
H.R. 3009: Ms. HARRIS and Mr. SHIMKUS.
H.R. 3148: Mr. ALEXANDER, Mr. ROSS, Mr. JEFFERSON, Ms. MAJETTE, Mr. DICKS, and Mr. LARSON of Connecticut.
H.R. 3180: Mr. WAXMAN.
H.R. 3192: Mr. FRANK of Massachusetts, Mr. DAVIS of Florida, Mr. KILDEE, and Mr. REYES.
H.R. 3194: Ms. ESHOO.
H.R. 3313: Mr. SIMPSON and Mr. OTTER.
H.R. 3327: Mr. CASE.
H.R. 3424: Mr. CONYERS.
H.R. 3425: Mr. CONYERS.
H.R. 3558: Mr. DEAL of Georgia, Mr. NORWOOD, Mr. ROGERS of Michigan, Mr. SMITH of New Jersey, and Mr. GIBBONS.
H.R. 3574: Ms. DUNN.
H.R. 3579: Mr. CUNNINGHAM and Mr. LANTOS.
H.R. 3619: Ms. HERSETH.
H.R. 3642: Mrs. TAUSCHER.
H.R. 3672: Ms. HERSETH.
H.R. 3676: Ms. TIERNEY.
H.R. 3684: Mr. PAYNE and Mr. KLINE.
H.R. 3728: Mr. FRANK of Massachusetts.
H.R. 3767: Mr. BROWN of Ohio and Mr. FROST.
H.R. 3804: Mr. BISHOP of New York.
H.R. 3810: Mr. BERMAN, Mr. MEEKS of New York, and Mr. PASTOR.

H.R. 3831: Mr. CASE, Mr. LANGEVIN, Mr. RUPPERSBERGER, Mr. DELAHUNT, Mr. MARKEY, Mr. EVANS, Ms. SLAUGHTER, Mr. FARR, Mr. LEWIS of Georgia, Ms. KILPATRICK, Ms. WATERS, Mr. VAN HOLLEN, Mr. SABO, Ms. ESHOO, Mr. GONZALEZ, Mr. BECERRA, Mr. HONDA, Mr. MENENDEZ, Mr. PALLONE, Mr. MATSUI, Mr. CROWLEY, Mr. MCDERMOTT, Mrs. CAPPS, and Mr. CAPUANO.

H.R. 3858: Mr. BEAUPREZ, Ms. HOOLEY of Oregon, Mr. MCCOTTER, and Mr. BOEHNER.

H.R. 3988: Mr. NEAL of Massachusetts.

H.R. 4026: Mr. NEAL of Massachusetts.

H.R. 4046: Mr. BISHOP of New York, Mr. MEEKS of New York, Mr. FROST, Mr. WEINER, Mr. TOWNS, Mr. ISRAEL, Mrs. MALONEY, Mr. MCHUGH, Mrs. MCCARTHY of New York, Mr. SERRANO, Ms. SLAUGHTER, Mr. OWENS, Mr. HINCHEY, Mr. BOEHLERT, and Mrs. LOWEY.

H.R. 4067: Mr. LANGEVIN and Ms. ESHOO.

H.R. 4093: Mr. GRIJALVA.

H.R. 4097: Ms. KAPTUR.

H.R. 4100: Mr. DOGGETT, Mr. FALEOMAVAEGA, Mrs. CHRISTENSEN, Mr. ACEVEDO-VILA, Mr. HOLT, Mr. GREEN of Texas, Mr. FRANK of Massachusetts, Mr. KILDEE, Mr. MCINTYRE, Mr. BOUCHER, Ms. BALDWIN, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. MCNULTY, Mr. MCDERMOTT, Ms. LEE, Mr. STARK, Ms. WOOLSEY, Mr. LIPINSKI, Mr. CLAY, Mr. MEEHAN, Mr. TIERNEY, Ms. MCCARTHY of Missouri, Mr. SANDERS, Mr. KUCINICH, Mr. BERMAN, Mr. INSLEE, Mrs. DAVIS of California, Ms. CARSON of Indiana, Mr. FORD, Ms. SCHAKOWSKY, and Ms. SLAUGHTER.

