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Calendar No. 520

109TH CONGRESS *2d Session*	SENATE	REPORT 109–283

THE STOP OVER SPENDING ACT OF 2006

R E P O R T

OF THE

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

[TO ACCOMPANY S. 3521]

together with

ADDITIONAL AND MINORITY VIEWS

JULY 14, 2006.—Ordered to be printed

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109TH CONGRESS, *2d Session* | SENATE | REPORT 109–283

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Mr. GREGG, from the Committee on Budget, submitted the following

R E P O R T

[To accompany S. 3521]

The Committee on the Budget, to which was referred the bill (S. 3521) to establish a new budget process to create a comprehensive plan to rein in spending, reduce the deficit, and regain control of the Federal budget process, having considered the same, reports favorably thereon, with an amendment in the nature of a substitute and recommends that the bill (as amended) do pass.

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I. INTRODUCTION

S. 3521, the Stop Over Spending (SOS) Act of 2006, represents the first significant effort to reform the federal and congressional budget process since the 1990 Budget Enforcement Act. This legislation provides a comprehensive approach to controlling federal spending through solutions that keep discretionary spending within legislated limits and control the rate of growth in entitlement spending. S. 3521 recognizes that American citizens are not under-taxed by their government, rather the government spends too much. It recognizes that firm action is needed to ensure that the unsustainable growth of federal obligations do not threaten the financial security of our children, grandchildren, and nation.

II. PURPOSE AND SUMMARY

The purpose of S. 3521 is to establish meaningful, strong measures to address short-term and long-term spending trends that are driving the federal deficit and threaten to dramatically increase the debt, if unaddressed. The Committee has recommended a number of reforms and improvements to re-establish discipline in the congressional and federal budget process. The recommendations ensure that the Executive Branch, the House of Representatives and the Senate will be held to specific, quantifiable discretionary spending limits and that out-of-control entitlement spending will be reined in.

The major reforms contained in S. 3521 are as follows:

Legislative Line Item Veto. S. 3521 allows the President to propose and requires the Congress to consider and act upon specific, questionable spending proposals contained in appropriations bills, new entitlement legislation, and tax benefits that are targeted to a very limited number of beneficiaries.

Regular and Emergency Discretionary Spending Limits (Caps). Discretionary caps were originally established in the Budget Enforcement Act (BEA) of 1990, and continued until their expiration in 2002. S. 3521 re-establishes caps on discretionary spending and establishes new spending limits on emergency spending – spending which has been used as a loophole to skirt appropriation limits. The bill provides enforcement of these caps through an across-the-board sequester if these limits are exceeded.

Deficit Reduction Mechanism. S. 3521 establishes a glide path to effectively balance the budget by 2012. Under this mechanism, deficit targets are defined as percentage of Gross Domestic Product (GDP). If deficit projections exceed those targets in any given year, Congress would be required to embark on a mandatory reconciliation process and consider changes to entitlement programs in order to reduce spending growth. Should Congressional action fail to make necessary changes through reconciliation, this mechanism would be backed up by an automatic across the board sequestration of direct/entitlement spending (exempting Social Security).

Biennial Budget. S. 3521 shifts the federal budget and appropriations process to a biennial (two-year) basis allowing the Executive Branch and Congress to focus on the budget and appropriations in the first year and program review and oversight of the actual use of funding in the second year of each biennium.

Commission on Entitlement Solvency. S. 3521 creates a bipartisan 15 member Commission on Entitlement Solvency. The sole purpose of the Commission is to recommend improvements in Medicaid, Medicare, and Social Security to put these programs on a firm financial footing. Congress would debate and vote on such recommendations under an expedited process.

Commission on Congressional Budgetary Accountability and Review of Federal Agencies (CARFA). S. 3521 creates a bipartisan 15 member Commission, which over a four-year period will review federal programs and identify redundancy, waste and opportunities for reform. Congress would debate and vote on such recommendations under an expedited process.

Budget Resolution and Reconciliation Reforms. S. 3521 streamlines and improves a number of facets to budget processes to allow the annual budget resolution and the budget reconciliation process to work more efficiently to manage and reduce spending.

III. NEED FOR LEGISLATION

No budget process can ensure that Senators, Representatives, OMB Directors or Presidents of the United States will operate within and comply with budgetary constraints. But, the history of the budget process has shown that strong, enforceable limits, backed by enforcement mechanisms in statute can help influence leadership and make it more likely that Congress and the Executive will be willing to make tough choices among programs.

With the enactment of the Congressional Budget and Impoundment Control Act of 1974, Congress and the President agreed that the Legislative Branch should adopt an overall Federal Budget plan. Since then, the Congressional Budget process has been reformed a handful of times. Often such reform follows external events or failure of the budget process to reduce deficit spending. Landmark reforms include the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings) and the BEA of 1990. The last significant reform occurred in 1997 with the extension of the BEA. Regrettably, the Act expired in 2002, and its enforcement mechanisms have been extended only in spirit through the congressional budget resolutions, which lack the force of law, and largely control only the legislative branch.

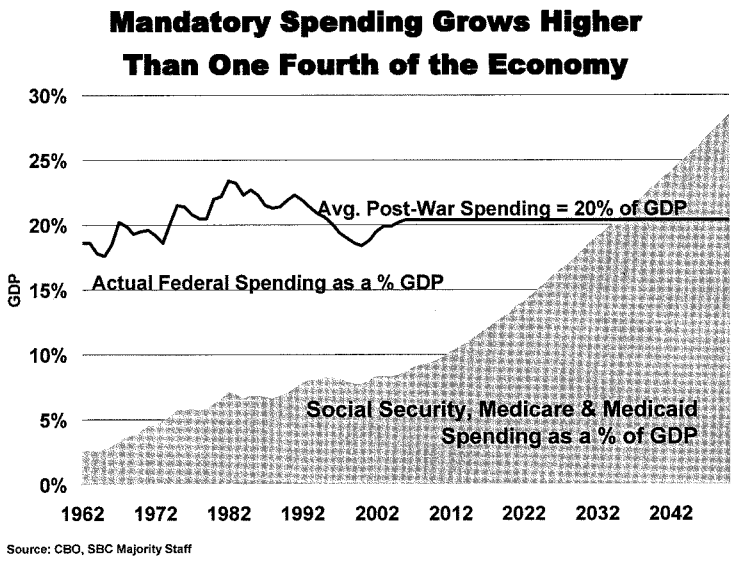
S. 3521 represents the next step in budget reform and enforcement legislation. While there are several notable and important differences between the SOS Act and the aforementioned budget efforts, one of the most meaningful is the fact that S. 3521 rightly

focuses on and addresses the unsustainable growth in entitlement spending whereas Gramm-Rudman-Hollings (GRH) and the BEA of 1990 and the 1997 extension focused more on restraining discretionary spending.

The significance of S. 3521's focus on addressing entitlement spending cannot be overstated. Entitlement programs are largely on automatic pilot and growing, and without controls or limits they will grow much faster than the Nation's ability to pay for them. The first baby-boomer will retire in 2008. As more and more people retire, the burden on the taxpayer will continue to grow.

These demographic realities are putting entitlement programs on a trajectory that cannot be maintained. The following facts help put our future financial crisis in perspective.

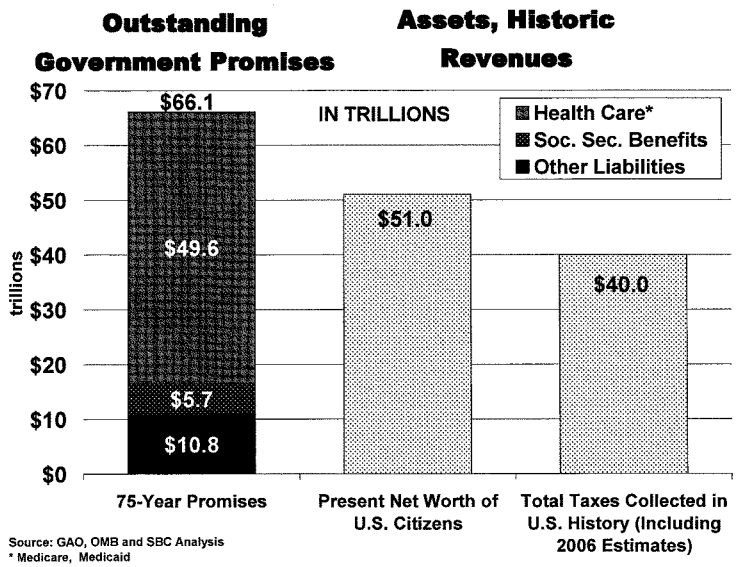
The federal government has equaled each year approximately 20 percent of the Gross Domestic Product (GDP) of the nation since 1960. In short, all U.S. Government programs have needed one-fifth of the nation's annual economic output to maintain grants, facilities, programs and workforce. This includes all federal programs and agencies from the Departments of Defense, Education, Health and Human Services to the Federal Aviation Administration and Veterans Administration. Three large entitlement programs currently consume about eight percent of the U.S. GDP – Medicare, Medicaid, and Social Security. Based on the projected rate of growth of these three entitlements and projected growth of the U.S. economy, these three programs alone will account for 20 percent of the United States' GDP by about 2035.



Source: CBO, SBC Majority Staff

The U.S. Comptroller General and others have expressed this entitlement bow wave facing the nation in terms of outstanding promises, or unfunded liabilities. Direct/ entitlement programs, driven by health care programs, will have an unfunded liability or promises of $65 trillion over the next 75 years, of which Social Security, Medicare, Medicaid would comprise $56 trillion. By comparison the present net worth of all U.S. citizens, all bank accounts, stocks, real estate, etc, totals $51 trillion.

This $65 trillion problem is not one you tax your way out of either. Total tax collections by the Federal Government since the founding of the republic total $40 trillion. Even if taxes were raised to unprecedented levels, the deficit would grow to quarter of the economy from 2.3% of GDP to 24% of GDP.



These data are sobering. They show that the U.S. Congress must face up to some tough choices to secure our children's financial future. The SOS Act contains a number of provisions to encourage and assist Congress in making those decisions. Notably, S. 3521 includes a deficit reduction mechanism that forces Congress to make changes to entitlement programs if deficit targets linked to balancing the budget by 2012 are not met. It also stipulates that if Congress fails to make changes to the entitlement programs (changes that can be offered by Republicans and Democrats alike), then an across the board reduction, of an amount sufficient to meet the deficit target, would apply to entitlement programs. It creates a new point of order to restrain new entitlement spending, if a measure projecting Medicare insolvency in the near future is met. Finally, S. 3521 establishes a bipartisan Commission to provide a report to Congress that includes legislative recommendations to protect the short and long term solvency of Social

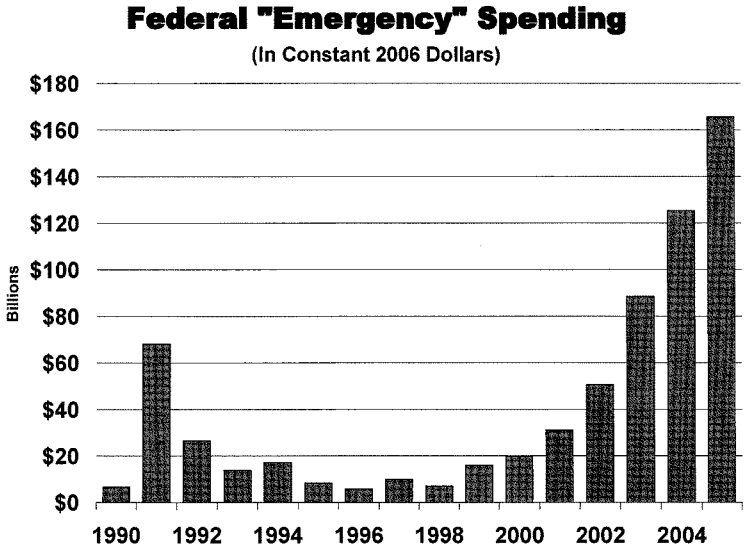
Security, Medicare and Medicaid. Congress could amend those recommendations, but is required to vote to either pass or defeat the legislation – thereby assuring no more free-pass for Congress to merely debate but avoid taking action to secure solvency and address the financial stability of the programs.

While entitlement spending represents the greatest threat to our long-term fiscal future, the existing annual budget process is broken and must also be fixed. A sound budget process forces decision makers to deal with the scarcity of resources and be prudent stewards of taxpayer monies so that programs exist at levels the Nation's citizens can afford rather levels financed by deficit spending that drive up the debt.

The current budget process and does not meet this test and is in urgent need of repair. Upper spending limits are adopted on an annual basis and are all too often altered when new spending proposals push up against the limits/caps. All too often "gimmicks" or "loopholes" are used to provide for extra spending. For example, so called "advance appropriations" have been used to provide forward funding without adjusting limits. Pay date shifts and illusory, annual changes like the cap on the Crime Victims Fund are used to supplement resources.

The greatest loophole, so called "emergency spending" has been used to provide up to an additional 20 percent in excess of the approved discretionary budget. Much of this funding is neither unforeseen nor an emergency – but by so declaring, billions in resources are simply added to the "on budget" discretionary totals without commensurate offsets. It has become customary for annual submissions of the Budget of the United States to exclude resources that are known will be requested to supplement the budget and add to the deficit. Financial requirements within the "on budget" accounts are under priced and ongoing programs are being shifted to the "emergency" ledger. The continued use of such supplemental "emergency" spending – undercuts the basic foundation of the federal budget by keeping two sets of books.

The following chart demonstrates that the "emergency" spending is being used with increased frequency. From 1990 through 2004, as measured in constant dollars, emergency supplemental spending above the discretionary caps averaged about $30 billion. In the past few years this category of unrestricted spending is averaging well over $120 billion a year.



The SOS Act addresses concerns that emergency spending has gotten out of hand by establishing caps on emergency spending and bringing those caps to the historical average by 2009. Congress may spend above those caps but doing so would likely result in across the board reductions to other discretionary funding commensurate with the amount necessary to comply with discretionary and emergency caps. In other words, S. 3521 places the same financial discipline on Congress that most American households operate under every day – an unexpected expenditure increase often necessitates a decrease in another area in order to live within a budget.

Not only is it important for Congress to operate under spending limits, but it is also important for Congress and the President to exercise prudent decision making in establishing priorities for how American taxpayer dollars should be spent. The wide reporting of wasteful spending on government programs and projects necessitates both a thorough review of the federal government programs but also the ability for the President and Congress to target wasteful spending for elimination. In response to public outcry over wasteful spending, S. 3521 includes legislative line item veto (expedited rescission) authority and a commission to review and evaluate all federal programs for waste and abuse.

In summary, the confluence of the looming financial crisis (as a result of unrestrained entitlement growth), the explosion in and misuse of emergency spending, and the increased concern over wasteful spending are indicative that the current federal budget process is in need of reform and retooling. The time has arrived for S. 3521's comprehensive approach to restore the federal budget process and our future children and grandchildren's fiscal security.

IV. LEGISLATIVE HISTORY

S. 3521 was introduced by Senator Gregg on June 15, 2006, with Senators Alexander, Allard, Brownback, Bunning, Chambliss, Cornyn, Craig, Crapo, DeMint, Domenici, Ensign, Enzi, Frist, Graham, Isakson, Kyl, McCain, McConnell, Sessions, Thomas, Thune, and Vitter as original cosponsors. The bill was referred to the Senate Committee on the Budget.

On March 7, 2006, S. 2381, A Bill to Amend the Congressional Budget and Impoundment Control Act of 1974 to provide Line Item Rescission Authority, was introduced in the Senate by Majority Leader Frist. This bill sets forth requirements for the President's transmittal to Congress of a special message regarding a proposed rescission as well as procedures for expedited congressional consideration of a proposed rescission. It also requires that any rescinded budget authority or items of direct spending be dedicated only to deficit reduction, and not be used as an offset for other spending increases.

On Tuesday, May 2, 2006, the Senate Committee on the Budget held a hearing to consider S. 2381 and further examine the President's line item rescission proposal. Testifying before the Committee were The Honorable Robert C. Byrd, U.S. Senate; Mr. Austin Smythe, Acting Deputy Director, Office of Management and Budget; Dr. Donald Marron, Acting Director, Congressional Budget Office; Mr. Charles J. Cooper, Cooper & Kirk, PLLC; and Dr. Louis Fisher, Specialist at the Law Library, Library of Congress.

As a result of the hearing and concerns that were voiced at that time, Chairman Gregg and the Senate Committee on the Budget decided to expand upon S. 2381 and introduce a comprehensive budget reform bill, S. 3521. S. 3521 includes a line item veto/expedited rescission tool, reinstates statutory caps for discretionary budget authority, converts the annual budget, appropriations, and authorizing process to a two-year cycle, establishes a deficit reduction mechanism that is enforced by a mandatory reconciliation process, and creates a Commission on Entitlement Solvency and CARFA.

The Senate Committee on the Budget held markup for S. 3521 on June 20, 2006, and reported the bill by a vote of 12-10 after adopting a manager's amendment.

Senator Gregg offered a manager's amendment that includes technical changes and corrections to the underlying bill. In addition, the manager's amendment modifies line item veto by 1.) prohibiting the President from resubmitting rescission proposals that were previously rejected by the Congress, 2.) allowing the President to resubmit rescissions if Congress fails to complete action on a direct spending or targeted tax benefit rescission bill due to adjournment, and 3.) reducing the 45-day rescission period in which the President may suspend new direct spending or targeted tax benefits if the President submits proposed rescissions after the effected date of the new spending or tax benefit. The manager's amendment also requires the amount of savings included in committee's reconciliation directives to be calculated proportionally based on authorizing committee allocations. Finally, regarding the Commission on Entitlement Solvency, the

amendment requires that the Senate, by 60 votes, agrees to proceed to final passage and that no more than two of the three Commission members appointed by each person (President, Senate Majority and Minority Leaders, Speaker of the House, and Minority Leader of the House) be affiliated with the same political party.

Votes in Committee
On June 20, 2006, Chairman Gregg presented a "Chairman's Mark" of the Stop Over Spending Act of 2006 to the Committee.

On June 20, 2006, the following roll call votes were taken during the Senate Budget Committee mark-up of the Stop Over Spending Act of 2006.

(1) Sen. Conrad amendment regarding elected members of Congress and the Commissions.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(2) Sen. Conrad amendment regarding the budgetary status of Social Security.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(3) Sen. Murray amendment regarding the National Commission on Entitlement Solvency and private health insurance premiums.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(4) Sen. Ensign amendment regarding dynamic budget and tax analysis by the Congressional Budget Office and the Joint Committee on Taxation.

Amendment defeated by:

Yeas: 11	Nays: 11
Gregg	Conrad
Grassley (P)	Domenici
Allard	Sarbanes
Enzi (P)	Murray
Sessions	Wyden
Bunning	Feingold (P)
Crapo	Johnson
Ensign	Byrd (P)
Cornyn	Nelson (P)
Alexander	Stabenow
Graham	Menendez (P)

(5) Sen. Stabenow amendment regarding Social Security and Medicare and the Commissions.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(6) Sen. Stabenow amendment regarding Social Security and Medicare and the Legislative Line Item Veto process.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(7) Sen. Murray amendment regarding veteran's health programs and the Commission reports.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(8) Sen. Conrad amendment to propose a complete substitute to the Chairman's mark of the Stop Over Spending Act of 2006.

Amendment defeated by:

Yeas: 10	Nays: 12
Conrad	Gregg
Sarbanes	Domenici
Murray	Grassley (P)
Wyden	Allard
Feingold (P)	Enzi (P)
Johnson	Sessions
Byrd (P)	Bunning
Nelson (P)	Crapo
Stabenow	Ensign
Menendez (P)	Cornyn
	Alexander
	Graham

(9) Sen. Gregg amendment to propose a manager's amendment to correct technical, typographical and clerical errors.

Amendment accepted by voice vote.

(10) Final Passage.

Measure adopted by:

Yeas: 12	Nays: 10
Gregg	Conrad
Domenici	Sarbanes
Grassley (P)	Murray
Allard	Wyden
Enzi (P)	Feingold (P)
Sessions	Johnson
Bunning	Byrd (P)
Crapo	Nelson (P)
Ensign	Stabenow
Cornyn	Menendez (P)
Alexander	
Graham	

(P) = Vote by Proxy.

V. EXPLANATION OF BILL AND COMMITTEE VIEWS

Title I – The Legislative Line Item Veto Act of 2006

Title I of S. 3521 amends the Congressional Budget and Impoundment Control Act of 1974 to provide the President with authority to propose rescissions of spending or tax line items, and puts in place a procedure for expedited Congressional consideration of such proposals.

The phrase "line item veto authority" usually refers to the authority that the constitutions of 43 states provide to their governors to eliminate or repeal (without involvement of the legislature) discrete provisions of legislation that are otherwise signed into law.

The Congress has periodically considered providing the President with such line item veto authority. However, the United States Constitution does not provide the President with the authority most state constitutions grant to their governors; no one has yet produced a constitutional version of a federal law to provide the same kind of line-item veto authority to the President.

Under current law, the President has had the authority to propose the rescission of spending items after an entire appropriation bill has been enacted into law. To take effect, the President's rescission proposal must be passed in the same form by both houses of Congress and presented to him for signature. Since 2000, this procedure has not been used; rescissions, if proposed at all, have recently been enacted as offsets to new spending in appropriation bills and have not resulted in deficit reduction.

The only federal law that has ever been enacted in the line item veto vein (the Line Item Veto Act of 1996) was in fact an enhanced rescission procedure – under that law, the President's rescission proposal automatically took effect unless the Congress enacted a bill disapproving the rescissions. However, the Supreme Court's decision in *Clinton v. City of New York,* 524 U.S. 417 (1998) held that the cancellation provisions of the 1996 Act violated the procedures under the Constitution's Presentment Clause, and the law was ruled unconstitutional.

Earlier this year, in an effort to combat wasteful spending and reduce the deficit, President Bush proposed a legislative line item veto measure. Under the President's proposal, both Houses of Congress would be required to vote on a Presidential rescission message under an expedited timetable in the model of fast-track trade legislation. The President's proposal (S. 2381, as introduced in the Senate) addresses the constitutional issue by proposing a legislative line item veto different from the 1996 law. S. 2381 does not allow the President's rescissions to take effect by default; instead, Congress must affirmatively pass a rescission package and the President must sign it into law for the reductions to take effect.

On May 2, 2006, the Senate Budget Committee held a hearing on the President's proposal and senators raised a number of concerns. While S. 2381 requires the Congress to vote on the President's proposal in a very short period, the President would have the

authority to withhold funds for up to 180 days, even if the House and/or the Senate defeated the rescission bill. Under S. 2381, the President could re-propose rescissions an unlimited numbers of times (and withhold funds for up to 180 days each time), which could potentially allow him to effectively stop a spending item without Congressional action. The President would also be able to send as many rescissions packages as he chooses at anytime, potentially tying up the congressional schedule. In addition, the President's plan would allow him to modify and not simply strike new mandatory spending provisions, with the potential of undermining the policy goals of the Congress. The proposal lacked a sunset provision, which might impede Congressional efforts to reconsider whether the procedure was being used as intended.

Title I of S. 3521 addresses some of the concerns about the President's proposal and improves upon the existing rescission procedures by preventing the Congress from simply ignoring Presidential rescission proposals. Under S. 3521, both houses of Congress would be required to vote on the President's rescission message under an expedited timetable.

Contents of a Rescission Package
Rescissions may include any discretionary funding or any *new* mandatory spending, and may also include new targeted tax provisions, defined as those targeted to benefit a small number of beneficiaries. Under S. 3521, the Joint Committee on Taxation would identify targeted tax benefits that would be eligible for rescission. The President could propose cancellation of any new spending or tax item; he could not propose *changing* the operation of a program and still qualify for expedited consideration.

The President may submit up to four rescission packages a year (once with the submission of the President's Budget and up to three other times at the President's discretion). Rescissions included in any package must be submitted within one year from date of enactment of new spending or tax legislation. The President may resubmit a specific rescission that was in an earlier package of rescissions if the congress adjourns *Sine Die* without having completed action on a rescission proposal.

Expedited Consideration of a Rescission Package
If the President sends a special message proposing rescissions and a Member of Congress introduces the President's package, the matter must be considered by the respective Member's House within eight days of session following the President's submission. The proposal is referred to the Committee on the Budget as well as the committees of legislative jurisdiction, and the measure must be reported or automatically discharged on the fifth day of session. There is a ten hour limit on debate, and an overall limitation on consideration given that the vote on final passage must occur within ten days of session from the date of introduction. The rescission package is not amendable in committee or during consideration by the full House or Senate.

The President may withhold any dollar amount of discretionary budget authority proposed for rescission, but he must release any funds withheld at the close of 45 calendar days. The procedure differs for items of direct spending or targeted tax benefits.

In such cases, the President may suspend amounts for up to 45 days if the special message is sent on or before the effective date of the provisions of law in question. In either case, the President is authorized to make funds available at an earlier time if he determines that continued holding would not further the purposes of the Act.

Savings achieved through the enactment of rescissions must be used for deficit reduction and may not be used as an offset for other spending increases or revenue reductions. This requirement will be enforced by the Budget Committee Chairmen through adjustments to congressional spending and tax limits within five days after the enactment of a rescission bill.

Unlike the original President's proposal, Title I of S. 3521 includes a sunset date of December 31, 2010, which would provide Congress the opportunity to reevaluate the legislative line item veto/expedited rescission legislation.

Title II - Deficit Reduction

Title II of S. 3521 establishes a glide path for Congress to restrain spending and effectively balance the budget by 2012. The bill builds on many of the enforcement mechanisms pertaining to discretionary spending and direct/entitlement spending pioneered in previous legislation.

Discretionary

S. 3521 sets statutory discretionary limits for regular and emergency spending for 2007-2009 and establishes a sequestration process to correct any breach of those limits.

As background, the BEA of 1990 established statutory discretionary caps for the first time. These caps were enforced by an across-the-board reduction or sequestration in discretionary spending sufficient to cure the breach of the cap. Prior to 1990, a similar sequestration process existed, but it was not tied to specific caps; rather the sequestration was tied to breaching deficit reduction targets set out in GRH.

Unfortunately the statutory discretionary caps and sequestration procedures expired at the end of 2002. Although subsequent budget resolutions sought to restrict discretionary spending through the annual Congressional budget process, the ability of budget resolutions to enforce spending limits is somewhat constrained because budget resolutions are Congressional resolutions, not laws. For example, budget resolutions can include points of order for enforcement, but not a sequester mechanism. Furthermore, the Committee notes that since the expiration of statutory discretionary caps, the President has not been bound by any spending caps, so it is only Congress that has to adhere to a discretionary limitation – albeit via a budget resolution, not a law.

S. 3521 reinstates statutory caps for discretionary spending and the subsequent sequestration process for discretionary spending if Congress fails to adhere to the caps set forth in law. Specifically, S. 3521 includes discretionary budget authority caps for three years (2007, 2008 and 2009). The caps are: $872.5 billion for 2007, $895.3 billion for 2008 and $919.5 billion for 2009. The caps essentially track the 2007, 2008, and 2009

levels set out in the President's Budget request for 2007 and comport with the levels outlined in the President's Budget to cut the near-term deficit in half by 2009.

The Committee purposely established caps for only three years. The Committee believes a three year projection of how much federal discretionary funding is needed is reasonable. Three year caps also makes more sense in light of moving to a biennial budget process as set out in Title III of S. 3521, as the caps would establish discretionary spending levels for 2007 and also for the two years funded by the first biennial appropriations bills (2008 and 2009). The Committee also notes that three-year statutory caps are a prudent approach to ensure that Congress and the President are held to the same standard.

If Congress is to effectively curb spending, Congress must not only establish statutory caps, it must also address the recent burgeoning of emergency spending – spending that is currently "off the books."

The practice of allowing emergency spending to not be bound by the constraints of discretionary caps (i.e. off the books budgeting) evolved from the BEA of 1990. Back then, as is true now, the most common reason for breaching discretionary limits on spending was due to spending for "emergencies". The Committee is concerned that what was intended as a safety valve to permit Congress to allocate resources for sudden, unforeseen, urgent matters has evolved into the creation of "shadow budgets," where Congress has increasingly funded predictable, annual expenses through emergency appropriations.

The Committee is further troubled by the skyrocketing increases in emergency spending. During the 1990's and early 2000's, emergency supplemental spending above the discretionary caps averaged $30 billion annually, whereas over the past few years emergency spending has spiraled to $120 billion annually.

The Committee recognizes that the global war on terror, including the Iraq War, and the recovery costs associated with Hurricanes Katrina and Rita have understandably contributed to the spike in emergency spending. However, the Committee believes that it is appropriate to bring emergency spending back in line with historical averages, in light of the fact that Congress has already spent $122.4 billion on Hurricanes Katrina and Rita (well over $100 billion more than Congress spent on previous hurricane recoveries) and that some of the costs associated with the global war on terror and Iraq should be paid for by the regular, annual defense appropriation bill.

Specifically, the SOS Act establishes the following caps on annual emergency spending: $90 billion for 2007, $50 billion for 2008, and $30 billion for 2009. In addition, in an effort to restrain the unbridled use of emergency spending, S. 3521 stipulates that exceeding the emergency spending caps could trigger sequestration of discretionary funds. Sequestration would take effect if the total of the regular caps plus the emergency amounts (within the limits on emergency spending) are breached. If enacted appropriations total more than the discretionary and emergency limit in any year, OMB

would implement an across the board reduction to all discretionary accounts at the percentage necessary to bring spending back to the statutory limit for that fiscal year.

S. 3521 anticipates the need for emergency spending, recognizes that need is expected to diminish over time and establishes that if Congress breaches the statutory caps set forth in the SOS Act, even if it is for an emergency, then the costs of that breach should be paid for – rather than continue the current practice of deficit spending for emergencies that may or may not be true emergencies.

The Committee notes that even though S. 3521 establishes discretionary caps for three years, budget resolutions would still be necessary to provide allocations to the Appropriations Committee. Outlay allocations would also be provided in future budget resolutions, so outlays would still be capped, but only one year at a time and would be enforced through existing Budget Act points of order.

Direct and Entitlement Spending
S. 3521 creates a new deficit reduction mechanism that provides a glide path toward balancing the budget by 2012. The Act establishes deficit reduction targets based on GDP. The targets are enforced by a mandatory reconciliation process designed to reduce direct and entitlement spending if these deficit targets are not met. If the mandatory reconciliation process is unsuccessful, across-the-board reductions in direct and entitlement spending are required to meet the deficit targets.

Although this mechanism builds on the tools and procedures established under GRH in 1985, the deficit reduction mechanism under S. 3521 improves on previous deficit reduction efforts in three very distinct and significant ways.

First, it requires the deficit to be measured and considered as its share of the economy (i.e. as a percentage of GDP.) The statutory deficit targets, under S. 3521, are as follows:

Year	Deficit Goal
2007	2.75% of GDP
2008	2.25%
2009	1.75%
2010	1.25%
2011	0.75%
2012 and later	0.5%

Permitting the deficit target to float with the size of the economy provides a more flexible and accurate account of the true size and significance of the deficit, compared to the static numeric targets previously used under GRH. To put this in perspective, under the last year of GRH (1990), the deficit was $221 billion or 3.9% of GDP; today the expected deficit for 2006 represents $296 billion or 2.3% of GDP. In other words, this year's deficit is 38% smaller relative to the size of the economy.

Second, S. 3521's deficit mechanism improves on previous deficit reduction efforts by initially requiring Congress to consider changes in direct spending (via mandatory reconciliation) to curb the exploding costs of entitlement spending. Sequestration would only occur if Congress had failed to use the reconciliation process to achieve the necessary savings to meet the deficit target.

By establishing a mandatory reconciliation process, S. 3521 empowers Congress, through the authorizing committees that provide programmatic oversight, to make thoughtful and appropriate policy decisions to reach deficit targets. Only if that process fails does an across-the-board reduction in direct/entitlement spending take place. Sequestration is only a backstop mechanism in case Congress does not fulfill its duty to make the necessary policy decisions to balance the budget in six years.

The Committee believes using sequestration as a backstop will encourage enactment of reconciliation bills. The Committee notes that while reconciliation was frequently used as a tool to reduce spending in the 1980's, it has been used less in the 1990's and had not been used to reduce spending since 1997 – until this past year. The Act's deficit reduction mechanism attempts to remedy that by mandating reconciliation in years where deficit targets are not met.

S. 3521's emphasis on Congressional action (via reconciliation) to reduce the deficit is particularly important, in light of the looming retirement of the baby-boomers and the subsequent accelerated growth in the obligations of the federal government for Medicare, Medicaid and Social Security. Although our current deficit is 2.3% of GDP, the unrestrained growth of the entitlement programs is projected to dramatically increase the deficit in the coming years. For example, these three programs alone will take up 56% of the total budget in 2016, with all mandatory programs amounting to 70% of the budget. Over the next 10 years:

- Medicare will grow on average per year 5.8% to $962 billion.
- Social Security will grow on average per year 8.5% to $885 billion.
- Medicaid will grow on average per year to 8% to $413 billion.

By 2030, the cost of the Social Security, Medicare and Medicaid alone could exceed the total cost of government today. If Congress does not act, the unfunded 75 year obligations of Social Security, Medicare and Medicaid will total over $56 trillion. Without needed reforms to these programs, these enormous increases in spending will lead to some combination of massive tax increases, enormous deficits or staggering cuts to other government programs such as programs for education, defense and the environment.

Third, S. 3521's deficit reduction mechanism also improves upon previous deficit reduction efforts by subjecting direct spending and entitlement programs (with the exception of Social Security) to across the board cuts if Congress fails to meet deficit targets via reconciliation. Previous sequestration attempts exempted so many direct spending/entitlement programs that the effect would have been massive cuts to a handful

of programs, which many analysts, including CBO, believe to have been a contributing factor to sequestrations not being utilized in the past.

Furthermore, under GRH, the fact that so many entitlement programs were exempt from sequestration put too much pressure on discretionary programs which didn't make sense then and make less sense now, as entitlement spending represent the fastest growing section of the federal budget. The Committee strongly believes that entitlement programs must be part of sequestrations linked to deficit targets, as entitlement programs consume the largest part of the budget and if left unchecked provide the greatest threat to our children's future financial security. A broad sequestration base lessens the impact on individual programs and makes the threat that sequestration could occur more real, yet another incentive for Congress to take the reconciliation approach.

The deficit reduction mechanism in this title of S. 3521 compliments the Commission on Entitlement Solvency in Title IV. Under current projections, the deficit reduction mechanism will not be necessary prior to 2009 and recent positive changes to the deficit projections could push this date further into the future. However, the bipartisan Commission on Entitlement Solvency's recommendations are required to be submitted by May 1, 2007, and it is the expectation of the Committee that the legislative recommendations of the bipartisan Commission would have a positive impact on the federal budget.

In summary, the automatic deficit reduction mechanism has dual benefits. One, it puts Congress on the path to a balanced budget by 2012. Two, it forces Congress to examine the three largest entitlement programs and adopt prudent structural reforms needed to get spending under control over the long term.

Title III - Biennial Budget and Appropriations

Title III of S. 3521 converts the budget, appropriations, and authorization process to a biennial or two-year cycle, beginning in the 110th Congress. The budget and appropriations processes would take place during the first session of a Congress (odd numbered years). This makes budgeting and appropriating the priority for the first session of a Congress. The authorization process would take place during the second session of a Congress (even numbered years). This allows the second session of a Congress to be devoted to the consideration of biennial or multi-year authorization bills and to conduct oversight of federal programs.

Specifically, S. 3521 requires the President to submit a two-year budget at the beginning of the first session of Congress. This budget would cover each year in the biennium and include planning levels for the four years following the biennium. Congress will then be required to adopt a two-year budget resolution and enact two-year appropriation bills during the first session of each Congress.

Three new points of order are provided in Title III. The first is a point of order against appropriation bills that fail to cover two years. However, this point of order would not apply to supplemental appropriation bills that fund unanticipated or temporary needs such

as emergencies. The second is a point of order against consideration of authorization and revenue legislation until the completion of the biennial budget resolution, reconciliation legislation (if necessary) and the biennial appropriation bills. The third is a point of order against authorization and revenue legislation that covers less than two years (except those measures limited to temporary programs or activities lasting less than two years.) All of these points of order could be waived by a majority vote.

The title also modifies the Government Performance and Results Act (GPRA) to fit the government performance planning and reporting process into the two-year budget cycle. This will also help enhance the oversight of federal programs.

The Committee notes the move to biennial budgeting is necessitated by the design of the current annual budget process, which has led to a situation in which repetitive consideration of budget matters consumes a large percentage of Congress' time. This has had two negative results: a decrease in the time available for systematic oversight of federal programs, and delays in legislation (appropriation bills) necessary to fund the government.

Since 1974, Congress has regularly failed to complete action on all of the appropriations bills before the start of the fiscal year. The failure to enact regular appropriation bills prior to the beginning of the fiscal year often results in the need for the Congress and the President to agree on a continuing resolution (or series of continuing resolutions) to fund the federal government's operations. While policy disagreements between Congress and the Executive Branch have contributed to the budgetary delays, the complexity of the congressional budget process is also a contributing factor. Providing federal funds so late in the year on annual basis (via a regular appropriations bill or a continuing resolution) leads federal, state and local governments to be reactive, rather than proactive. If agencies knew their funding for two years rather than a single year, they could plan better and make better, more efficient use of their resources.

The Committee also notes that the repetitive nature of budget debates and the amount of time consumed by them has also served to reduce the time available for members to spend on systematic oversight of the design and implementation of federal programs. Also in large part, because the budget and appropriations process consume so much floor time on an annual basis, there frequently is not sufficient time to consider and debate authorization bills in the House and the Senate.

Senator Pete Domenici, former Chairman of the Senate Budget Committee and long time champion of biennial budgeting summarized many Members' concerns about the annual budget process and the benefits of a biennial budget:

> "... A biennial budget will dramatically improve the current budget process. The current annual budget process is redundant, inefficient, and destined for failure each year. Look at what we struggle to complete each year under the current annual process. The annual budget process consumes three years: one year for the

> Administration to prepare the President's budget, another year for the Congress to put the budget into law, and the final year to actually execute the budget... This is the most important reform we can enact to streamline the budget process, to make the Senate a more deliberative and effective institution, and to make us more accountable to the American people."
>
> (April 21, 2005 Congressional Record)

The Committee's view is that while biennial budgeting will not solve all of the problems that have developed relating to the budget process, it could: improve the quality of budget and appropriations deliberations, decrease the occurrence of continuing resolutions, enhance Congressional oversight and re-authorization of federal programs; and provide federal, state and local agencies a longer planning horizon to manage federal funds and Congressional expectations of how those funds should be spent.

Title IV - Commissions

S. 3521 establishes two Commissions with distinct but complimentary purposes. The first is a Commission to examine the three largest entitlement programs and recommend necessary changes to ensure their solvency. The second is a Commission which would look across all federal agencies and identify questionable, duplicative, or wasteful federal programs.

The Committee notes Congress has periodically and successfully turned to Commissions and the expertise of prominent experts to complement the legislative work of the Congress. The 1984 Grace Commission recommended $424 billion in savings over three years from consolidating or eliminating federal programs. The more recent Base Realignment and Closure (BRAC) Commission is estimated to have already generated $17.7 billion in savings and is expected to generate another $35.6 billion over the next 20 years.

Commission on Entitlement Solvency

The Committee notes that budget analysts and policy experts from both sides of the aisle and virtually every former director of OMB and CBO have pointed to the unrestrained growth of the entitlement programs as the single biggest threat to our future financial security and for good reason.

By 2030, the cost of Social Security, Medicare and Medicaid alone could exceed the total $2.7 trillion cost of government. Over the next 75 years, the unfunded obligations of the three largest entitlement programs, Social Security, Medicare, and Medicaid, are expected to exceed $56 trillion dollars. To put these figures in perspective, the current net worth of U.S. citizens is $51 trillion and the total taxes collected in U.S. history to date is $40 trillion. Clearly, it is simply not possible to tax our way out of the financial quagmire ahead of us.

Given the bipartisan concern that the U.S. economy cannot cover the enormous expense associated with the unrestrained growth of these programs, combined with the

recognition that any viable solution must include the ideas, input and buy-in by Republicans and Democrats alike, S. 3521 establishes the bipartisan Commission on Entitlement Solvency. The sole purpose of the Commission is to provide bipartisan recommendations to ensure the long-term solvency of Social Security, Medicare and Medicaid.

The Commission, its recommendations and Congressional consideration is intended to be bipartisan. Under today's political environment, the Commission would be comprised of eight Republicans and seven Democrats. Furthermore, S. 3521 requires a super majority (two-thirds) vote of the Commission to approve a report for Congress to consider under expedited procedures. The legislative provisions in the report can be amended by Democrats and Republicans alike both at the Committee level and during consideration in the House and Senate. Finally and most notably, after up to 50 hours of debate, approval of the legislation requires a supermajority of 60 votes in the Senate.

The Committee notes that while both the President and Members of Congress have talked at length about the need to reform the three largest entitlement programs, the political realities of embarking on such an endeavor is an arduous one. This is evidenced by the inability of Congress to vote on a plan to save Social Security from financial ruin. Furthermore, the outcry over the Deficit Reduction Act (which reduced Medicare by only 0.3% over five years for a program expected to grow 53% over five years and which reduced Medicaid by only 0.4% over five years for a program expected to grow 41% over five years) illustrates the political difficulties of reining in the fastest growing federal programs.

It took a Commission – the BRAC Commission – to empower Congress to successfully make the hard choices to realign and close military bases. (Administrations had attempted to close bases since 1961, but it wasn't until the bipartisan BRAC Commission was established in 1990, that Congress took seriously the job to close or realign unneeded military installations. When all is said and done, the BRAC Commissions will have saved the American taxpayers $50 billion). A similar bipartisan model can work for the entitlement programs.