H.R. 4110: Mr. SMITH of New Jersey and Ms. LEE.

H.R. 4119: Mr. ENGLISH, Mr. ISAKSON, Mr. SOUDER, Mr. MARSHALL, and Mr. GREEN of Texas.

H.R. 4124: Mr. BISHOP of Georgia.

H.R. 4131: Mr. OSE and Mr. FOSSELLA.

H.R. 4150: Mr. SIMMONS.

H.R. 4169: Mr. MILLER of Florida, Mr. HASTINGS of Washington, and Mr. JONES of North Carolina.

H.R. 4187: Mr. LINCOLN DIAZ-BALART of Florida, Mr. MARIO DIAZ-BALART of Florida, Ms. ROS-LEHTINEN, and Mr. SESSIONS.

H.R. 4206: Mr. FROST, Mr. MCNULTY, and Mr. VAN HOLLEN.

H.R. 4207: Mr. WAXMAN.

H.R. 4242: Mr. REYES.

H.R. 4261: Mr. MEEK of Florida.

H.R. 4263: Mrs. NAPOLITANO, Mr. BISHOP of New York, Mr. SERRANO, Mr. GREEN of Texas, Mrs. TAUSCHER, Mr. WEINER, Ms. SLAUGHTER, Mr. FILNER, Mr. HOLT, and Ms. SOLIS.

H.R. 4269: Mr. FATTAH.

H.R. 4284: Mr. SULLIVAN, Mr. DUNCAN, Mr. PAUL and Mr. DEAL of Georgia.

H.R. 4303: Mr. MCNULTY, Mr. GREENWOOD, Mr. CROWLEY, Mr. DAVIS of Florida, and Mr. MCCOTTER.

H.R. 4306: Mr. ROGERS of Michigan.

H.R. 4343: Mr. CULBERSON.

H.R. 4354: Mr. DOYLE.

H.R. 4415: Mr. LANTOS, Mr. ACKERMAN, and Ms. DELAURO.

H.R. 4420: Mr. STENHOLM, Mr. SESSIONS, and Mrs. MUSGRAVE.

H.R. 4430: Mr. BONILLA, Mr. MILLER of Florida, Mr. KINGSTON, and Mr. BRADY of Texas.

H.R. 4433: Mrs. MILLER of Michigan.

H.R. 4440: Mr. CARTER and Mr. JENKINS.

H.R. 4449: Mr. HONDA.

H.R. 4472: Mr. FROST, Ms. HARMAN, Mr. MCNULTY, Mr. JOHN, Mr. SANDERS, and Mr. BRADY of Pennsylvania.

H.R. 4502: Ms. NORTON, Mr. MCINNIS, and Mr. SAXTON.

H.R. 4511: Mrs. MALONEY, Mr. PAYNE, Mr. GRIJALVA, and Mr. BISHOP of Georgia.

H.R. 4521: Mr. BACHUS.

H.R. 4530: Mr. ENGLISH.

H.R. 4533: Mr. NUNES.

H.R. 4561: Mr. SOUDER.

H.R. 4576: Mr. HINOJOSA, Mr. MCINNIS, Mr. KLINE, Mr. PENCE, Mr. YOUNG of Alaska, Mr. OXLEY, Mr. BRADLEY of New Hampshire, Mr. MORAN of Virginia, Mr. BLUNT, Mr. PETRI, and Mr. RENZI.

H.R. 4584: Mr. RENZI.

H.R. 4600: Ms. MCCARTHY of Missouri, Mr. WHITFIELD, and Mr. DAVIS of Tennessee.

H.R. 4608: Mr. SMITH of New Jersey.

H.R. 4610: Mr. NETHERCUTT, Mr. THOMPSON of Mississippi, Ms. LINDA T. SANCHEZ of California, Mrs. CAPPS, Ms. PELOSI, Ms. HARMAN, Mr. HONDA, Mr. FILNER, Mrs. TAUSCHER, Ms. LOFGREN, Mr. CARDOZA, Ms. SOLIS, Mr. MCNULTY, and Mr. BECERRA.

H.R. 4622: Mr. SNYDER, Mr. CAPUANO, Mr. BISHOP of Georgia, and Mr. ISAKSON.

H.R. 4634: Mr. TIBERI, Mr. MARSHALL, Mr. SANDLIN, Mr. GREEN of Texas, Mr. RYUN of Kansas, Mr. FERGUSON, and Mr. WILSON of South Carolina.

H.R. 4636: Mr. MATHESON, Mr. MCINTYRE, Mr. DAVIS of Tennessee, Mr. JENKINS, Mr. ENGLISH, Mr. COSTELLO, Mr. COOPER, and Mr. CARDOZA.

H.R. 4655: Mr. HOEFFEL, Mr. BROWN of Ohio, Mr. RODRIGUEZ, Mr. SANDLIN, Mr. BLUMENAUER, and Ms. NORTON.

H.R. 4671: Mr. TOWNS, Ms. JACKSON-LEE of Texas, Mrs. JONES of Ohio, Mr. MCDERMOTT, Mr. GRIJALVA, and Mr. MCNULTY.

H. Con. Res. 330: Mr. RANGEL and Mr. GUTIERREZ.

H. Con. Res. 375: Mr. MATSUI, Ms. LEE, and Mr. DEUTSCH.

H. Con. Res. 418: Ms. MCCOLLUM and Mr. MCCOTTER.

H. Con. Res. 431: Mr. MARSHALL.

H. Con. Res. 442: Mr. SIMPSON, Mr. DAVIS of Illinois, Ms. SCHAKOWSKY, Mr. GUTKNECHT, Mr. INSLEE, Ms. BALDWIN, and Mr. KLECZKA.

H. Con. Res. 459: Mr. OBERSTAR, Mr. ROGERS of Kentucky, and Mr. SHIMKUS.

H. Con. Res. 462: Mr. CHABOT, Mr. LEACH, Ms. ROS-LEHTINEN, Mr. WEXLER, Mr. BERMAN, Mr. MEEKS of New York, Mr. MCCOTTER, Mrs. DAVIS of California, Mr. SMITH of New Jersey, Mr. ROHRABACHER, Mr. CHANDLER, Mr. GONZALEZ, Mr. MCNULTY, Mr. SOUDER, Ms. BERKLEY, Mr. ACKERMAN, Mr. TANCREDO, Mr. SHIMKUS, Mr. WU, Mr. KIRK, Mr. HOEFFEL, Mr. SCHIFF, Mr. DEUTSCH, and Mr. KING of New York.

H. Res. 60: Mr. SHAW.

H. Res. 466: Mr. UDALL of Colorado.

H. Res. 485: Mr. COLE and Mr. RODRIGUEZ.

H. Res. 566: Mr. GREENWOOD.

H. Res. 570: Mr. RUPPERSBERGER.

H. Res. 667: Mr. EVANS and Mrs. MYRICK.

H. Res. 687: Mrs. JONES of Ohio, Mr. MCDERMOTT, Ms. JACKSON-LEE of Texas, and Mr. SABO.

H. Res. 688: Mr. WELLER and Mr. BARTLETT of Maryland.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 4614

OFFERED BY: MR. KING OF IOWA

AMENDMENT NO. 3. At the end of the bill (before the short title), insert the following:

SEC. . None of the funds made available in this Act that are provided to the United States Fish and Wildlife Service or a State department of natural resources for the purpose of carrying out habitat restoration measures for endangered species pursuant to the Corps of Engineers Missouri River Master Water Control Manual may be used for any other purpose.

H.R. 4614

OFFERED BY: MS. NORTON

AMENDMENT NO. 4. Page 3, line 17, after the dollar amount insert the following: ''(increased by $20,000,000) (reduced by $20,000,000)''.

H.R. 4614

OFFERED BY: MR. SANDERS

AMENDMENT NO. 5. Page 19, line 14, after the dollar amount, insert the following: ''(increased by $30,000,000)''.

Page 23, line 5, after the dollar amount, insert the following: ''(reduced by $30,000,000)''.