Commission on Congressional Budgetary Accountability and Review of Federal Agencies (CARFA)

S. 3521 also includes a Commission to evaluate all federal executive agencies and their programs. The purpose of the Commission would be to evaluate the myriad of federal programs, identify duplicative, wasteful, inefficient, outdated, irrelevant or failed programs and recommend such federal programs be realigned or eliminated.

As background, the Committee notes that the executive branch of the federal government employs almost 1.9 million civilians, includes hundreds of departments, agencies, and bureaus that operate thousands of programs. Federal programs meet a diverse set of missions and constituent needs, and often were created at different times in our nation's history. As a result, many federal programs serve similar, if not identical or overlapping functions, but are located in separate departments, agencies and bureaucratic structures.

With far too much frequency, stories of procurements that are over cost, behind schedule or failing to meet requirements are brought to light. The media and Congressional oversight committees have uncovered numerous examples of waste, duplication and fraud.

Prudent stewardship of the public's funds requires that Congress make every effort to ferret out wasteful spending and identify redundant activity. Maintaining the public trust demands that continual efforts be made to improve efficiency, change the way the business of government is carried out and re-evaluate whether government services can be reformed or consolidated.

The Committee emphasizes that Congress has not taken a holistic view of the entire federal government for quite some time. It has been over 20 years since Congress played an active role in responding to the Grace Commission under the Reagan administration, and almost ten years since the Clinton/Gore administration internally reviewed the performance of executive agencies, via their "Reinventing Government" initiative. Given the vast breadth and scope of federal programs and bureaucracy, the Committee believes it is time for a bipartisan Commission to thoroughly review every program and agency and provide Congress with the opportunity to vote up or down on recommendations to streamline our federal government and ensure that the programs American taxpayers pay for are efficient and effective.

Specifically, the Commission would be composed of 15 members appointed by the Speaker, the House Minority Leader, the Senate Majority Leader, the Senate Minority Leader and the President. Each would make three appointments. The President would be responsible for designating a Chairman and Vice-Chairman who must be from opposite political parties.

To assist the Commission, the President would establish a systematic method for assessing the effectiveness and accountability of agency programs and submit to the Commission an assessment of approximately four equal budgetary parts (based on the size of the budget and number of personnel of the agency programs) assessed by such method. The Committee expects such systematic method would be similar to the Program Assessment and Review Tool (PART) developed by this Administration to evaluate and review federal programs.

The Commission would annually submit to Congress legislation that would implement a plan designating the agencies and programs that should be realigned or eliminated. As is true for the BRAC recommendations, Congress would be required to consider legislation submitted by the Commission under fast-track procedures that would preclude amendments, both in committee and during floor consideration.

The Congress would consider this legislation on an expedited basis following a comment period from the committees of jurisdiction. The Commission bill would be introduced by the Speaker and the Senate Majority Leader and referred to the appropriate committees, as well as the Budget Committees, who must then report within 30 days. After discharge

from committee, the bills must be considered within seven days. Debate on the bill is limited to ten hours. Within the expedited time-frame, the Congress would take an up-or-down vote on the legislation as a whole without amendment.

Title V - Budget Process

S. 3521 contains a number of provisions to help Congress adhere to the budget process. Notably the proposal strengthens the budget resolution and reconciliation process and puts in place a number of provisions to ensure that the overall budget process is more effective and meaningful.

Definitions

The proposal amends Section 3 of the Congressional Budget Act of 1974 to add and extend expiring definitions to reflect updated budgetary concepts and practices. These changes are intended to provide a link between current budget concepts used by OMB, CBO, and the Congress. For example, the bill includes a definition for "Governmental Receipts" that encompasses all revenue and collections from the public. In recent years, OMB and CBO have given closer scrutiny to sources of receipts and the basis upon which they are collected. If receipts are collected as a result of an exercise of the sovereign power of the federal government, they may be classified for budgetary purposes as revenues. The Congress usually associates the term "revenue" with legislative provisions within the jurisdiction of the Senate Committee on Finance or the House Committee on Ways and Means. This broader definition recognizes that authorizing committees other than Finance or Ways and Means may have jurisdiction over receipts classified as "revenues." The change does not alter the jurisdiction of any committee but will allow the Committee on the Budget to align governmental receipts to the appropriate committees of jurisdiction.

Procedure Changes to Budget Resolutions and Reconciliation Legislation

S. 3521 makes a number of changes to Senate procedures for consideration of concurrent resolutions on the budget and reconciliation legislation. The budget process was designed to limit extensive debate over budget matters so that all other legislation might be measured in relation to a congressional budget plan. The Committee notes that in recent years, the amendment process and motions in relation to budget matters have been used to delay completion of budget resolutions and reconciliation bills. S. 3521 attempts to reinstate expedited consideration for the budget.

One of the major obstacles to orderly consideration of budget matters has been the so-called "vote-o-rama". Under existing rules, debate on budget resolutions is limited to 50 hours, however votes do not count against the limit – the result is a flurry of votes after the 50 hours on scores of amendments that the Senate has neither debated or actively considered – hence the term "vote-o-rama." This bill would eliminate vote-o-ramas by placing a time limit on "consideration" rather than "debate." Only those amendments and motions pending at the expiration of the time will be disposed of and no new amendments or motions will be in order. The proposal also prohibits consideration of dilatory and precatory amendments during budget resolutions. This will allow the Senate to consider and vote on amendments specifically related to the budget.

Budget Resolution Changes
Title V also makes a number of changes regarding budget resolutions and the reports that accompany them. Changes are proposed to make the resolution more relevant to the committees of the House and Senate. One major change would provide for allocations of budget authority and outlays based upon committees of jurisdiction rather than functional breakdowns. The practical effect of this change is that amendments to the budget resolution to increase funding for a particular purpose will be required to show whether the intent of the proponent is to reduce funding allocated to another committee, increase the deficit or raise taxes. Another change clarifies that the conditions under which a reserve fund will be available for spending legislation be described in sufficient detail in order to determine whether a particular bill qualifies for the reserve.

Reconciliation Changes
The rules governing Senate consideration of reconciliation bills have become cumbersome and unworkable. The Committee notes it is difficult for Senators to determine whether provisions or amendments will be in order. Changes to the reconciliation process are intended to create more objective criteria for determining whether provisions or amendments will run afoul of the rules. Other changes are intended to create greater incentives for committees to comply with reconciliation instructions.

One change eliminates the "merely incidental test" from the rule against extraneous matter in reconciliation bills. That test requires a judgment of whether the budgetary impact of a provision is merely incidental to the policy goal. In its place, the S. 3521 creates an objective standard to limit the inclusion of major new policy initiatives. The new restriction would limit increases in spending or decreases in receipts to no more than 20% of the total instruction to a committee. This new restriction comes out of concern that the recent spending reconciliation bill was used as vehicle to significant expand or create new direct/entitlement spending.

An example of the implementation of the 20% restriction follows, if a committee is instructed to save $10 billion, the committee could report language to save $12 billion and spend $2 billion, but they could not save more in order to spend more than $2 billion. Other changes make clear that technical and conforming language in reconciliation bills will not be deemed extraneous. Points of order against trivial matters should no longer derail a bill intended to be considered on a fast track.

Another difficulty related to the reconciliation process is the limited number of remedies available when committees fail to comply with reconciliation instructions. S. 3521 would require that all reconciliation bills be reported by the Budget Committee and authorizes the Committee to recommend changes if reconciliation submissions fail to comply with the original instructions.

Medicare Trigger
S. 3521 creates a 60-vote point of order to address long-term entitlement spending that is identical to the provision included in the Senate-passed 2007 Budget Resolution.

The Medicare Modernization Act (MMA) included important language requiring the Medicare Board of Trustees to project in their annual report if general fund contributions to total Medicare outlays will exceed 45% within the next seven years. Anything above 45% is referred to as "excess general revenue funding."

The Committee notes that as general fund contributions to Medicare rise, additional pressure is put on funding for other programs (such as defense, education and the environment) or the likelihood of deficit funding is increased.

The MMA requires that if the Medicare Trustees project "excess general revenue funding" in two consecutive years, the President must propose legislation to eliminate the excess funding. The MMA provision also includes a procedure for expedited consideration of the President's legislative submission.

Section 512 of S. 3521 builds further on the MMA proposal. In that, the Chairman of the Budget Committee may submit to the Senate a notification of a Medicare Funding Warning which is defined as a projection that, within seven years, general fund contributions to Medicare spending will exceed 45% of total Medicare outlays.

When the Chairman has made such a projection for two consecutive years, a 60 vote budget point of order lies against any new direct spending. The warning expires when legislation is passed that reduces the general fund contribution to Medicare outlays below 45%.

The Committee notes that this new point of order compliments other provisions in the SOS Act, such as the deficit reduction mechanism and the entitlement commission, which are designed to address the unsustainable growth in the entitlement programs. The Committee is hopeful that this multi-tiered approach to addressing entitlement growth will provide Congress with the tools necessary to secure the financial security of our children and grandchildren.

VI. SECTION BY SECTION ANALYSIS

SECTION BY SECTION SUMMARY OF TITLE I – LEGISLATIVE LINE ITEM VETO – OF S. 3521 AS REPORTED

Section. 101. Short title. Provides the short title the "Legislative Line Item Veto Act of 2006."

Section. 102. Legislative line item veto. Amends Title X of the Congressional Budget and Impoundment Control Act of 1974 by deleting Part C and inserting the following new Part:

"Part C—Legislative Line Item Veto: "EXPEDITED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS".

Section. 1021. (a) Proposed Rescissions. Provides the President with the authority to propose the rescission of any dollar amount of discretionary budget authority, any item of new direct spending, and targeted tax benefits under the same procedures.

Section. 1021. (b) Transmittal of Special Message. (1) Special message. (A) In general. Describes the transmittal of a special message by the President to the Congress proposing to rescind any dollar amount of discretionary budget authority or any item of direct spending or targeted tax benefit. The section fixes the number of times the President may submit messages to the Congress and limits the number of times he may submit any particular item. The President may transmit to Congress four special messages per calendar year. Special messages may be transmitted with the President's budget and three other times as determined by the President. The Special Message may include rescission proposals only within one year of the date of enactment of such legislation covered by this part. The committee substitute does not allow the resubmission of any proposal previously rejected by Congress with one exception. If Congress does not complete action on a bill introduced under this part because of Congress an adjournment *sine die*, the President may resubmit some or all of the dollar amounts of discretionary budget authority, items of direct spending, and targeted tax benefits in not more than one subsequent special message under this part (or under part B of the Congressional Budget Impoundment and Control Act of 1974). Any special message containing resubmitted items counts toward the annual limit of four special messages per calendar year.

Section. 1021. (b)(1)(B) Contents of special message. Specifies that the contents of the special message shall include: (1) The amount of budgetary authority or the specific item of direct spending and targeted tax benefits proposed to be rescinded; (2) Estimated budgetary effects calculated consistent with the baseline methodology described in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, with the President's budget for the fiscal year in which the proposal is submitted to Congress, and for each of the following ten fiscal years; (3) The account, department, or establishment of Government that is the subject of the rescission; (4) Reasons for the rescission; (5) The estimated fiscal and economic effects of the proposed rescission; (6) other relevant information about the proposed rescission; and (7) a draft bill that would effectuate the President's request.

Section. 1021. (b)(2) Analysis by congressional budget office and joint committee on taxation. The Director of CBO shall prepare an estimate of the savings in budget authority or outlays resulting from proposed rescissions and shall include an analysis of the savings from repeal of targeted tax benefits prepared by the Joint Committee on Taxation (JCT).

Section. 1021. (b)(2)(B) Methodology. The estimates shall be made relative to the most recent levels calculated consistent with the methodology used to produce a baseline under section 257 of the Balanced Budget and Emergency Control Act of 1985 and with President's Budget.

Section. 1021. (b)(3) Enactment of rescission bill. (A) Deficit reduction. Specifies that amounts saved by the enactment of rescissions or the repeal of tax benefits shall be dedicated only to deficit reduction and shall not be used as an offset for other spending increases or revenue reductions.

Section. 1021. (b)(3)(B) Adjustments of budget targets. Specifies that not later than five days following the date of enactment of a rescission bill, the Chairmen of the Senate and House Budget Committees are required to make the adjustments to Committee allocations or other adjustments as necessary for enforcement of other provisions of law or Concurrent Resolutions on the Budget.

Section. 1021. (b)(3)(C) Adjustments to caps. After enactment of a rescission bill, the President shall revise the applicable discretionary spending limits under the Stop Over Spending Act of 2006, as appropriate.

Section. 1021. (c) Procedures for Expedited Consideration. (1) In general. (A) Introduction. Specifies that the House and Senate Leadership shall introduce the draft bill included in the President's special message to rescind budget authority or an item of direct spending or targeted tax benefit within two days following receipt of the special message by the President. The Reported Bill also allows the Leader to designate a Member to introduce the measure during that period of time. After that period has elapsed, any member of Congress has an additional day to introduce the President's proposal.

Section. 1021. (c)(1)(B) Referral and reporting. (i) One committee. Once introduced, the President's rescission bill would be referred to the appropriate committee and that committee would have five days to report the bill without any revision. Committee recommendations are limited to recommendations to report favorably, unfavorably or without recommendation. Failure to meet the specified deadline would result in the bill being automatically discharged and placed on the appropriate calendar for action.

Section. 1021. (c)(1)(B)(ii) Multiple committees. Creates a procedure to address situations in which more than one committee has jurisdiction over the matter contained in a special message. If a bill contains provisions in the jurisdiction of more than one committee, the bill shall be jointly referred to the committees of jurisdiction and the Committee on the Budget. This subsection requires the Budget Committee to collect multiple committee recommendations on the measure to its respective body five days from introduction without any revision. Failure to meet the specified deadline would result in the bill being automatically discharged and placed on the appropriate calendar for action.

Section. 1021. (c)(1)(C) Final passage. A vote on final passage shall take place in the Senate and the House of Representatives on or before the close of the 10th day of session following the introduction of the bill. If the bill is passed, the Secretary of the Senate or the Clerk of the House of Representatives shall transmit the bill to the other House before

the close of the next day of session of that House.

Section. 1021. (c)(2) Consideration in the House of Representatives. Outlines procedures for consideration of rescission messages in the House of Representatives. A motion in the House of Representatives to proceed to the consideration of a bill 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. Debate in the House of Representatives on a bill under this part shall not exceed four hours, which shall be divided equally between those favoring and those opposing the bill. A motion further to limit debate shall not be debatable, it shall not be in order to recommit a bill or to move to reconsider the vote on the disposition of the bill. Appeals from decisions of the chair relating to the application of the Rules shall be decided without debate. Except to the extent specifically provided, consideration of a bill under this part shall be governed by the Rules of the House. Finally, the House may not consider any bill introduced pursuant to this title under a suspension of the rules or under a special rule.

Section. 1021. (c)(3) Consideration in the Senate. Specifies the procedural rules for consideration of a rescission bill in the Senate. Motions to proceed to the consideration of the bill shall not be debatable. Motions to recommit or reconsider shall not be in order.

Debate on the bill would be limited to ten hours in the Senate. The Reported Bill also sets forth additional procedures discussed below. Debate in relation to all motions is subject to, and not in addition to, the ten hour debate limit. Motions to further limit debate shall not be subject to debate.

Section. 1021. (c)(3)(F) Consideration of the House bill. (i) In general. To ensure expedited disposition of the measure, this subsection requires that if the Senate has received the House rescission bill, it shall consider the House version. If the Senate acts first, a Senate passed rescission bill is held until receipt of the House bill. The Senate vote on the adoption of its version is deemed to a vote on passage of the House bill, clearing the measure for the President.

Section. 1021. (d) Amendments and Divisions Prohibited. Specifies that no amendment to a bill considered under this section would be in order in either House of Congress and that it would not be in order to demand a division of the question in the House.

Section. 1021. (e) Temporary Presidential Authority To Withhold. Specifies that the President may not withhold any dollar amount of discretionary budget authority until the President transmits and the Congress receives a special message pursuant to subsection (b). In addition, the bill requires the release of funds withheld under this subsection at the end of 45 days. The Committee Substitute provides that the President has the authority to make funds available at an earlier time if he determines that continued withholding would not further the purposes of this part.

Section. 1021. (f) Temporary Presidential Authority To Suspend. Specifies that the President may not suspend the execution of any item of direct spending or targeted tax benefit until the President transmits and the Congress receives a special message pursuant to subsection (b). This part requires the release of funds suspended under this section at the end of 45 days. The President may suspend direct spending and targeted tax benefits for up to 45 days if a special message is sent on or before the effective date of provisions. However, the reported bill includes the following limitation for every day after the effective date of a direct spending program or a targeted tax benefit that the President waits to send a rescission proposal, the suspension period decreases day by day. As long as the President submits his proposed rescission of direct spending or targeted tax benefits before a proposed rescission goes into effect, the President would be authorized to suspend the program(s) for up to 45 days. The limitation on submitting within 45 days of the effective date does not affect the President's authority to propose rescissions of direct spending and targeted tax benefits in a special message within one year from the enactment of such programs. The limitation only relates to the President's authority to suspend programs pending action on a rescission proposal. The President may at his discretion, make funds available at an earlier time if he determines that continued withholding would not further the purposes of this part.

Section. 1021. (g) Definitions. Defines the terms: (1) appropriation law; (2) calendar day; (3) days of session; (4) dollar amount of discretionary budget authority; (5) rescind or rescission; (6) direct spending; (7) item of direct spending; (8) suspend the execution; and (9) targeted tax benefit.

Section. 1021. (g)(5) Rescind or rescission. States that the President may not modify a statutory scheme. The President may only reduce or rescind specific dollar amounts.

Section. 1021. (g)(7) Item of direct spending. Specifies that the President may only propose items to reduce spending or repeal items that would otherwise increase the deficit. This part requires the President to use estimates that are made relative to the most recent levels calculated consistent with the methodology used to produce a baseline under section 257 of the Balanced Budget and Emergency Control Act of 1985 for construction of the base against which increases are measured.

Section. 1021. (g)(9) Targeted tax benefit. The term 'targeted tax benefit' means only those provisions that have the effect of producing more favorable tax treatment to a limited group of taxpayers when compared with other similarly situated tax payers and that are also estimated by the Joint Committee on Taxation to result in a loss of revenues relative to the most recent levels calculated consistent with the methodology described in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with President's Budget.

Section. 1021. (h) Congressional Identification of Targeted Tax Benefits. Gives Joint Committee on Taxation (JCT) broad guidelines to identify targeted tax benefits. In addition, it requires a statement from JCT to be included in the statement of managers

accompanying the conference report on a revenue measure.

Section. 1021. (d) Severability. Provides if any provision of this part is held to be unconstitutional, the remainder of this part shall not be affected by the holding.

Section. 1021. (e) Effective Date and Expiration. Provides that this part would apply only to any amount of discretionary budget authority, item of direct spending, or targeted tax benefit provided in law enacted on or after September 1, 2006. In addition, the bill provides an expiration date of this part four years from the year of enactment (assuming enactment of S. 3521 sometime during calendar year 2006 this part would expire December 31, 2010).

SECTION BY SECTION SUMMARY OF TITLE II – DEFICIT REDUCTION – OF S. 3521 AS REPORTED

SUBTITLE A—DEFINITIONS, ADMINISTRATION, AND SEQUESTRATION

Section. 201. Definitions. Contains definitions related to the provisions of this title.

Section. 202. Administration, reconciliation, and effect of sequestration. Provides a calendar for Executive and Congressional administration of the procedures contained herein.

Section. 203. GAO Compliance Report.

SUBTITLE B—DISCRETIONARY SPENDING LIMITS

S. 3521 institutes statutory discretionary caps on regular and emergency budget authority for three years (2007-2009), and creates a sequestration procedure to enforce the limits.

Section. 211(a). Discretionary Sequestration Preview Reports. Details the contents of the Discretionary Sequestration Preview Report, and requires that it be provided to Congress by CBO and OMB on the dates specified in section 202(a). Also requires the President to include in his budget, after consultation with the Appropriations and Budget Committees, adjustments to the discretionary spending limits to reflect specific adjustments contained in Section 212.

Section. 211(b). Discretionary Sequestration Reports. Requires OMB and CBO to update the Congress on the information in the Preview Report in a Discretionary Sequestration Reports.

Section. 211(c). Final Discretionary Sequestration Reports. Requires OMB and CBO to provide Final Discretionary Sequestration Reports to Congress on the dates specified in section 202(a). The final report is to contain estimates of discretionary spending for

the current year and subsequent years through 2009 and the applicable spending limits, the amount of the breach (if any) for the current year, the sequestration percentage necessary to eliminate the breach, and the amount of sequestered budget authority and estimated outlays for the budget year for each account.

Section. 211(d). Economic and Technical Assumptions. Requires OMB to use the same economic and technical assumptions used in the most recently submitted budget submitted by the President.

Section. 211(e). Adjustments. Requires OMB to update the discretionary spending limits as required under section 212 and to reflect those adjustments in future reports.

Section. 212(a). Discretionary Spending Limits. Sets the discretionary limits on budget authority for fiscal years 2007, 2008, and 2009 as follows:

Fiscal Year	Discretionary spending limit
2007:	$872,504 million
2008:	$895,358 million
2009:	$919,516 million

Section. 212(b). Adjustments. Allows for adjustments to the discretionary limits set forth in section 212(a) for emergency requirements agreed on by both the President and Congress, but limits those adjustments to the following maximum amounts:

Fiscal Year	Emergency adjustment limit
2007:	$90 billion
2008:	$50 billion
2009:	$30 billion

Also allows for adjustments to the spending limits set in section 212(a) for the IRS tax enforcement initiative to address the federal tax gap. If an appropriation bill is enacted for fiscal year 2007, 2008, or 2009 that includes $6.824 billion plus and additional amount for IRS tax enforcement, the spending limit for that year shall be adjusted by an amount not to exceed the following maximum annual adjustments:

Fiscal Year	Maximum IRS adjustment
2007:	$274 million
2008:	$414 million
2009:	$554 million

Section. 212(c) Enforcement. (1) Sequestration. Requires an across the board reduction, or sequestration by a uniform percentage, of discretionary appropriations on

the date specified in section 202(a) if enacted discretionary appropriations exceed the discretionary spending limit.

Section. 212(c)(2). Eliminating a breach. States that the amount of excess, or breach, shall be eliminated by reducing each discretionary account by a dollar amount calculated by multiplying the enacted level of budget authority for that year in that account at that time by the uniform percentage necessary to eliminate the discretionary spending limit breach.

Section. 212(c)(3). Part-year appropriations. Requires the reduction to accounts for which a part-year appropriation is provided to be calculated using the annualized rate based on the part-year appropriated level, and when a full-year appropriation is provided, that amount is to be reduced by the amount by which the part-year appropriation was originally decreased.

Section. 212(c)(4). Look-back. Requires that breaches resulting from appropriations enacted after June 30 but before the start of the subsequent fiscal year to be cured by reducing the discretionary spending limit for the subsequent fiscal year.

Section. 212(c)(5). Within-session sequestration reports and order. If an appropriation is enacted (after Congress adjourns at the end of session and before July 1 of the subsequent session) that causes a breach for the fiscal year in progress, then OMB and CBO containing the same information as the final Discretionary Sequestration Reports. Also requires the President to issue an order implementing the sequestrations required by the OMB report.

Section. 212(d). Estimates. Requires CBO to promptly provide estimates of discretionary appropriations after Congress completes action, and requires OMB to issue estimates within seven calendar days (excluding weekends and legal holidays) after the date of enactment of discretionary appropriations. The OMB report shall contain the CBO estimate, the OMB estimate, and an explanation of the differences. Where there are differences between the OMB and CBO estimates, OMB is to consult with the House and Senate Budget Committees. OMB and CBO estimates are to be prepared using scorekeeping guidelines determined through consultation with the Budget Committees, CBO, and OMB.

SUBTITLE C—MAXIMUM DEFICIT AMOUNT LIMITATION

Section. 221. Maximum Deficit Amount. Sets the maximum deficit amount for 2007 through 2012 at the following levels:

- 2007 2.75% of GDP
- 2008 2.25%
- 2009 1.75%
- 2010 1.25%
- 2011 0.75%
- 2012 and later 0.50%

Section. 222. Reporting of excess deficits. Requires CBO and OMB to provide Maximum Deficit Amount Preview Reports and Maximum Deficit Amount Reconciliation Reports according to the timetable outlined in Section 202. These reports must project the likely deficit level, compare it to the maximum deficit amount, calculate any excess deficit amount and must include the amounts based upon uniform percentages by which direct spending accounts must be reduced to eliminate such excess deficit. In addition, this section clarifies when Presidential Order would be issued and requires that all reports be printed as documents of House and Senate.

Section. 223. Congressional response to OMB and CBO Reconciliation Report. Prior to mandatory sequestration, authorizing committees would first have an opportunity to submit legislative alternatives to the Budget Committee. By September 15, the Budget Committee must report a Reconciliation Directive that assigns savings targets to authorizing committees based on the total savings required to meet deficit targets. Committee targets are proportional based on the outlays allocated to that Committee.

Committees then have 20 days to report back to the Budget Committee recommendations to meet their assigned deficit reduction targets. The Budget Committee must report these recommendations without substantive alteration unless a Committee fails to meet its target. In that case, the Budget Committee may report legislative language within that Committee's jurisdiction as amendments fir consideration by the full Senate in order to meet the deficit reduction target.

During floor consideration, any amendments to the reconciliation bill must not reduce the total savings below the amount required to meet the deficit targets. In the Senate, debate is limited to 20 hours.

Proposal to amend Social Security or to increase taxes are not in order. are not permitted in this process. Tax increases are also not permitted.

Senate procedures for consideration of this special reconciliation measures follow those contained in sections 305 and 310 of the Congressional Budget Act of 1974, as amended by Title V herein.

Section. 224. Revised estimates and final maximum deficit amount sequestration reports. Requires OMB and CBO to publish the Final Maximum Deficit Amount Sequestration Reports ten days and 15 days, respectively, after the end of the session. Any necessary sequester is based on the Final OMB Report.

Section. 225. Maximum deficit amount-Presidential order. Provides that, on the same date as the Final OMB Report is issued, a Presidential Sequestration Order is published that strictly adheres to the Final OMB Report and is required to eliminate the full amount of the excess deficit.

Section. 226. Congressional response to low growth. Provides for special procedures Congress may use to suspend the process of mandatory reconciliation and sequestration in the event of low economic growth.

If OMB projects economic growth to be less than zero for any two consecutive quarters in the budget year, or the Department of Commerce reports 1% or lower economic growth in the preceding two quarters, then Congress may consider a joint resolution to suspend the reconciliation and sequestration procedures under title II of the this bill under rules of expedited consideration that ensures final consideration of the measure.

Section. 227. Exemptions from sequestration. Exempts Social Security benefits from sequestration and requires the President to define and list in the Budget unavoidable exemptions from sequestration including interest on the debt, claims against the U.S., permanent appropriations, and existing contracts.

Section. 228. Submission of President's Budget; maximum deficit amount may not be exceeded. Requires that the President's budget (1) does not project a deficit for the budget year that exceeds the maximum deficit amount for that budget year, and (2) reflects discretionary spending levels that do not exceed the discretionary spending limits (as adjusted) set by Title II.

SECTION BY SECTION SUMMARY – TITLE III BIENNIAL BUDGET AND APPROPRIATIONS – OF S. 3521 AS REPORTED

Section. 301. Revision of timetable. Amends section 300 of the Congressional Budget Act, replacing the one year budget process with a two-year process. In the first session of Congress, the President submits a budget, the Budget Committees produce a budget resolution, appropriation bills are considered, and reconciliation legislation (if directed by the budget resolution) is considered. In the second session of a Congress, the President submits a biennial budget review and Congress completes action on authorization bills. The current law timetable for the congressional budget process is modified to extend the deadline for completion of the budget resolution to May 15th and to extend the deadline for completion of reconciliation legislation to August 1st. The revised timetable contains two milestones in the second session: reporting requirement for the CBO annual report on the budget not later than six weeks after the President submits budget review on February 15th and an end-of-session deadline for completion of action on authorization legislation. This section also amends the timetable to provide a special schedule in years after a new President is elected. Generally, deadlines affecting the President are extended by six weeks to give a new President more time to prepare and submit his budget.

Section. 302. Amendments to the Congressional Budget and Impoundment Act of 1974. Consists of amendments making technical and conforming changes to various sections of the Congressional Budget Act. Where appropriate, section 302 replaced the word "annual" with "biennial," replaces the words "fiscal year" with "biennium," and makes other similar word changes to reflect the new two-year budget cycle. Section 302

(a)(2) defines "biennium" as the period of two consecutive fiscal years beginning October 1 of any odd-numbered year.

Section. 303. Amendments to title 31, United States Code. (a) Definition. Amends section 1101 of title 31 to refer to the definition of "biennium" in section 302 of S. 3521.

Section. 303(b). Budget Contents and Submission to the Congress. Amends section 1105 to require the President to submit the budget no later than the first Monday of February in every odd-numbered year (note: the schedule in section 300(b) of the Budget Act applies for years in which a new President is elected). Section 303(b) also amends a number of requirements in section 1105 to conform the President's budget to a biennial budget. This includes a requirement that the President's budget propose levels for each fiscal year in the biennium and projections for the four succeeding years.

Section. 303(c). Estimated Expenditures of Legislative and Judicial Branches. Amends section 1105(b), regarding estimated expenditures and proposed appropriations for the legislative and judicial branches, to require the submittal of these proposals to the President by October 16 of even-numbered years.

Section. 303 (d) and (e). Recommendations to Meet Estimated Deficiencies and Capital Investment Analysis. Makes conforming changes to section 1105 regarding the President's recommendations if there is a proposed deficit or surplus and regarding capital investment analysis.

Section. 303(f). Supplemental Budget Estimates and Changes. Amends section 1106 to change requirements regarding the President's `Mid-session Review'. Current law requires the President to submit the Mid-session Review before July 16 of each year. Section 303(f) requires the President to submit a `Mid-biennium Review' before February 15 of each even-numbered year. With this modification, the President will submit his biennial budget at the beginning of each odd-numbered year and provide updated information on the budget at the beginning of each even-numbered year.

Section. 303(g). Current Programs and Activities Estimates. Amends section 1109 to make conforming changes to the requirement that the President submit current services estimates for the upcoming biennium and to the requirement that the Joint Economic Committee submit an economic evaluation to the Budget Committee as part of its views and estimates report. This subjection also makes two technical corrections to require the President to submit the current services information with his budget submission and to require the Joint Economic Committee to submit its economic evaluation within six weeks of the President's budget submission.

Section. 303(h). Year-Ahead Requests for Authorizing Legislation. Amends section 1110 regarding a requirement that the President make year-ahead requests on authorization legislation to require the President to submit requests for authorization legislation by March 31 of even-numbered years.

Section. 304. Two-year appropriations; title and style of appropriation Acts. Amends section 105 of Title I of the U.S. Code regarding the form and style of appropriations Acts to require that they cover two years.

Section. 305. Multiyear authorizations. Adds a new section 316 to the Budget Act that establishes two new points of order in the Congress against authorization legislation. The first point of order prohibits consideration of authorization legislation that covers less than two years except for temporary activities. The second point of order prohibits consideration of authorization or revenue legislation until the Congress has completed action on the biennial budget resolution, biennial appropriation bills, and all reconciliation bills. These two points of order to do not apply to appropriations measures, reconciliation bills, privileged matters, treaties or nominations. Both points of order can be waived by a simple majority.

Section. 306. Government plans on a biennial basis. Amends the Government and Performance and Results Act of 1993 (GPRA) to incorporate GPRA into the biennial budget cycle.

Section. 306 (a) through (g). Amends section 306 of title 5, sections 1105, 1119 and 9703 of title 31, and sections 2802 and 2803 of title 39 to require agencies to prepare strategic and performance plans every two years, in conjunction with the President's development of a biennial budget. In addition, these amendments make other changes to conform strategic and performance plans to the biennial budget.

Section. 306(h). Committee Views of Plans and Reports. Amends section 301(d) of the Budget Act to require Congressional committees to review the strategic plans, performance plans, and performance reports of agencies in their jurisdiction. Committees may then provide their views on the agency's plans or reports as part of their views and estimates report submitted to the Budget Committee.

Section. 306(i). Effective Date. Provides that the amendments by this section shall take effect on the date of enactment.

Section. 307. Biennial appropriation bills. Amends the Budget Act to add a new section 317 that provides a majority point of order against consideration in any odd-numbered year of a regular appropriations bill that fails to fund both years of the biennium, unless the appropriation is for a temporary program. This point of order does not apply to supplemental appropriation bills or continuing resolutions.

Section. 308. Report on changes in law. Requires OMB to report to the Committees on the Budget within 60 days of enactment any changes to the Congressional Budget Act of 1974 and the provisions of this Act (S. 3521) required to conform with a biennial budget process.

Section. 309. Effective date. Provides that Title III, Biennial Budgeting and Appropriations (except as provided in sections 306 and 308), take effect on January 1,

2007, and shall apply to budget resolutions and appropriations for the biennium beginning with fiscal year 2008.

SECTION BY SECTION SUMMARY – TITLE IV COMMISSIONS – OF S. 3521 AS REPORTED

SUBTITLE A—NATIONAL COMMISSION ON ENTITLEMENT SOLVENCY

Section. 401. Definitions.

Section. 402. Establishment of Commission. Creates the Entitlement Commission. The purpose of the Commission is to conduct a comprehensive review of the Social Security, Medicare and Medicaid programs and provide recommendations to ensure the long-term solvency of the programs.

Section (d) details the membership of the Commission and requires the President, the Speaker, the Senate Majority Leader and the Minority Leaders of the House and Senate to each appoint three members to the Commission. Importantly, of the three members appointed by any one person, only two of the three commission members may be from the same political party. In the current political environment, that would likely yield a Commission with eight Republicans and seven Democrats.

The Commission would have the power to subpoena witnesses and documents by a majority vote, though personal tax information is exempted. The Commission would be funded through appropriations designated for the administration of the Centers for Medicare and Medicaid Services and the Social Security Administration.

Section. 403. Expedited consideration of Commission recommendations. Details strict rules for the bill the Commission would send to Congress for expedited consideration in the House and Senate. The bill must be introduced and considered in Committee within 30 days and if not automatically discharged and placed on the calendar.

After being reported or discharged from Committee, the bill (or amendment) must be considered within seven days. Debate on the bill is limited to 50 hours equally divided between proponents and opponents.

Amendments to the bill must be germane and cannot result in the insolvency of the program being amended as defined in the bill.

In the Senate, after the time for debate has expired, a motion to recommit must pass with 60 votes to permit a vote on final passage.

Should a conference report be agreed upon, debate is limited to 20 hours. In the Senate, a motion to recommit must pass with 60 votes to permit a vote on final passage.

SUBTITLE B—COMMISSION ON CONGRESSIONAL BUDGETARY ACCOUNTABILITY AND REVIEW OF FEDERAL AGENCIES

Section. 411. Definitions. Defines what constitutes an agency, calendar day, commission bill and program.

Section. 412(a). Establishment. Establishes the Commission on Congressional Budgetary Accountability and Review of Federal Agencies (CARFA).

Section. 412(b). Membership. Details the membership of the Commission and requires the President, majority leader of the Senate, minority leader of the Senate, Speaker of the House of Representatives, and minority leader of the House of Representatives to each would choose three members. The President would designate a Chairperson and Vice Chairperson from among the members of the Commission with the stipulation that they not be affiliated with the same political party.

Section. 412(c). Timing. Members of the Commission shall be appointed within 30 days after the date of enactment of this Act.

Section. 412(d). 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.

Section. 412(e). Meetings. The Commissioners are directed to meet within 30 days from the date on which all members of the Commission have been appointed. Subsequent meetings are subject to the call of the chairperson.

Section. 412(f). Quorum. A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

Section. 413(a). Systematic Assessment of Programs by the President. Within one year of the date of enactment of this Act and each of the next three years the President will establish a systematic method for assessing the effectiveness and accountability of agency programs and divide the programs into four approximately equal budgetary parts based on the size of the budget and number of personnel of the agency program. The Commission will submit an assessment each year of the programs within each part.

Section. 413(b). Evaluation and Plan by Commission. The Commission shall evaluate all agencies and programs identified in the President's systemic assessment to determine whether any are duplicative, wasteful or outdated. The Commission will submit to Congress a plan for the elimination or the realignment of any agency or program that has completed its intended purpose, become irrelevant or has failed to meet its objectives and proposed legislation to implement such a plan. Agencies shall make reasonable efforts to relocate such employees affected to another position within the agency or within another Federal agency.

Section. 414(a). Hearings. The chairperson of the Commission, or his or her designee, may hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths as the chairperson of the Commission considers advisable; require, by subpoena or otherwise, the attendance and testimony of such witnesses as the chairperson of the Commission considers advisable; and 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.

Section. 414(b). Subpoenas. A subpoena may be issued under this subsection only by the agreement of the chairman and the vice chairman of the Commission; or by the affirmative vote of eight members of the Commission. If an individual fails to obey a subpoena, the United States district court for the judicial district in which the subpoenaed person resides 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 contempt of that court.

Section. 414(c). Technical Assistance. Upon the request of the Commission, the head of a Federal agency shall provide such technical assistance to the Commission as the Commission determines to be necessary to carry out its duties.

Section. 414(d). Information. The Commission shall have reasonable access to budgetary, performance or programmatic materials, resources, statistical data, and other information the Commission determines to be necessary to carry out its duties from the Congressional Budget Office, and other agencies and representatives of the executive and legislative branches of the Federal Government. The Chairpersons shall make requests for such access in writing when necessary. Information requested, subpoenaed, or otherwise accessed under this subtitle shall not include tax data from the United States Internal Revenue Service, the release of which would otherwise be in violation of law.

Section. 414(e). Receipt, Handling, Storage, and Dissemination of Information. Information shall only be received, handled, stored, and disseminated by members of the Commission and its staff consistent with all applicable statutes, regulations, and Executive orders.

Section. 414(f). 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 Federal Government.

Section. 415(a). Compensation of Members. Each member of the Commission who is not an officer or employee of the Federal Government shall not be compensated. 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.

Section. 415(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 while away from their homes or regular places of business in the performance of services for the Commission.

Section. 415(c). Staff. With the approval of the majority of the Commission, the chairperson of the Commission may, appoint 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. 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.

Section. 415(d). Detail of Government Employment. Any Federal Government employee may be detailed to the Commission without reimbursement from the Commission, and such detail shall be without interruption or loss of civil service status or privilege.

Section. 415(e). Procurement of Temporary and Intermittent Services. With the approval of the majority of the Commission, the chairperson of the Commission may procure temporary and intermittent services 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.

Section. 416(a). Introduction and Committee Consideration. The Commission bill language submitted pursuant to section 413(b)(3) shall be introduced in the Senate by the majority leader, or the majority leader's designee, and in the House of Representatives, by the Speaker, or the Speaker's designee. Upon such introduction, the Commission bill shall be referred to the appropriate committees of Congress. If the Commission bill is not introduced, then any member of Congress may introduce the Commission bill in their respective House of Congress beginning on the date that is the 5th calendar day that such House is in session following the date of the submission of such aggregate legislative language.

A Commission bill shall be referred to any appropriate committee of jurisdiction in the Senate, any appropriate committee of jurisdiction in the House of Representatives, the Committee on the Budget of the Senate and the Committee on the Budget of the House of Representatives. A committee to which a Commission bill is referred under this paragraph may review and comment on such bill, may report such bill to the respective House, and may not amend such bill. Not later than 30 calendar days after the introduction of the Commission bill, each Committee of Congress to which the Commission bill was referred shall report the bill.

If a committee to which is referred a Commission bill has not reported such Commission bill at the end of 30 calendar days after its introduction or at the end of the first day after there has been reported to the House involved a Commission bill, whichever is earlier,

such committee shall be deemed to be discharged from further consideration of such Commission bill, and such Commission bill shall be placed on the appropriate calendar of the House involved.

Section. 416(b). Expedited Procedure. Not later than seven calendar days after the date on which a committee has reported a Commission bill or been discharged from consideration of a Commission bill, the majority leader of the Senate, or the majority leader's designee, or the Speaker of the House of Representatives, or the Speaker's designee, shall move to proceed to the consideration of the Commission bill. It shall also be in order for any member of the Senate or the House of Representatives, respectively, to move to proceed to the consideration of the Commission bill at any time after the conclusion of such seven-day period.

A motion to proceed to the consideration of a Commission bill 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, to a motion to postpone consideration of the Commission bill, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion to proceed is agreed to or not agreed to shall not be in order. If the motion to proceed is agreed to, the Senate or the House of Representatives, as the case may be, shall immediately proceed to consideration of the Commission bill without intervening motion, order, or other business, and the Commission bill shall remain the unfinished business of the Senate or the House of Representatives, as the case may be, until disposed of. Debate on the Commission 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 Commission bill. A motion further to limit debate on the Commission bill is in order and is not debatable. All time used for consideration of the Commission bill, including time used for quorum calls (except quorum calls immediately preceding a vote) and voting, shall come from the ten hours of debate.

No amendment to the Commission bill shall be in order in the Senate and the House of Representatives. Immediately following the conclusion of the debate on the Commission bill, the vote on final passage of the Commission bill shall occur. A motion to postpone consideration of the Commission bill, a motion to proceed to the consideration of other business, or a motion to recommit the Commission bill is not in order. A motion to reconsider the vote by which the Commission bill is agreed to or not agreed to is not in order.

Section. 416(c). Rules of the Senate and the House of Representatives. This section is enacted by Congress as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and is deemed to be 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 a Commission bill, and it supersedes other rules only to the extent that it is inconsistent with such rules; and with full recognition of the constitutional right of either House to change the rules (so far as they relate 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.

Section. 417. Termination of the Commission. The Commission shall terminate 90 days after the date on which the Commission submits the final evaluation and plan report under section 413.

Section. 418. Authorization of appropriations. There are authorized to be appropriated such sums as may be necessary for carrying out this Act for each of the fiscal years 2007 through 2011.

SECTION BY SECTION SUMMARY – TITLE V BUDGET PROCESS REFORMS – OF S. 3521 AS REPORTED

Section. 501. Definitions. Amends Section 3 of the Congressional Budget Act of 1974 (2 U.S.C. 63) to add new definitions and extend expiring definitions to reflect updated budgetary concepts.

Section. 502. Annual Concurrent Resolution on the Budget. Amends Section 301 of the Congressional Budget Act (2 U.S.C. 632) to reflect new terminology added by Section 501 of this Title; require that the budget resolution provide allocations of budget authority and outlays by committee; correct typographical errors in existing law; clarify extent to which legislation must be described in reserve funds in order to qualify for change in committee allocations; require committees to include recommendations for deficit reduction in "Views and Estimates"; eliminate requirement that committees address needs by budget function in "Views and Estimates"; re-number subparagraphs; and, require the Report to accompany Budget Resolution to include allocations to Committees on Appropriations divided between Discretionary and Mandatory amounts, and provide estimates of governmental receipts to appropriate committees of jurisdiction.

Section. 503. Committee Allocations. Amends Section 302 of the Congressional Budget Act of 1974 (2 U.S.C. 633(a)) to: delete requirements of expired provisions of the Balanced Budget and Emergency Deficit Control Act of 1985; and, correct typographical errors in underlying law.

Section. 505. Budget resolution adoption. Amends Section 303 of the Congressional Budget Act of 1974 (2 U.S.C. 634(a)) to clarify that the provision is operative on the first day of session of a calendar year until the budget resolution for the budget year has been agreed to by the Congress.

Section. 505. Consideration of the budget resolution. Re-designates sections. Amends procedure for Senate action on budget resolutions to eliminate "vote-o-ramas" by limiting total time for consideration of the resolution to 50 hours. Prohibits dilatory motions and amendments. Prohibits predominantly precatory amendments. Places limit on total time for consideration of motions in relation to requests for conference. Amends procedure for Senate action on conference reports by limiting total time for consideration

of conference reports (or messages between the houses), and motions and amendments in relation thereto.

Section. 506. Budget projections. Amends Section 308 of the Congressional Budget Act of 1974 (2 U.S.C 639(c)) to reflect new terminology added by Sec. 501 of this Title.

Section. 507. Reconciliation. Amends Section 310 of the Congressional Budget Act of 1974 (2 U.S.C. 641) to reflect new terminology added by Sec. 501 of this Title. Provides for reporting of all reconciliation bills by Committees on the Budget and creates new mechanism to bring committees into compliance with reconciliation instructions. Requires secondary and indirect budgetary effects of legislative recommendations be attributed to appropriate committee but such effects shall not be considered for determining compliance with reconciliation instructions. Amends procedure for Senate action on reconciliation bills, conference reports, and motions in relation thereto, by limiting total time for consideration.

Section. 508. Budgeting levels. Amends Section 311 of the Congressional Budget Act of 1974 (2 U.S.C 624) to reflect new terminology added by Sec. 501 of this Title.

Section. 509. Determinations and points of order. Amends Section 312 of the Congressional Budget Act of 1974 (2 U.S.C 643) to reflect new terminology added by Sec. 501 of this Title. Creates new supermajority point of order against consideration of a conference report unless an official cost estimate is available at the time of consideration.

Section. 510. Extraneous matter in reconciliation legislation. Clarifies the rule to provide objective test for such determinations of extraneous matter. Provides that except with respect to consideration conference reports, increases in outlays or decreases in receipts shall be considered extraneous if the net effect of the provisions reported by a committee is that such committee fails to meet is instruction. Provides that increases in outlays or decreases in receipts shall be extraneous if such increases or decreases exceed 20 percent of the total change required by a committee's instruction. Clarifies that technical and conforming provisions shall not be considered extraneous.

Section. 511. Adjustments. Deletes requirements of expired provisions of the Balanced Budget and Emergency Deficit Control Act of 1985.

Section. 512. Direct spending limitation. Creates a new budget point of order in the Senate to address long-term entitlement spending. If the general fund contribution to total Medicare outlays is projected to exceed 45% within the next seven years, the Chairman of the Senate Budget Committee may submit to the Senate a notification of a Medicare Funding Warning. When the Chairman has submitted such a notification for two consecutive years, a Budget Point of Order would stand against any legislation containing new direct spending that is not offset. The point of order may be waived by 60 votes.

The Medicare Funding Warning ends and the point of order against new direct spending legislation is suspended when legislation is passed that reduces the general fund contribution to Medicare outlays below 45% as determined by the Chairman of the Budget Committee.

Section. 513. Appropriations requests of the President. Requires that Committees of Congress be given background information with respect to presidential requests for appropriations.

COST ESTIMATE AND REGULATORY IMPACT

Paragraph 11(b)(1) of Rule XXVI of the Standing Rules of the Senate requires that each report accompanying a bill evaluate the regulatory impact that would be incurred in carrying out the bill.

The Committee has determined that enactment of this bill will not have any regulatory impacts.

CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

July 11, 2006

Honorable Judd Gregg
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for S. 3521, the Stop Over Spending Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jeffrey Holland, who can be reached at 226-2880.

Sincerely,

Donald B. Marron

Donald B. Marron
Acting Director

Enclosure

cc: Honorable Kent Conrad
Ranking Member

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 11, 2006

S. 3521
Stop Over Spending Act of 2006

As ordered reported by the Senate Committee on the Budget on June 22, 2006

SUMMARY

S. 3521 would establish several new procedures related to the budget process. Included among them are a new expedited procedure for considering Presidential proposals to cancel certain spending and tax provisions in newly enacted legislation, limits on discretionary spending, a deficit target that if exceeded could lead to an across-the-board cut of mandatory spending (known as sequestration), biennial budgeting, a commission to review and analyze spending for the three major entitlement programs of Social Security, Medicare, and Medicaid, a commission to help the Congress review the performance of federal agencies, and various process reforms.

CBO estimates that establishing the new commissions would cost $30 million between 2007 and 2011, assuming appropriation of the necessary amounts. The rest of S. 3521, by itself, would not have any significant impact on the budget; however, enforcement of provisions in this bill could result in measures that reduce the deficit.

S. 3521 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and—by itself—would have no impact on the budgets of state, local, or tribal governments. Any budgetary impacts would depend on subsequent legislative action.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3521 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Establish National Commission on Entitlement Solvency					
Estimated Authorization Level	2	0	0	0	0
Estimated Outlays	2	0	0	0	0
Establish Commission on Congressional Budgetary Accountability and Review of Federal Agencies					
Estimated Authorization Level	3	6	8	8	4
Estimated Outlays	2	6	8	8	4
Total Changes					
Estimated Authorization Level	5	6	8	8	4
Estimated Outlays	4	6	8	8	4

MAJOR PROVISIONS

Title I - Legislative Line Item Veto

Title I of the bill would establish a procedure for the President to propose cancelling specified discretionary budget authority, items of direct spending, or targeted tax benefits (defined as any provisions of a revenue bill that provide a federal tax benefit to a particular taxpayer or limited group of taxpayers) and for Congressional consideration of such proposals. The President would transmit a special message to both Houses of Congress specifying the project or governmental functions involved, the reasons for the proposed cancellations, and—to the extent practicable—the estimated fiscal, economic, and budgetary effect of the action. The Congress could then approve or disapprove the President's proposals in legislation. (If approved, any such proposed cancellations would then become law.)

Under S. 3521, the President could submit up to four special messages per year. A message would have to be transmitted to the Congress within one calendar year of enactment of the legislation containing the items proposed for cancellation. Within two days of receiving a special message, the majority or minority leaders of the House and Senate (or their designees) would be required to introduce a bill to approve the proposed cancellations; that approval bill would be considered under expedited procedures. S. 3521 also would amend

the Congressional Budget Act to require that CBO prepare an estimate of savings in budget authority and outlays resulting from any cancellations proposed by the President (the Joint Committee on Taxation would prepare estimates of the savings from repeal of targeted tax benefits).

Additionally, the President could withhold discretionary budget authority proposed for cancellation and suspend items of direct spending and targeted tax benefits for 45 days from the date on which a special message is transmitted.

Title II - Deficit Reduction

Title II of S. 3521 would attempt to restrain the federal deficit by implementing procedures that affect spending. The bill would create limits on discretionary budget authority for 2007 through 2009 with a sequestration procedure to ensure compliance; it would also reinstate sequestration procedures for mandatory spending in the event that prescribed targets for the deficit are exceeded. Both CBO and the Office of Management and Budget (OMB) would be required to produce reports on specified dates that track compliance with the discretionary limits and maximum deficit amounts. In addition, the Government Accountability Office would produce a report, upon request by the budget committee of the House or Senate, that indicates whether the requirements of this title have been complied with.

The bill would set limits on new discretionary budget authority at $873 billion for 2007 (the amount already approved for next year by both the House and Senate), $895 billion for 2008, and $920 billion for 2009. Those figures may be increased for spending designated as an emergency, but such designations are limited to $90 billion for 2007, $50 billion for 2008, and $30 billion for 2009. If actual appropriations exceed the statutory limit for a given year (adjusted for emergency spending), each discretionary account would be reduced by a uniform percentage to eliminate the breach.

Title II also sets a ceiling for the federal deficit, expressed as a percentage of gross domestic product (GDP). For 2007, the deficit would have to remain below 2.75 percent of GDP as estimated by OMB ($379 billion using CBO's January 2006 economic forecast). The maximum deficit would ratchet down to 0.5 percent of GDP in 2012 ($88 billion using CBO's January 2006 economic forecast).

Both CBO and OMB would be required to produce reports to determine whether a breach of the maximum deficit amount is anticipated to occur. A preview report would be issued by OMB with the President's budget submission; CBO's preview report would be completed five days before that submission. In mid-August, both agencies would prepare reports to identify whether across-the-board cuts of discretionary or mandatory spending would be

necessary. A third set of reports would be completed within 10 to 15 days after the end of a Congressional session.

If OMB determines in its August report that the maximum deficit amount for a given year will be exceeded, an automatic reconciliation process would go into effect. Such a process would be similar to the current reconciliation process but with set dates by which action must be taken. The budget committees would issue directives to reduce spending by September 15 to the various committees who would have to report back recommendations within 20 days. If a committee failed to report legislation sufficient to meet its directive, the budget committee could recommend changes within the jurisdiction of that committee.

If the Congress and the President fail to enact an automatic reconciliation bill with savings that meet the deficit target or if the target is not met for other reasons, the President would be required to issue an order to implement an across-the-board cut of mandatory spending to eliminate the gap (as calculated by OMB). Such a sequestration would not include Social Security or any activities specified as exempt in the most recent budget proposed by the President.

Title III - Biennial Budgeting and Appropriations

S. 3521 would convert the annual budget, appropriation, and authorizing process to a two-year cycle. In the first year of the biennium, the President would submit a budget, the Congress would prepare a budget resolution, and appropriation bills would be considered. Authorizing legislation would be considered after the budget resolution, biennial appropriation bills, and any reconciliation bills are completed.

Points of order requiring only a simple majority would be created against an appropriation bill that failed to provide funding for two years and for authorizations that cover fewer than two years. The bill would also make other changes to conform agencies' requirements under federal laws governing performance and other reporting procedures to the biennial schedule.

Title IV - Commissions

Title IV would establish two commissions—the National Commission on Entitlement Solvency and the Commission on Congressional Budgetary Accountability and Review of Federal Agencies. The first commission would conduct a review of Social Security, Medicare, and Medicaid to identify long-term solvency problems, analyze solutions, and provide recommendations. The second commission would establish a method for assessing

the performance of all federal agencies and provide recommendations on program performance, including any programs that should be realigned or terminated.

Each commission would consist of 15 members, who would serve without pay, but would be reimbursed for travel expenses. In addition, the commissions could hire staff or use personnel from other agencies. The National Commission on Entitlement Solvency would have eight months to report on its findings and recommendations, while the Commission on Congressional Budgetary Accountability and Review of Federal Agencies would report to the Congress annually over the 2007-2011 period. Each commission would terminate 90 days after submitting its final report.

Based on the costs of similar commissions, such as the President's Commission to Strengthen Social Security, CBO estimates that implementing the National Commission on Entitlement Solvency would cost $2 million in 2007, assuming appropriation of the necessary funds.

Using information from the Office of Management and Budget about its Program Assessment Rating Tool, data about the costs to implement the Government Performance and Results Act of 1993, and the actual costs of similar commissions, CBO estimates that implementing the Commission on Congressional Budgetary Accountability and Review of Federal Agencies would cost $2 million in 2007, rising to $8 million by 2009, primarily for staff to conduct analysis. Once fully operational, CBO expects that the commission would have a staff of about 40 people. CBO expects the agency would take about three years to reach that level of effort.

In total, CBO estimates that establishing the two commissions would cost $4 million in 2007 and $30 million over the 2007-2011 period, assuming the appropriation of the necessary amounts.

Title V - Budget Process Reforms

S. 3521 also contains many provisions related to the Congressional budget process. The legislation would implement some procedural and substantive changes to the budget resolution, including some limits on debate and a requirement that budget authority and outlays be allocated to authorizing committees rather than by budget function. It would also modify some procedures related to reconciliation; among them would be permission for the budget committees to report out amendments to reconciliation submissions from an authorizing committee if that committee has failed to meet its instructions and a limit on the creation of new spending in such bills.

In addition, S. 3521 would create a new enforcement tool related to Medicare funding that would supplement a related provision included in the Medicare Modernization and Prescription Drug Act of 2002. If the general fund contribution to Medicare is projected by the chairman of the Senate Committee on the Budget to exceed 45 percent within the next seven years, S. 3521 would permit the chairman to submit a Medicare funding warning to the Senate. If the chairman has submitted such a warning for two consecutive years, a point of order would stand against any legislation with new mandatory spending that is not offset. The warning would be withdrawn if legislation is passed that reduces the general fund contribution to below 45 percent.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 3521 contains no intergovernmental or private-sector mandates as defined in UMRA and—by itself—would have no impact on the budgets of state, local, or tribal governments. Any budgetary impacts would depend on subsequent legislative action.

ESTIMATE PREPARED BY:

Federal Costs: Jeffrey Holland (226-2880) and Matthew Pickford (226-2860)
Impact on State, Local, and Tribal Governments: Teri Gullo (225-3220)
Impact on the Private Sector: Fatimot Ladipo (226-2969)

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis

VIII. APPLICATION OF LAW TO LEGISLATIVE BRANCH

Public Law 104-1, Sec. 102 requires that each report accompanying a bill evaluate the impact on employment conditions in, and public access to the legislative branch if the bill were to be enacted.

The Committee has determined that this legislation has no impact on employment conditions in, or public access to the legislative branch.

IX. ADDITIONAL AND MINORITY VIEWS

Additional Views
S. 3521 (Stop Over Spending Act of 2006)
Senator Charles E. Grassley
June 23, 2006

I want to compliment Chairman Gregg for including several items in this legislation that are designed to help clarify the distinction between taxes and other governmental receipts. There has been a disturbing trend in recent years to obscure this important distinction.

This trend has led to the proliferation of reserve funds in the budget resolution that could affect the Finance Committee's jurisdiction. Typically, reserve funds permit non-tax writing committees to use offsetting receipts to pay for new spending.

However, the failure to properly distinguish between taxes and other receipts has led some people to believe that revenue items within the jurisdiction of the Finance Committee should be available to pay for their committee's spending.

Chairman Gregg correctly recognizes the jurisdictional and budgetary distinctions between taxes and other receipts. I hope my colleagues will follow his lead.

Now, in the area of targeted tax benefits, I would like to raise my concerns with the definition proposed in the bill.

Twenty years ago, the Tax Reform Act of 1986, was enacted. That bill contained transition rules to ease taxpayers into wholesale changes. In some cases, the transition rule identified a single taxpayer.

Those transition rules produced a hue and cry in the press and public. The tax-writing committees responded with an "anti-rifle shot" rule. That informal rule has been enforced by Chairmen of both parties over the last twenty years, with very few exceptions. So, in a sense, the tax writing committees have been, on an informal basis, policing line item measures.

However, I understand the desire by some to put the tax writing process on an equal footing with the appropriation process.

Recognizing that point and the fact that limited tax relief can, in some cases, be a subsidy, how do we deal with this definition of limited tax benefits?

The relevant part of the definition of targeted tax benefit reads as follows:

> "[O]nly those provisions estimated to result in a loss of revenues .. and having the practical effect of providing more favorable treatment to a particular taxpayer or limited group of taxpayers when compared to similarly situated taxpayers."

What does that mean?

Here's one example of what this might mean. Roughly 30% of taxpayers itemize. I'm talking about those taxpayers that itemize their mortgage interest deduction, charitable contributions and the like.

Since, thirty percent could be viewed as a "limited group of taxpayers," any clarification or enhancement of charitable deductions could be viewed as a targeted tax benefit.

A decade ago, the tax writing committees and advocates of the line-item veto wrestled with these issues.

They arrived at a much more comprehensive and limited definition of targeted tax benefits. Even then, the definition created confusion for the tax legislative process.

I did not seek to modify this definition during the Budget Committee markup. I did not want to unnecessarily delay consideration of the balance of the reforms in this legislation.

I am, however, putting everyone on notice that I'm very troubled by this definition and will attempt to revise it when this legislation is considered on the floor.

ADDITIONAL VIEWS OF
SENATOR JOHN ENSIGN
REGARDING MARK-UP OF S. 3521

The purpose of this legislation is to give members of Congress and the President the tools necessary to force the federal government to live within its means. The need for legislation to fix the budget process, to rein in spending, and to reduce the deficit is acute. Congress needs to address our nation's impending fiscal crisis. That is why this legislation is so important. Congress must work together in a bipartisan manner.

The current process is broken. One only need look at the increased reliance by Congress on so-called "emergency" spending to fund non-emergency programs. In addition, Congress continues to rely on assorted budget gimmicks like "advanced appropriations," spending revenue not yet collected, and shifting spending from certain programs, such as defense, to less important programs and then using supplemental appropriations bills to make defense whole.

This bill would set up a process that requires better Congressional budgeting practices. Congress would never permit corporate America to engage in some of the accounting practices that Congress itself uses. It is time to end budget gimmicks. It is time for Congress to use the same accounting practices that we require of corporate America. I support this legislation because of the positive reforms that are contained in the bill.

Some of the provisions in this legislation include:

> Enhanced Presidential rescission (line-item veto) that allows the President to target wasteful spending, ask that it be rescinded, and send it to Congress for expedited consideration.
>
> Reinstatement of discretionary spending caps and enforcement by sequestration if Congress fails to adhere to the caps.
>
> An improved mechanism to balance the budget by slowing the rate of growth for mandatory programs.
>
> Creation of two new bipartisan commissions: one to study the accountability and efficiency of government programs (in a manner similar to the BRAC Commission) and the other to examine and provide solutions to the impending entitlement crisis.

I strongly support the purpose of this legislation and many of the provisions contained in the bill. I commend Chairman Gregg for his efforts and leadership on this issue.

Our Ranking Member, Senator Conrad, also put forth an alternative plan, and I commend him for doing so. The discussion and debate during the mark-up demonstrated that both

sides of the aisle were engaged in good faith efforts to improve the legislation and to address the nation's fiscal problems. While I could not vote in favor of the entirety of Senator Conrad's proposal, I do support many of the provisions of his proposal, such as:

> Requiring that the Presidential budget submission include the full cost of anticipated military operations.

This is similar to an amendment offered by Senator McCain to the Defense Authorization bill just last week, which the Senate unanimously supported. I believe that it is important for Congress to fully consider the likely level of spending that will occur in each fiscal year.

> Including ten-year cost estimates for legislation that is phased in over time, beginning after any newly enacted program has been fully phased-in.

This is a very reasonable proposal.

> Language to limit the scope of conference for legislation to ensure greater accountability and transparency in the legislative process.

I have supported such measures in the past, and offered similar amendments to the Lobbying Reform Act earlier this year.

> Requiring conference reports to lay over for 48 hours so that members and staff can review the provisions of a conference report.

The debate in committee was very encouraging. I appreciate that several members of the Committee put forth ideas. Several members of the Committee, including our Chairman, Senator Gregg, and others such as Senator Graham and Senator Wyden, made statements during the mark-up demonstrating their sincere effort to work in a bipartisan manner.

Senator Gregg offered to work with Senator Conrad to develop a true bipartisan proposal. I commend the Chairman's willingness to do so. The Chairman demonstrated his willingness by including provisions in a technical corrections amendment that addressed concerns raised by Senator Conrad during the mark-up. There are many Republicans, including me, who are willing to work with any Senator, Democrat or Republican, who wants to positively reform our budget process. This legislation is important, and Congress must act in a bipartisan manner to enact these critical reforms.

MINORITY VIEWS OF RANKING DEMOCRATIC MEMBER
SENATOR KENT CONRAD (D-ND)
June 23, 2006

This GOP budget process bill (S.3521) is really an acknowledgment by the Republican Majority that they have failed to lead the nation on fiscal matters. They have squandered the surplus and run up large deficits. So now they are turning to a budget process proposal to appear fiscally responsible.

Republicans seem to forget that they are in control in Washington right now. It has been their policies of repeatedly reducing revenues while increasing spending that have turned record surpluses into record deficits and debt. Adopting budget process changes will have little impact on the deficit if we continue to follow these failed fiscal policies.

This proposal really represents an abdication of responsibility – multi-year caps on discretionary spending that the GOP has disregarded in the past, automatic spending cuts without regard to priorities or fairness, partisan entitlement and spending commissions that do the work of Congress (considering issues meant for elected, accountable representatives), budgeting every two years instead of one, a line item veto that allows the President to make decisions for Congress, and a series of changes to the budget resolution and reconciliation process that would restrict bipartisan input and further undermine budget transparency and fiscal responsibility.

If Republicans were serious about reining in the record deficits and debt, a real bipartisan effort of elected lawmakers and the President would be under way. Instead, they have come up with this budget process proposal. In other words, instead of governing and making the hard choices that are necessary, the Republican Majority wants to put the government on auto-pilot, with automatic mechanisms and decision-making done by others.

This proposal also represents a direct threat to Social Security and other vital entitlement programs. It would remove protections for Social Security and put in place a fast-track process that could result in the privatization of the program.

At the same time, this proposal fails to include the one budget process item that has a track record of success - paygo. The paygo, or pay-as-you-go, rules were crucial in turning deficits into surpluses in the 1990's. There is no excuse for the Majority's failure to restore a strong paygo rule in this proposal.

***

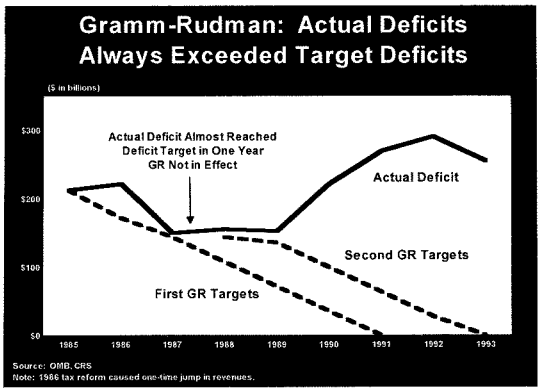
The Majority's budget process proposal puts in place three years of caps on discretionary spending. This simply repeats the Majority's practice of adopting spending caps to look fiscally responsible and then repealing or waiving those caps when it comes time to enforce them.

Just consider what happened this month. In passing a deeming resolution on the supplemental bill, the Majority repealed budget enforcement provisions and repealed and increased for 2007 the spending caps they put in place in last year's budget resolution. Spending caps absent a willingness to actually enforce them mean nothing.

***

The Majority's budget process proposal would also return to the failed Gramm-Rudman strategy of enforcing fixed deficit targets with automatic cuts in spending, known as sequesters. This strategy

failed in the past and is likely to fail again. When Gramm-Rudman was in effect in the late 1980's, the actual deficits always exceeded the target deficits. In fact, in the one year that the actual deficit almost reached the Gramm-Rudman target, Gramm-Rudman was not in effect.



Gramm-Rudman simply failed to reduce the deficit. The deficit in 1986, the first year Gramm-Rudman was in effect, was $221 billion. The deficit in 1990, the last year Gramm-Rudman was in effect, was the same, $221 billion. The original Gramm-Rudman target for 1990 was a $36 billion deficit – demonstrating just how meaningless those targets were.

This performance led the Government Accountability Office (GAO) to conclude that Gramm-Rudman was ineffective. In a 1992 report, GAO wrote: *"GAO has criticized the [Gramm-Rudman] procedures for leading not to meaningful deficit reduction, but rather to a whole generation of off-budget and other misleading practices that hid the true magnitude of the deficit problem. When even these practices failed to avoid sequestration, the deficit targets were simply revised, and the date for achieving a balanced budget was postponed. Thus, instead of the government reaching a balanced budget in fiscal year 1991, the original [Gramm-Rudman] target, the deficit reached record levels."*

And former Senator Hollings, who was one of the original authors of the Gramm-Rudman procedures, later came to reject the strategy and called it a failure. In a 2003 Senate floor statement, Senator Hollings said: *"...[W]e failed with Gramm-Rudman-Hollings. ...[I]nstead of using Gramm-Rudman-Hollings to cut back some $35 billion in spending each and every year, we were using it as a cover to increase spending $35 billion each and every year. So I said give me a divorce from that. I don't want my name connected with it."*

Making matters even worse, the bill would put Social Security back "on-budget" for the purpose of setting and enforcing its new fixed deficit targets. It would ignore current requirements that prohibit including Social Security surpluses in deficit and enforcement calculations. This policy change would mask the true size of the deficit and call into question the GOP's commitment to protecting Social Security.

***

The Majority's budget process bill would also create partisan entitlement and spending commissions that would essentially be charged with doing the job of Congress, coming up with proposals to reform our entitlement programs and conducting oversight and review of federal agencies and programs.

The commission proposals, even if they would privatize the Social Security program or gut the Food and Drug Administration, would be given fast-track protections in Congress, with limited opportunity to debate or amend. The regular rules of the House and the Senate, including protections of minority rights, would be set aside.

Consider some of the controversial proposals that have come out of commissions in the past:

The National Bipartisan Commission on the Future of Medicare, in place in 1998 and 1999, proposed:
- Increasing the eligibility age for Medicare from 65 to 67; and,
- Capping the government contribution to health insurance for the elderly and disabled – forcing beneficiaries into cheap HMO's.

And the President's Commission to Strengthen Social Security, in place in 2001, proposed:
- Creating private accounts funded by borrowing trillions of dollars; and,
- Cutting the traditional benefit 46 percent by implementing price indexing, rather than wage indexing.

These controversial proposals clearly do not deserve fast-track consideration.

Notably, by giving fast-track status to the proposals of the entitlement commission, the Majority would be circumventing the current Social Security protections that prohibit changes to Social Security from being adopted under fast-track procedures. We should not be weakening these Social Security protections.

***

The Majority's budget process proposal would also implement biennial budgeting. This would be a profound mistake. One of the most important responsibilities of Congress is to set the budget priorities of the federal government, and it should be done every year.

Here are some of the problems with biennial budgeting:

- There is too little attention on our nation's fiscal condition right now. Biennial budgeting would mean even less attention on it.
- It would lead to more supplemental spending, especially in the second year. There would be a temptation for budget writers to low-ball spending needs in the second year to make deficit projections look better, and then provide for those needs with supplementals.
- While the President is calling for biennial budgeting, his own budgets for 2006 and 2007 failed to provide discretionary spending policy details beyond the first year.
- It would require Congress to rely on more speculative, long-term projections, resulting in less accurate forecasts and outdated assumptions. Under biennial budgeting, agencies would have to begin working on their budgets as much as 28-30 months in advance, rather than 16-18 months under an annual budget cycle.
- It would reduce Congressional ability to respond to changing budget, economic, and fiscal conditions.

- And, it would weaken Congressional oversight of the Executive Branch through the budget and appropriations process.

Why would we want to move to a biennial budgeting process that raises so many concerns: less public attention to our fiscal situation, more supplemental spending bills, less reliable assumptions for Congressional decisions, less ability for Congress to respond to changing conditions, and less Congressional oversight of the Executive Branch?

***

The Majority's budget process bill would also give the President line item rescission authority. Giving the President this authority will not solve our budget problems. It is President Bush's own policies of continually reducing revenues while increasing spending that have driven us into this deficit ditch. And since the President took office, he has yet to issue a single veto. There is no reason to believe that granting him this additional authority would have much of an impact in halting the growth in our nation's debt. Although the GOP proposal fixes some of the problems with President Bush's line item rescission proposal, it is still seriously flawed and should be rejected.

Here are some of the problems with the GOP's line item rescission proposal:

- It represents an abdication of congressional responsibility.
- It shifts too much power to the Executive Branch and would likely have little impact on the deficit.
- It requires Congress to vote on the President's proposals within 10 days.
- It provides no opportunity to amend or filibuster proposed rescissions.
- It allows the President to cancel new mandatory spending proposals passed by Congress, such as those dealing with Social Security, Medicare, veterans, and agriculture.
- The tax provisions are narrowly drawn, allowing the President to rescind only those tax measures JCT specifies treat taxpayers differently; while the spending provisions are broadly drawn, allowing the President to rescind any spending increase.

This line item rescission proposal is really just a distraction from the Bush administration's failed fiscal record. Here is how an editorial in Virginia's *Roanoke Times* summed up the proposal: *"...[T]he president already has the only tool he needs: The veto. That Bush has declined to challenge Congress in five-plus years is his choice. The White House no doubt sees reviving this debate as a means of distracting people from the missteps, miscalculations, mistruths and mistakes that have dogged Bush and sent his approval rating south. The current problems are not systemic; they are ideological. A line-item veto will not magically grant lawmakers and the president fiscal discipline and economic sense."*

American Enterprise Institute scholar Norm Ornstein even called the proposal "shameful." In a *Roll Call* column, Ornstein wrote: *"The larger reality is that this [line item veto proposal] gives the president a great additional mischief-making capability, to pluck out items to punish lawmakers he doesn't like, or to threaten individual lawmakers to get votes on other things, without having any noticeable impact on budget growth or restraint. More broadly, it simply shows the complete lack of institutional integrity and patriotism by the majority in Congress. They have lots of ways to put the responsibility on budget restraint where it belongs - on themselves. Instead, they willingly, even eagerly, try to turn their most basic power over to the president. Shameful, just shameful."*

And many analysts have noted that the primary result of the President's proposal would be to shift power from the Legislative to the Executive Branch. Columnist George Will wrote the following in a

March column in the *Washington Post*: *"It would aggravate an imbalance in our constitutional system that has been growing for seven decades: the expansion of executive power at the expense of the legislature."*

***

The GOP budget process bill would also make several changes to the congressional budget resolution and reconciliation process. The proposed changes would restrict bipartisan input and further undermine budget transparency, and fiscal responsibility. The proposed changes include:

- Potentially eliminating the right to amend budget resolutions and reconciliation bills;
- Installing "one man rule" for enforcing Gramm-Rudman deficit targets, where the Budget Committee Chairman alone could give directives to authorizing committees to cut spending – without review by the Budget Committee or the full Senate;
- Allowing even more abuse of the reconciliation process by weakening the Byrd rule and ignoring the full cost of reconciliation proposals; and,
- Eliminating detail from the budget resolution, which would allow the GOP to conceal specific cuts being proposed.

* * *

While the Majority's budget process proposals are deeply flawed, there are a number of other budget process changes that we should implement that would make a profound difference in restoring fiscal discipline. That is why I offered a comprehensive 11-point alternative budget process bill. My alternative included the following:

- Restore a strong Senate paygo rule and statutory paygo enforced with sequestration;
- Allow reconciliation for deficit reduction only;
- Budget for the war - require the President to include war cost in his budget;
- Reaffirm protection for Social Security – ensure the off-budget status of Social Security and prohibit fast-track changes to the program;
- Save Social Security first - create a 60-vote point of order against new mandatory spending or revenue legislation increasing deficit until the 75-year Social Security solvency is restored;
- Restore for 2006 the 60-vote point of order against considering tax, spending, and debt limit legislation without a new budget resolution;
- Allow Congress to strip earmarks and other items inserted in conference reports, which are now unamendable;
- Require a 48-hour layover period and CBO score of conference reports;
- Require CBO and JCT longer-term revenue and outlay scores to enforce the Byrd rule for reconciliation, and to show the fully-phased-in ten-year cost of legislation;
- Enforce the discretionary spending limit; and,
- Initiate a real bipartisan effort to reduce the deficit with the President and lawmakers, instead of passing the buck to a commission including unelected individuals.

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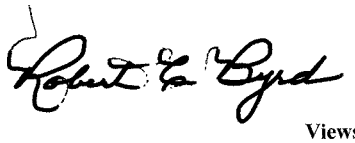
This GOP budget process bill is not the answer to our nation's fiscal problems. We need to begin by putting a stop to the failed fiscal policies that have driven us into the deficit ditch over the last six years. And in the end, there will have to be the political will, from both parties, to come together and make the tough choices that are needed. That is the only way we are really going to put our fiscal house back in order.



Views of Senator Robert C. Byrd

on S. 3521 and the Legislative Line-Item Veto Act

This is a very dangerous bill. It is a threat to the Congress and to the Constitution.

The Senate shamed itself once before when it approved an unconstitutional Line-Item Veto authority. I shudder to think that it would do so again. The Congress cannot, by statute, alter the veto powers of the president, or enhance the president's role in the legislative process, without courting Constitutional peril. It is an undeniable effect. To quote Justice Kennedy, "liberty is always at stake when one or more of the branches seek to transgress the separation of powers."

Today, the justification for that transgression is massive budget deficits. The Congress lacks the political will to do what is right, and so Members are trying to pass the buck to someone else to fix the problem.

Title I of this Act creates a Legislative Line-Item Veto, whereby the president may submit legislation to the Congress to rescind any item of discretionary budget authority, any item of mandatory spending, and "targeted tax benefits." The Congress must consider these proposals within 13 days of their submission, and it must accept or reject them without

amendments.

Title IV goes even further by creating two Commissions with sweeping powers to craft and submit legislation to the Congress to alter or eliminate almost any federal program they deem unnecessary – from cutting Social Security, Medicare, and Medicaid benefits, to closing local IRS and Veterans Affairs offices. Under this Act, the Congress must accept or reject the legislation submitted by these Commissions, in many cases, without amendments.

Title II would reestablish deficit targets, deferring to the bean counters at the Office of Management and Budget to enact year-end, across-the-board, mandatory and discretionary spending cuts to fix the budget.

Title III would create a biennial budgeting and appropriations process so that the Congress doesn't even have to act on budget and appropriations bills each year, further distancing the Congress from its constituents and the budgetary realities affecting the nation. It weakens representative government.

This Act is a total abdication of the Congress's responsibilities. After years of unaffordable and irresponsible tax cuts and destabilizing war costs, our nation has

incurred massive deficits and debt. Rather than finding the political will to make the budget choices necessary to fix the problem, this legislation would punt the decision-making to unelected, unaccountable commissions, and shift alarming powers to the president and bureaucrats downtown.

Presentment Clause

The president's role in the legislative process is limited and precise. Article I, Section 7 of the Constitution is explicit in the options available to the president once the Congress has passed a bill. "If he approve he shall sign it, but if not he shall return it, with his Objections..." The president must act within ten days (Sundays excepted), and once he has decided to forgo a veto, it is his Constitutional responsibility under Article II to "take Care that the Laws be faithfully executed..."

President George Washington interpreted his responsibility this way: "I must approve all the parts of a Bill, or reject it in toto."

This Act effectively creates a third option for the president, not envisioned by the Framers. He can sign the bill into law without the intention of carrying all of its provisions into effect. Under Title I, he can suspend further action on provisions of the

bill with which he disagrees, and resubmit only those provisions to the Congress for additional action. Instead of ten days to act on the bill, this Act would provide the president with an incredible 365 days to act on a bill.

The amicus brief submitted to the U.S. Supreme Court in 1998 on behalf of myself, Senator Moynihan, and Senator Levin in regard to *Clinton v. City of New York* addresses this point: "The Line-Item Veto Act frees Presidents from the hard choice that the Constitution requires them to make. Presidents no longer need weigh the good and the bad. Instead a President can take what he wants..."

This bill is a dangerous rewriting of the presentment clause under Article I, Section 7. It is a mechanism designed to circumvent Constitutional safeguards in order to allow the Executive Branch of Government to impose its will on the Legislative Branch in regard to budgetary matters.

Under S. 3521, the president could try to strip and impound any item of spending that does not accord with his budget request. The Congress routinely provides funds not included in the president's budget. Much of this funding is intended to address public needs and priorities that are brought to the attention of Members by constituents who do not have access to the president or the White House budget office. Under S. 3521, the

president could return all of those funds to the Congress to vote on them again. He could do that even if those funds are equally matched by spending reductions in other areas, with no budget impact. During that time, the president could impound the item of spending for up to 45 days. If the president chose, he could wait until the end of the fiscal year before acting on the item of spending, and then impound the funding for 45 days until the appropriations law expires.

I reject the notion that the president's budget requests ought to trump what is passed by the Congress. The president's budget is merely a recommendation to the Congress for the Congress to adopt or discard as it deems appropriate. We are a coequal branch, with the power of the purse purposely vested in the people's representatives. "[It is] the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure," wrote James Madison in Federalist No. 58. It is our Constitutional duty and responsibility to protect that power from executive encroachments.

Ceding Inherently Legislative Powers

In 1998, the U.S. District Court for the District of Columbia ruled the 1996 Line-Item

Veto Act unconstitutional for two reasons: first, that it violated the presentment clause outlined in Article I, Section 7, and, second, that it ceded inherently legislative authority to the president.

U.S. District Judge Thomas F. Hogan wrote: "The Line-Item Veto Act impermissibly crosses the line between acceptable delegations of the rule making authority and unauthorized surrender to the President of an inherently legislative function, namely, the authority to permanently shape laws and package legislation...His power cannot expand to that of "co-designer" of the law – that is Congress' domain...The President cannot take this duty upon himself; nor can Congress relinquish that power to the Executive Branch."

The Constitution vests the power to make laws in the Congress. The power to execute those laws is vested in the president. Articles I and II are explicit and unmistakably clear about this point. "All legislative Powers herein granted shall be vested in a Congress of the United States which shall consist of a Senate and House of Representatives." The president shall "recommend to their Consideration such Measures as he shall judge necessary and expedient" but his ultimate responsibility is to "take Care that the Laws be faithfully executed..."

And, yet, under Title I's Line-Item Veto, it is the president, and not the Congress, who is

required to draft legislation. It is the president who is required to package the bills that the Congress will consider. It is the president who effectively decides when the Congress will vote on the bill based upon when he submits it. It is the president who permanently shapes laws by deciding which issues will be closed to debate and amendment depending upon what he decides to include in his rescission proposals.

The role of the Congress is relegated to simply approving or disapproving laws, as opposed to making them. Amendments to the president's rescission proposals are explicitly prohibited. It is a complete reversal of the legislative process. Under Title I of this Act, the Congress does not draft the rescission bill. The Congress cannot amend the rescission bill. The Congress cannot decide when to vote on the rescission bill. Whatever passes the Congress under Title I of this Act would unequivocally be a product of the president, and not the Congress.

This Act goes even further by allowing unelected commissions to assume the status of a lawmaker. Under Title IV, this Act would create two commissions with sweeping powers to submit legislation that would be shielded from debate and amendments in the Congress. A commission of unelected, unaccountable individuals would be charged with making laws and submitting them for approval or disapproval by the Congress and the president. Under Title IV of this Act, the Commission on Congressional Budgetary

Accountability and Review of Federal Agencies could craft legislation to alter or eliminate any federal program it deemed wasteful. It would do so beyond the reach of the electorate, and protected from the wrath of the people. The Congress would be forced to accept or reject that legislation, without the opportunity to amend.

Judge Hogan invoked a 19th Century Pennsylvania court ruling in his opinion on the 1996 Line-Item Veto: The legislature can make a law to delegate a power, but it cannot delegate its power to make a law. I ask my colleagues, if the president or an independent commission is writing the bill, and the Congress cannot amend it, then who is really making the laws?

This legislation goes far beyond the president simply making recommendations to the Congress. It makes the president a lawmaker, and the primary force in the legislative process. It violates the explicit requirement of the Constitution that the Congress alone be empowered to make laws. It is a dangerous departure from the Separation of Powers doctrine preventing any one branch of the government from seizing both the power to make and execute a law.

It is a gross dereliction of Congressional responsibility. The Separation of Powers – dividing inherently legislative and executive functions between two separate and equal

branches – is a fundamental check against arbitrary acts of government. In Federalist No. 51, James Madison wrote: "But the great security against a gradual concentration of the several powers in the same department consists in giving to those who administer each department the necessary constitutional means and personal motives to resist encroachments of the others...Ambition must be made to counteract ambition..."

If we allow the president to seize the Congress's law-making powers, or if we turn that law-making power over to some outside authority to make decisions that we cannot alter, then the liberties of the American people are inevitably placed in jeopardy.

Democratic Alternative for Balancing the Budget

We don't need to alter the Constitution, or defer extraordinary and unconstitutional powers to the president and outside groups, in order to balance the budget.

We should remember why deficits have soared to unprecedented levels. In 2001, President Bush inherited a $5.6 trillion surplus. After one year operating under his fiscal policies, that surplus disappeared. His excessive tax cuts added $3 trillion in budget deficits. The Congress has appropriated $318 billion for the war in Iraq. The president has not vetoed a single bill. He has not submitted a single rescission proposal under the

Budget Act. Rather than dealing with the president's failed choices, we are here today pretending that budget process reforms will magically reduce our deficits. They will not.

We know that massive tax cuts have been used through the budget reconciliation process to syphon trillions of dollars from the federal budget. The Democratic proposal crafted by Senator Conrad would prevent future reconciliation bills from being used to worsen budget deficits.

We know that emergency war supplementals requested by the president outside of the regular budget process have added hundreds of billions of dollars in deficits to the federal budget. The Democratic alternative would require the president to submit war costs as part of his budget request, or risk losing appropriations transfer authority.

We know that Social Security funds are regularly used to finance the general operations of government. The Democratic alternative would prevent such machinations.

We know that PAYGO requirements expired four years ago, and that budget deficits have increased rapidly since then because no requirement existed to pay for tax cuts or increases in mandatory spending. The Democratic alternative would restore PAYGO rules to require offsets for any future tax cuts or mandatory spending increases.

Senators cling to ideological notions that deficits can be addressed on the spending side of the ledger only. Provisions are inserted into the annual budget to limit nondefense discretionary, forcing painful cuts in domestic programs, while tax cuts and emergency war supplementals continue, without impediment, to deepen our budgetary woes.

The fundamental tenet of any successful budget agreement is evenhandedness. To ensure tough, but sensible, budgetary limitations, and to ensure that those limitations are adhered to, all sides of the budget must be made to yield savings – revenues, discretionary spending, mandatory spending. The historic budget agreements of the 1990s proved that. Anything less than an evenhanded approach to the federal budget will inevitably result in failure.

Conclusion

There are many reasons to oppose this bill. It would result in draconian and unfair cuts in critical government programs. It would fall heaviest on the working, middle-class. It is a free pass for the tax cuts and unbudgeted war spending that drove our nation, and continues to drive our nation, into deeper and deeper deficits and debt.

I must oppose this measure in defense of the Constitution. Senators take an oath to

preserve and protect the Constitution. We must not abandon to the courts our duty to decide the Constitutional issues that this bill raises. A lack of political will on the part of the Congress and the outrageous spending decisions of this Administration must not be allowed to drive such unconstitutional and dangerous proposals. Alexander Hamilton reminds us in Federalist No. 78 that no legislative act contrary to the Constitution can be valid. "To deny this would be to affirm...that men acting by virtue of powers may do not only what their powers do not authorize, but what they forbid."

I ask Senators to resist this assault on the Congress and the Constitution.

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X. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follow (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman).

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974 PUBLIC LAW 93-344 AS AMENDED (2 U.S.C. 621 et seq.)

TITLE I—GENERAL PROVISION

SEC. 1. SHORT TITLE AND TABLE OF CONTENTS

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TITLE X-IMPOUNDMENT CONTROL

* * * * *

PART C—LEGISLATIVE LINE ITEM VETO

SEC. 1021. *Expedited Consideration of Certain Proposed Rescissions*

TITLE X-IMPOUNDMENT CONTROL ACT

PART C—LEGISLATIVE LINE ITEM VETO

[SEC. 1021. [2 U.S.C. 691] (a) IN GENERAL.—Notwithstanding the provisions of parts A and B, and subject to the provisions of this part, the President may, with respect to any bill or joint resolution that has been signed into law pursuant to Article I, section 7, of the Constitution of the United States, cancel in whole—

(1) any dollar amount of discretionary budget authority;

(2) any item of new direct spending; or

(3) any limited tax benefit; if the President—

(A) determines that such cancellation will—

(i) reduce the Federal budget deficit;

(ii) not impair any essential Government functions; and

(iii) not harm the national interest; and

(B) notifies the Congress of such cancellation by transmitting a special message, in accordance with section 1022, within five calendar days (excluding Sundays) after the enactment of the law providing the dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit that was canceled.

(b) IDENTIFICATION OF CANCELLATIONS.—In identifying dollar amounts of discretionary budget authority, items of new direct spending, and limited tax benefits for cancellation, the President shall—

(1) consider the legislative history, construction, and purposes of the law which contains such dollar amounts, items, or benefits;

(2) consider any specific sources of information referenced in such law or, in the absence of specific sources of information, the best available information; and

(3) use the definitions contained in section 1026 in applying this part to the specific provisions of such law.

(c) EXCEPTION FOR DISAPPROVAL BILLS.—The authority granted by subsection (a) shall not apply to any dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit contained in any law that is a disapproval bill as defined in section 1026.

Sec. 1022 Special Messages

SEC. 1022. [2 U.S.C. 691a] (a) IN GENERAL.—For each law from which a cancellation has been made under this part, the President shall transmit a single special message to the Congress.

(b) Contents.—

(1) The special message shall specify—

(A) the dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit which has been canceled, and provide a corresponding reference number for each cancellation;

(B) the determinations required under section 1021(a), together with any supporting material;

(C) the reasons for the cancellation;

(D) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the cancellation;

(E) all facts, circumstances and considerations relating to or bearing upon the cancellation, and to the maximum extent practicable, the estimated effect of the cancellation upon the objects, purposes and programs for which the canceled authority was provided; and

(F) include the adjustments that will be made pursuant to section 1024 to the discretionary spending limits under section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 and an evaluation of the effects of those adjustments upon the sequestration procedures of section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(2) In the case of a cancellation of any dollar amount of discretionary budget authority or item of new direct spending, the special message shall also include, if applicable—

(A) any account, department, or establishment of the Government for which such budget authority was to have been available for obligation and the specific project or governmental functions involved;

(B) the specific States and congressional districts, if any, affected by the cancellation; and

(C) the total number of cancellations imposed during the current session of Congress on States and congressional districts identified in subparagraph (B).

(c) Transmission of Special Messages to House and Senate.—

(1) The President shall transmit to the Congress each special message under this part within five calendar days (excluding Sundays) after enactment of the law to which the cancellation applies. Each special message shall be transmitted to the House of Representatives and the Senate on the

same calendar day. Such special message shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session.

(2) Any special message transmitted under this part shall be printed in the first issue of the Federal Register published after such transmittal.

SEC. 1023 CANCELLATION EFFECTIVE UNLESS DISAPPROVED

SEC. 1023. [2 U.S.C. 691b] (a) IN GENERAL.—The cancellation of any dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit shall take effect upon receipt in the House of Representatives and the Senate of the special message notifying the Congress of the cancellation. If a disapproval bill for such special message is enacted into law, then all cancellations disapproved in that law shall be null and void and any such dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit shall be effective as of the original date provided in the law to which the cancellation applied.

(b) COMMENSURATE REDUCTIONS IN DISCRETIONARY BUDGET AUTHORITY.—Upon the cancellation of a dollar amount of discretionary budget authority under subsection (a), the total appropriation for each relevant account of which that dollar amount is a part shall be simultaneously reduced by the dollar amount of that cancellation.

SEC. 1024 DEFICIT REDUCTION

SEC. 1024. [2 U.S.C. 691c] (a) IN GENERAL.—

(1) DISCRETIONARY BUDGET AUTHORITY.—OMB shall, for each dollar amount of discretionary budget authority and for each item of new direct spending canceled from an appropriation law under section 1021(a)—

(A) reflect the reduction that results from such cancellation in the estimates required by section 251(a)(7) of the Balanced Budget and Emergency Deficit Control Act of 1985 in accordance with that Act, including an estimate of the reduction of the budget authority and the reduction in outlays flowing from such reduction of budget authority for each outyear; and

(B) include a reduction to the discretionary spending limits for budget authority and outlays in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 for each applicable fiscal year set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 by amounts equal to the amounts for each fiscal year estimated pursuant to subparagraph (A).

(2) DIRECT SPENDING AND LIMITED TAX BENEFITS.—(A) OMB shall, for each item of new direct spending or limited tax benefit canceled from a law under section 1021(a), estimate the deficit decrease caused by the cancellation of such item or benefit in that law and include such estimate as a separate entry in the report prepared pursuant to section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(B) OMB shall not include any change in the deficit resulting from a cancellation of any item of new direct spending or limited tax benefit, or the enactment of a disapproval bill for any such cancellation, under this part in the estimates and reports required by sections 252(b) and 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) ADJUSTMENTS TO SPENDING LIMITS.—After ten calendar days (excluding Sundays) after the expiration of the time period in section 1025(b)(1) for expedited congressional consideration of a disapproval bill for a special message containing a cancellation of discretionary budget authority, OMB shall make the reduction included in subsection (a)(1)(B) as part of the next sequester report required by section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(c) EXCEPTION.—Subsection (b) shall not apply to a cancellation if a disapproval bill or other law that disapproves that cancellation is enacted into law prior to 10 calendar days (excluding Sundays) after the expiration of the time period set forth in section 1025(b)(1).

(d) CONGRESSIONAL BUDGET OFFICE ESTIMATES.—As soon as practicable after the President makes a cancellation from a law under section 1021(a), the Director of the Congressional Budget Office shall provide the Committees on the Budget of the House of Representatives and the Senate with an estimate of the reduction

of the budget authority and the reduction in outlays flowing from such reduction of budget authority for each outyear.

SEC. 1025 EXPEDITED CONGRESSIONAL CONSIDERATION OF DISAPPROVAL BILLS

SEC. 1025. [2 U.S.C. 691d] (a) RECEIPT AND REFERRAL OF SPECIAL MESSAGE.—Each special message transmitted under this part shall be referred to the Committee on the Budget and the appropriate committee or committees of the Senate and the Committee on the Budget and the appropriate committee or committees of the House of Representatives. Each such message shall be printed as a document of the House of Representatives.

(b) TIME PERIOD FOR EXPEDITED PROCEDURES.—

(1) There shall be a congressional review period of 30 calendar days of session, beginning on the first calendar day of session after the date on which the special message is received in the House of Representatives and the Senate, during which the procedures contained in this section shall apply to both Houses of Congress.

(2) In the House of Representatives the procedures set forth in this section shall not apply after the end of the period described in paragraph (1).

(3) If Congress adjourns at the end of a Congress prior to the expiration of the period described in paragraph (1) and a disapproval bill was then pending in either House of Congress or a committee thereof (including a conference committee of the two Houses of Congress), or was pending before the President, a disapproval bill for the same special message may be introduced within the first five calendar days of session of the next Congress and shall be treated as a disapproval bill under this part, and the time period described in paragraph (1) shall commence on the day of introduction of that disapproval bill.

(c) INTRODUCTION OF DISAPPROVAL BILLS.—(1) In order for a disapproval bill to be considered under the procedures set forth in this section, the bill must meet the definition of a disapproval bill and must be introduced no later than the fifth calendar day of session following the beginning of the period described in subsection (b)(1).

(2) In the case of a disapproval bill introduced in the House of Representatives, such bill shall include in the first blank space referred to in section 1026(6)(C) a list of the reference numbers for all cancellations made by the President in the special message to which such disapproval bill relates.

(d) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—(1) Any committee of the House of Representatives to which a disapproval bill is referred shall report it without amendment, and with or without recommendation, not later than the seventh calendar day of session after the date of its introduction. If any committee fails to report the bill within that period, it is in order to move that the House discharge the committee from further consideration of the bill, except that such a motion may not be made after the committee has reported a disapproval bill with respect to the same special message. A motion to discharge may be made only by a Member favoring the bill (but only at a time or place designated by the Speaker in the legislative schedule of the day after the calendar day on which the Member offering the motion announces to the House his intention to do so and the form of the motion). The motion is highly privileged. Debate thereon shall be limited to not more than one hour, the time to be divided in the House equally between a proponent and an opponent. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(2) After a disapproval bill is reported or a committee has been discharged from further consideration, it is in order to move that the House resolve into the Committee of the Whole House on the State of the Union for consideration of the bill. If reported and the report has been available for at least one calendar day, all points of order against the bill and against consideration of the bill are waived. If discharged, all points of order against the bill and against consideration of the bill are waived. The motion is highly privileged. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. During consideration of the bill in the Committee of the Whole, the first reading of the bill shall be dispensed with. General debate shall proceed, shall be confined to

the bill, and shall not exceed one hour equally divided and controlled by a proponent and an opponent of the bill. The bill shall be considered as read for amendment under the five-minute rule. Only one motion to rise shall be in order, except if offered by the manager. No amendment to the bill is in order, except any Member if supported by 49 other Members (a quorum being present) may offer an amendment striking the reference number or numbers of a cancellation or cancellations from the bill. Consideration of the bill for amendment shall not exceed one hour excluding time for recorded votes and quorum calls. No amendment shall be subject to further amendment, except pro forma amendments for the purposes of debate only. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion. A motion to reconsider the vote on passage of the bill shall not be in order.

(3) Appeals from decisions of the Chair regarding application of the rules of the House of Representatives to the procedure relating to a disapproval bill shall be decided without debate.

(4) It shall not be in order to consider under this subsection more than one disapproval bill for the same special message except for consideration of a similar Senate bill (unless the House has already rejected a disapproval bill for the same special message) or more than one motion to discharge described in paragraph (1) with respect to a disapproval bill for that special message.

(e) CONSIDERATION IN THE SENATE.—

(1) REFERRAL AND REPORTING.—Any disapproval bill introduced in the Senate shall be referred to the appropriate committee or committees. A committee to which a disapproval bill has been referred shall report the bill not later than the seventh day of session following the date of introduction of that bill. If any committee fails to report the bill within that period, that committee shall be automatically discharged from further consideration

of the bill and the bill shall be placed on the Calendar.

(2) DISAPPROVAL BILL FROM HOUSE.—When the Senate receives from the House of Representatives a disapproval bill, such bill shall not be referred to committee and shall be placed on the Calendar.

(3) CONSIDERATION OF SINGLE DISAPPROVAL BILL.—After the Senate has proceeded to the consideration of a disapproval bill for a special message, then no other disapproval bill originating in that same House relating to that same message shall be subject to the procedures set forth in this subsection.

(4) AMENDMENTS.—

(A) AMENDMENTS IN ORDER.—The only amendments in order to a disapproval bill are—

(i) an amendment that strikes the reference number of a cancellation from the disapproval bill; and

(ii) an amendment that only inserts the reference number of a cancellation included in the special message to which the disapproval bill relates that is not already contained in such bill.

(B) WAIVER OR APPEAL.—An affirmative vote of three-fifths of the Senators, duly chosen and sworn, shall be required in the Senate—

(i) to waive or suspend this paragraph; or

(ii) to sustain an appeal of the ruling of the Chair on a point of order raised under this paragraph.

(5) MOTION NONDEBATABLE.—A motion to proceed to consideration of a disapproval bill under this subsection shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed was adopted or rejected, although subsequent motions to proceed may be made under this paragraph.

(6) LIMIT ON CONSIDERATION.—(A) After no more than 10 hours of consideration of a disapproval bill, the Senate shall proceed, without intervening action or debate (except as permitted under paragraph (9)), to vote on the final disposition thereof to the exclusion of all amendments not

then pending and to the exclusion of all motions, except a motion to reconsider or to table.

(B) A single motion to extend the time for consideration under subparagraph (A) for no more than an additional five hours is in order prior to the expiration of such time and shall be decided without debate.

(C) The time for debate on the disapproval bill shall be equally divided between the Majority Leader and the Minority Leader or their designees.

(7) DEBATE ON ADMENDMENTS.—Debate on any amendment to a disapproval bill shall be limited to one hour, equally divided and controlled by the Senator proposing the amendment and the majority manager, unless the majority manager is in favor of the amendment, in which case the minority manager shall be in control of the time in opposition.

(8) NO MOTION TO RECOMMIT.—A motion to recommit a disapproval bill shall not be in order.

(9) DISPOSITION OF SENATE DISAPPROVAL BILL.—If the Senate has read for the third time a disapproval bill that originated in the Senate, then it shall be in order at any time thereafter to move to proceed to the consideration of a disapproval bill for the same special message received from the House of Representatives and placed on the Calendar pursuant to paragraph (2), strike all after the enacting clause, substitute the text of the Senate disapproval bill, agree to the Senate amendment, and vote on final disposition of the House disapproval bill, all without any intervening action or debate.

(10) CONSIDERATION OF HOUSE MESSAGE.—Consideration in the Senate of all motions, amendments, or appeals necessary to dispose of a message from the House of Representatives on a disapproval bill shall be limited to not more than four hours. Debate on each motion or amendment shall be limited to 30 minutes. Debate on any appeal or point of order that is submitted in connection with the disposition of the House message shall be limited to 20 minutes. Any time for debate shall be equally divided and controlled by the proponent and the majority manager, unless the majority manager is a proponent of the motion, amendment, appeal, or

point of order, in which case the minority manager shall be in control of the time in opposition.

(f) Consideration in Conference.—

(1) CONVENING OF CONFERENCE.—In the case of disagreement between the two Houses of Congress with respect to a disapproval bill passed by both Houses, conferees should be promptly appointed and a conference promptly convened, if necessary.

(2) HOUSE CONSIDERATION.—(A) Notwithstanding any other rule of the House of Representatives, it shall be in order to consider the report of a committee of conference relating to a disapproval bill provided such report has been available for one calendar day (excluding Saturdays, Sundays, or legal holidays, unless the House is in session on such a day) and the accompanying statement shall have been filed in the House.

(B) Debate in the House of Representatives on the conference report and any amendments in disagreement on any disapproval bill shall each be limited to not more than one hour equally divided and controlled by a proponent and an opponent. A motion to further limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(3) SENATE CONSIDERATION.—Consideration in the Senate of the conference report and any amendments in disagreement on a disapproval bill shall be limited to not more than four hours equally divided and controlled by the Majority Leader and the Minority Leader or their designees. A motion to recommit the conference report is not in order.

(4) LIMITS ON SCOPE.—(A) When a disagreement to an amendment in the nature of a substitute has been referred to a conference, the conferees shall report those cancellations that were included in both the bill and the amendment, and may report a cancellation included in either the bill or the amendment, but shall not include any other matter.

(B) When a disagreement on an amendment or amendments of one House to the disapproval bill of the other House has been re-

ferred to a committee of conference, the conferees shall report those cancellations upon which both Houses agree and may report any or all of those cancellations upon which there is disagreement, but shall not include any other matter.

SEC. 1026 DEFINITIONS

SEC. 1026. [2 U.S.C. 691e] As used in this part:

(1) APPROPRIATION LAW.—The term "appropriation law" means an Act referred to in section 105 of title 1, United States Code, including any general or special appropriation Act, or any Act making supplemental, deficiency, or continuing appropriations, that has been signed into law pursuant to Article I, section 7, of the Constitution of the United States.

(2) CALENDAR DAY.—The term "calendar day" means a standard 24-hour period beginning at midnight.

(3) CALENDAR DAYS OF SESSION.—The term "calendar days of session" shall mean only those days on which both Houses of Congress are in session.

(4) CANCEL.—The term "cancel" or "cancellation" means—

(A) with respect to any dollar amount of discretionary budget authority, to rescind;

(B) with respect to any item of new direct spending—

(i) that is budget authority provided by law (other than an appropriation law), to prevent such budget authority from having legal force or effect;

(ii) that is entitlement authority, to prevent the specific legal obligation of the United States from having legal force or effect; or

(iii) through the food stamp program, to prevent the specific provision of law that results in an increase in budget authority or outlays for that program from having legal force or effect; and

(C) with respect to a limited tax benefit, to prevent the specific provision of law that pro-

vides such benefit from having legal force or effect.

(5) DIRECT SPENDING.—The term "direct spending" means—

(A) budget authority provided by law (other than an appropriation law);

(B) entitlement authority; and

(C) the food stamp program.

(6) DISAPPROVAL BILL.—The term "disapproval bill" means a bill or joint resolution which only disapproves one or more cancellations of dollar amounts of discretionary budget authority, items of new direct spending, or limited tax benefits in a special message transmitted by the President under this part and—

(A) the title of which is as follows: "A bill disapproving the cancellations transmitted by the President on——", the blank space being filled in with the date of transmission of the relevant special message and the public law number to which the message relates;

(B) which does not have a preamble; and

(C) which provides only the following after the enacting clause: "That Congress disapproves of cancellations——", the blank space being filled in with a list by reference number of one or more cancellations contained in the President's special message, "as transmitted by the President in a special message on——", the blank space being filled in with the appropriate date, "regarding——.", the blank space being filled in with the public law number to which the special message relates.

(7) DOLLAR AMOUNT OF DISCRETIONARY BUDGET AUTHORITY.—(A) Except as provided in subparagraph (B), the term "dollar amount of discretionary budget authority" means the entire dollar amount of budget authority—

(i) specified in an appropriation law, or the entire dollar amount of budget authority required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included;

(ii) represented separately in any table, chart, or explanatory text included in the

statement of managers or the governing committee report accompanying such law;

(iii) required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law;

(iv) represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or

(v) represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law.

(B) The term dollar amount of discretionary budget authority" does not include—

(i) direct spending;

(ii) budget authority in an appropriation law which funds direct spending provided for in other law;

(iii) any existing budget authority rescinded or canceled in an appropriation law; or

(iv) any restriction, condition, or limitation in an appropriation law or the accompanying statement of managers or committee reports on the expenditure of budget authority for an account, program, project, or activity, or on activities involving such expenditure.

(8) ITEM OF NEW DIRECT SPENDING.—The term "item of new direct spending" means any specific provision of law that is estimated to result in an increase in budget authority or outlays for direct spending relative to the most recent levels calculated pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(9) LIMITED TAX BENEFIT.—(A) The term "limited tax benefit" means—

(i) any revenue-losing provision which provides a Federal tax deduction, credit, exclusion, or preference to 100 or fewer beneficiaries under the Internal Revenue Code of 1986 in any fiscal year for which the provision is in effect; and

(ii) any Federal tax provision which provides temporary or permanent transitional relief for 10 or fewer beneficiaries in any fiscal year from a change to the Internal Revenue Code of 1986.

(B) A provision shall not be treated as described in subparagraph (A)(i) if the effect of that provision is that—

(i) all persons in the same industry or engaged in the same type of activity receive the same treatment;

(ii) all persons owning the same type of property, or issuing the same type of investment, receive the same treatment; or

(iii) any difference in the treatment of persons is based solely on—

(I) in the case of businesses and associations, the size or form of the business or association involved;

(II) in the case of individuals, general demographic conditions, such as income, marital status, number of dependents, or tax return filing status;

(III) the amount involved; or

(IV) a generally-available election under the Internal Revenue Code of 1986.

(C) A provision shall not be treated as described in subparagraph (A)(ii) if—

(i) it provides for the retention of prior law with respect to all binding contracts or other legally enforceable obligations in existence on a date contemporaneous with congressional action specifying such date; or

(ii) it is a technical correction to previously enacted legislation that is estimated to have no revenue effect.

(D) For purposes of subparagraph (A)—

(i) all businesses and associations which are related within the meaning of sections 707(b) and 1563(a) of the Internal Revenue Code of 1986 shall be treated as a single beneficiary;

(ii) all qualified plans of an employer shall be treated as a single beneficiary;

(iii) all holders of the same bond issue shall be treated as a single beneficiary; and

(iv) if a corporation, partnership, association, trust or estate is the beneficiary of a provision, the shareholders of the corporation, the partners of the partnership, the members of the association, or the beneficiaries of the trust or estate shall not also be treated as beneficiaries of such provision.

(E) For purposes of this paragraph, the term "revenue-losing provision" means any provision which results in a reduction in Federal tax revenues for any one of the two following periods—

(i) the first fiscal year for which the provision is effective; or

(ii) the period of the 5 fiscal years beginning with the first fiscal year for which the provision is effective.

(F) The terms used in this paragraph shall have the same meaning as those terms have generally in the Internal Revenue Code of 1986, unless otherwise expressly provided.

(10) OMB.—The term "OMB" means the Director of the Office of Management and Budget.

SEC. 1027 IDENTIFICATION OF LIMITED TAX BENEFITS

SEC. 1027. [2 U.S.C. 691f] (a) STATEMENT BY JOINT TAX COMMITTEE.—The Joint Committee on Taxation shall review any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 that is being prepared for filing by a committee of conference of the two Houses, and shall identify whether such bill or joint resolution contains any limited tax benefits. The Joint Committee on Taxation shall provide to the committee of conference a statement identifying any such limited tax benefits or

declaring that the bill or joint resolution does not contain any limited tax benefits. Any such statement shall be made available to any Member of Congress by the Joint Committee on Taxation immediately upon request.]

* * * * *

Part C—Legislative Line Item Veto

expedited consideration of certain proposed rescissions

SEC. 1021. (a) PROPOSED RESCISSIONS.—The President may send a special message, at the time and in the manner provided in subsection (b), that proposes to rescind dollar amounts of discretionary budget authority, items of direct spending, and targeted tax benefits.

(b) TRANSMITTAL OF SPECIAL MESSAGE.—

(1) SPECIAL MESSAGE.—

(A) IN GENERAL.—

(i) FOUR MESSAGES.—The President may transmit to Congress not to exceed 4 special messages per calendar year, proposing to rescind dollar amounts of discretionary budget authority, items of direct spending, and targeted tax benefits.

(ii) TIMING.—Special messages may be transmitted under clause (i)—

(I) with the President's budget submitted pursuant to section 1105 of title 31, United States Code; and

(II) 3 other times as determined by the President.

(iii) LIMITATIONS.—

(I) IN GENERAL.—Special messages shall be submitted within 1 calendar year of the date of enactment of any dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit the President proposes to rescind pursuant to this Act.

(II) RESUBMITTAL REJECTED.—If Congress rejects a bill introduced under this part, the President may not resubmit any of the dollar amounts of discretionary budget authority, items of direct spending, or targeted tax benefits in that bill under this part, or part B

with respect to dollar amounts of discretionary budget authority.

(III) RESUBMITAL AFTER SINE DIE.—If Congress does not complete action on a bill introduced under this part because Congress adjourns sine die, the President may resubmit some or all of the dollar amounts of discretionary budget authority, items of direct spending, and targeted tax benefits in that bill in not more than 1 subsequent special message under this part, or part B with respect to dollar amounts of discretionary budget authority.

(B) CONTENTS OF SPECIAL MESSAGE.—Each special message shall specify, with respect to the dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit proposed to be rescinded—

(i) the dollar amount of discretionary budget authority available and proposed for rescission from accounts, departments, or establishments of the government and the dollar amount of the reduction in outlays that would result from the enactment of such rescission of discretionary budget authority for the time periods set forth in clause (iii) ;

(ii) the specific items of direct spending and targeted tax benefits proposed for rescission and the dollar amounts of the reductions in budget authority and outlays or increases in receipts that would result from enactment of such rescission for the time periods set forth in clause (A)(iii);

(iii) the budgetary effects of proposals for rescission, estimated as of the date the President submits the special message, relative to the most recent levels calculated consistent with the methodology described in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, for the time periods of—

(I) the fiscal year in which the proposal is submitted; and

(II) each of the 10 following fiscal years beginning with the fiscal year after the fiscal year in which the proposal is submitted;

(iv) any account, department, or establishment of the Government to which such dollar amount of discretionary budget authority or item of direct spending is available for obligation, and the specific project or governmental functions involved;

(v) the reasons why such dollar amount of discretionary budget authority or item of direct spending or targeted tax benefit should be rescinded;

(vi) the estimated fiscal and economic impacts, of the proposed rescission;

(vii) to the maximum extent practicable, all facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority or items of direct spending or targeted tax benefits are provided; and

(viii) a draft bill that, if enacted, would rescind the budget authority, items of direct spending and targeted tax benefits proposed to be rescinded in that special message.

(2) ANALYSIS BY CONGRESSIONAL BUDGET OFFICE AND JOINT COMMITTEE ON TAXATION.—

(A) IN GENERAL.—Upon the receipt of a special message under this part proposing to rescind dollar amounts of discretionary budget authority, items of direct spending, and targeted tax benefits—

(i) the Director of the Congressional Budget Office shall prepare an estimate of the savings in budget authority or outlays resulting from such proposed rescission and shall include in its estimate, an analysis prepared by the Joint Committee on Taxation related to targeted tax benefits; and

(ii) the Director of the Joint Committee on Taxation shall prepare an estimate and forward such estimate to the Congressional Budget Office, of the savings from repeal of targeted tax benefits.

(B) METHODOLOGY.—The estimates required by subparagraph (A) shall be made relative to the most recent levels calculated consistent with the methodology used to calculate a baseline under section 257 of the Balanced Budget and Emergency Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, and transmitted to the chairmen of the Committees on the Budget of the House of Representatives and Senate.

(3) ENACTMENT OF RESCISSION BILL.—

(A) DEFICIT REDUCTION.—Amounts of budget authority or items of direct spending or targeted tax benefit that are rescinded pursuant to enactment of a bill as provided under this part shall be dedicated only to deficit reduction and shall not be used as an offset for other spending increases or revenue reductions.

(B) ADJUSTMENT OF BUDGET TARGETS.—Not later than 5 days after the date of enactment of a rescission bill as provided under this part, the chairs of the Committees on the Budget of the Senate and the House of Representatives shall revise spending and revenue levels under section 311(a) of the Congressional Budget Act of 1974 and adjust the committee allocations under section 302(a) of the Congressional Budget Act of 1974 or any other adjustments as may be appropriate to reflect the rescission. The adjustments shall reflect the budgetary effects of such rescissions as estimated by the President pursuant to paragraph (1)(B)(iii). The appropriate committees shall report revised allocations pursuant to section 302(b) of the Congressional Budget Act of 1974. Notwithstanding any other provision of law, the revised allocations and aggregates shall be considered to have been made under a concurrent resolution on the budget agreed to under the Congressional Budget Act of 1974 and shall be enforced under the procedures of that Act.

(C) ADJUSTMENTS TO CAPS.—After enactment of a rescission bill as provided under this part, the President shall revise applicable limits under the Stop Over Spending Act of 2006, as appropriate.

(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

(1) IN GENERAL.—

(A) INTRODUCTION.—Before the close of the second day of session of the Senate and the House of Representatives, respectively, after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader of each House, for himself, or minority leader of each House, for himself, or a Member of that House designated by that majority leader or minority leader shall introduce (by request) the President's draft bill to rescind the amounts of budget authority or items of direct spending or targeted tax benefits, as specified in the special message and the President's draft bill. If the bill is not introduced as provided in the preceding sentence in either House, then, on the third day of session of that House after the date of receipt of that special message, any Member of that House may introduce the bill.

(B) REFERRAL AND REPORTING.—

(i) ONE COMMITTEE.—The bill shall be referred by the presiding officer to the appropriate committee. The committee shall report the bill without any revision and with a favorable, an unfavorable, or without recommendation, not later than the fifth day of session of that House after the date of introduction of the bill in that House. If the committee fails to report the bill within that period, the committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

(ii) MULTIPLE COMMITTEES.—

(I) REFERRALS.—If a bill contains provisions in the jurisdiction of more than 1 committee, the bill shall be jointly referred to the committees of jurisdiction and the Committee on the Budget.

(II) VIEWS OF COMMITTEE.—Any committee, other than the Committee on the Budget, to which a bill is referred under this clause may submit a favorable, an unfavorable recommendation, without recommendation with respect to the bill to the Committee on the Budget prior to the reporting or discharge of the bill.

(III) REPORTING.—The Committee on the Budget shall report the bill not later than the fifth day of session of that House after the date of introduction of the bill in that House, without any revision and with a favorable or unfavorable recommendation, or with no recommendation, together with the recommendations of any committee to which the bill has been referred.

(IV) DISCHARGE.—If the Committee on the Budget fails to report the bill within that period, the committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

(C) FINAL PASSAGE.—A vote on final passage of the bill shall be taken in the Senate and the House of Representatives on or before the close of the 10th day of session 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 transmitted to the Senate before the close of the next day of session of the House.

(2) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—

(A) MOTION TO PROCEED TO CONSIDERATION.—A motion in the House of Representatives to proceed to the consideration of a bill under this subsection 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) LIMITS ON DEBATE.—Debate in the House of Representatives on a bill under this

subsection shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion further to limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this subsection or to move to reconsider the vote by which the bill is agreed to or disagreed to.

(C) APPEALS.—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 part shall be decided without debate.

(D) APPLICATION OF HOUSE RULES.—Except to the extent specifically provided in this part, consideration of a bill under this part 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 bill introduced pursuant to the provisions of this part under a suspension of the rules or under a special rule.

(3) CONSIDERATION IN THE SENATE.—

(A) MOTION TO PROCEED TO CONSIDERATION.—A motion to proceed to the consideration of a bill under this subsection in the Senate shall not be debatable. A motion to proceed to consideration of the bill may be made even though a previous motion to the same effect has been disagreed to. It shall not be in order to move to reconsider the vote by which the motion to proceed is agreed to or disagreed to.

(B) LIMITS ON DEBATE.—Debate in the Senate on a bill under this subsection, and all debatable motions and appeals in connection therewith, shall not exceed a total of 10 hours, equally divided and controlled in the usual form.

(C) DEBATABLE MOTIONS AND APPEALS.—Debate in the Senate on any debatable motion or appeal in connection with a bill under this subsection shall be limited to not more than 1 hour from the time allotted for debate, to be equally divided and controlled in the usual form.

(D) MOTION TO LIMIT DEBATE.—A motion in the Senate to further limit debate on a bill under this subsection is not debatable.

(E) MOTION TO RECOMMIT.—A motion to recommit a bill under this subsection is not in order.

(F) CONSIDERATION OF THE HOUSE BILL.—

(i) IN GENERAL.—If the Senate has received the House companion bill to the bill introduced in the Senate prior to the vote required under paragraph (1)(C), then the Senate shall consider, and the vote under paragraph (1)(C) shall occur on, the House companion bill.

(ii) PROCEDURE AFTER VOTE ON SENATE BILL.—If the Senate votes, pursuant to paragraph (1)(C), on the bill introduced in the Senate, the Senate bill shall be held pending receipt of the House message on the bill. Upon receipt of the House companion bill, the House bill shall be deemed to be considered, read for the third time, and the vote on passage of the Senate bill shall be considered to be the vote on the bill received from the House.

(d) AMENDMENTS AND DIVISIONS PROHIBITED.—

(1) IN GENERAL.—No amendment to a bill considered under this part shall be in order in either the Senate or the House of Representatives.

(2) NO DIVISION.—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).

(3) NO SUSPENSION.—No motion to suspend the application of this subsection shall be in order in the House of Representatives, nor shall it be in order in either the House of Representatives or the Senate to suspend the application of this subsection by unanimous consent.

(e) TEMPORARY PRESIDENTIAL AUTHORITY TO WITHHOLD.—

(1) AVAILABILITY.—The President may not withhold any dollar amount of discretionary budget authority until the President transmits and Congress receives a special message pursuant to subsection (b). Upon receipt by Congress of a special message pursuant to subsection (b), the President may direct

that any dollar amount of discretionary budget authority proposed to be rescinded in that special message shall be withheld from obligation for a period not to exceed 45 calendar days from the date of receipt by Congress.

(2) EARLY AVAILABILITY.—The President may make any dollar amount of discretionary budget authority withheld from obligation pursuant to paragraph (1) available at an earlier time if the President determines that continued withholding would not further the purposes of this Act.

(f) TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND.—

(1) SUSPEND.—

(A) IN GENERAL.—The President may not suspend the execution of any item of direct spending or targeted tax benefit until the President transmits and Congress receives a special message pursuant to subsection (b). Upon receipt by Congress of a special message, the President may suspend the execution of any item of direct spending or targeted tax benefit proposed to be rescinded in that message for a period not to exceed 45 calendar days from the date of receipt by Congress.

(B) LIMITATION ON 45-DAY PERIOD.—The 45-day period described in subparagraph (A) shall be reduced by the number of days contained in the period beginning on the effective date of the item of direct spending or targeted tax benefit; and ending on the date that is the later of—

(i) the effective date of the item of direct spending or targeted benefit; or

(ii) the date that Congress receives the special message.

(C) CLARIFICATION.—Notwithstanding subparagraph (B), in the case of an item of direct spending or targeted tax benefit with an effective date within 45 days after the date of enactment, the beginning date of the period calculated under subparagraph (B) shall be the date that is 45 days after the date of enactment and the ending date shall be the date that is the later of—

(i) the date that is 45 days after enactment; or

(ii) the date that Congress receives the special message.

(2) EARLY AVAILABILITY.—The President may terminate the suspension of any item of direct spending or targeted tax benefit suspended pursuant to paragraph (1) at an earlier time if the President determines that continuation of the suspension would not further the purposes of this Act.

(g) DEFINITIONS.—In this part:

(1) APPROPRIATION LAW.—The term 'appropriation law' means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

(2) CALENDAR DAY.—The term 'calendar day' means a standard 24-hour period beginning at midnight.

(3) DAYS OF SESSION.—The term 'days of session' means only those days on which both Houses of Congress are in session.

(4) DOLLAR AMOUNT OF DISCRETIONARY BUDGET AUTHORITY.—The term 'dollar amount of discretionary budget authority' means the dollar amount of budget authority and obligation limitations—

(A) specified in an appropriation law, or the dollar amount of budget authority required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included;

(B) represented separately in any table, chart, or explanatory text included in the statement of managers or the governing committee report accompanying such law;

(C) required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates obligations from or within accounts, programs, projects, or activities for which budget authority or an obligation limitation is provided in an appropriation law;

(D) represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or

(E) represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates obligations from accounts, programs, projects, or activities for which dollar amount of discretionary budget authority or an obligation limitation is provided in an appropriation law.

(5) RESCIND OR RESCISSION.—The term 'rescind' or 'rescission' means—

(A) in the case of a dollar amount of discretionary budget authority, to reduce or repeal a provision of law to prevent that budget authority or obligation limitation from having legal force or effect; and

(B) in the case of direct spending or targeted tax benefit, to repeal a provision of law in order to prevent the specific legal obligation of the United States from having legal force or effect.

(6) DIRECT SPENDING.—The term 'direct spending' means budget authority provided by law (other than an appropriation law), mandatory spending provided in appropriation Acts, and entitlement authority.

(7) ITEM OF DIRECT SPENDING.—The term 'item of direct spending' means any specific provision of law enacted after the effective date of the Legislative Line Item Veto Act of 2006 that is estimated to result in an increase in budget authority or outlays for direct spending relative to the most recent levels calculated consistent with the methodology described in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, and, with respect to estimates made after that budget submission that are not included with it, estimates consistent with the economic and technical assumptions underlying the most recently submitted President's budget.

(8) SUSPEND THE EXECUTION.—The term 'suspend the execution' means, with respect to an item of direct spending or a targeted tax benefit, to stop the carrying into effect of the specific provision of law that provides such benefit; and

(9) TARGETED TAX BENEFIT.—The term 'targeted tax benefit' means only those provisions—

(A) estimated by the Joint Committee on Taxation to result in a loss of revenues relative to the most recent levels calculated consistent with the methodology described in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, and with respect to estimates made after that budget submission that are not included with it, estimates consistent with the economic and technical assumptions underlying the most recently submitted President's budget; and

(B) having the practical effect of providing more favorable tax treatment to a particular taxpayer or limited group of taxpayers when compared with other similarly situated taxpayers.

(h) CONGRESSIONAL IDENTIFICATION OF TARGETED TAX BENEFITS.—

(1) STATEMENT BY JOINT TAX COMMITTEE.—The Joint Committee on Taxation shall review any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 that is being prepared for filing by a committee of conference of the 2 Houses, and shall identify, prior to consideration of such conference report, whether such bill or joint resolution contains any targeted tax benefits. The Joint Committee on Taxation shall provide to the committee of conference a statement identifying any such targeted tax benefits or declaring that the bill or joint resolution does not contain any targeted tax benefits. The statement shall be included in the statement of managers to accompany such conference report and made available to any Member of Congress by the Joint Committee on Taxation immediately upon request.

(2) STATEMENT INCLUDED IN LEGISLATION.—Notwithstanding any other rule of the House of Representatives or any rule or precedent of the Senate, any revenue or reconciliation bill or joint resolution, which includes any amendment to the Internal Revenue Code of 1986 reported by a committee of conference of the House of Representatives and the Sen-

ate, may include, as a separate section of such bill or joint resolution, the information contained in the statement of the Joint Committee on Taxation.".

* * * * *

Sec. 904 Exercise of Rulemaking Powers

(a) The provisions of this title and of titles I, III, IV, and V and the provisions of sections 701, 703, [and 1017] *1017, and 1021* are enacted by the Congress—

* * * * *

(d) * * *

(1) PROCEDURE.—Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or [section 1017] *sections 1017, and 1021* shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.

* * * * *

Sec. 1.

(a) SHORT TITLES.—This Act may be cited as the "Congressional Budget and Impoundment Control Act of 1974". Titles I through IX may be cited as the "Congressional Budget Act of 1974". [Parts A and B] *Parts A, B, and C* of title X may be cited as the "Impoundment Control Act of 1974". [Part C of title X may be cited as the "Line Item Veto Act of 1996"] *Part C of Title X may be cited as the Legislative Line Item Veto Act of 2006.*

* * * * *

AMENDMENTS TO CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974 PUBLIC LAW 93-34 AS AMENDED (2 USC 621 ET SEQ.)

* * * * *

BIENNIAL BUDGET AND APPROPRIATIONS

* * * * *

Sec. 300. [timetable. The timetable with respect to the congressional budget process for any fiscal year is as follows:]

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) is as follows:

* * * * *

First Monday in February	President submits [his budget] *the biennial.*
Not later than 6 weeks after [President submits budget] *biennial budget submitted.*	Committees submit views and estimates to Budget Committees.
April 1	[Senate] Budget [Committee] *Committees* reports concurrent resolution on the [budget] *biennial budget.*
[April 15] *May 15*	Congress completes action on concurrent resolution on the budget.
May 15	[Annual] *Biennal* appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last [annual] *biennial* appropriation bill.
June 30	House completes action on [annual] *biennial* appropriation bills.
[June 15] *August 1*	Congress completes action on reconciliation legislation.
October 1	[Fiscal year] *Biennium* begins.

* * * * *

Sec. 2. declaration of purposes.

(2) to provide for the congressional determination [each year] *biennially* of the appropriate level of Federal revenues and expenditures;

* * * * *

Sec 3. Definitions

(4) The term "concurrent resolution on the budget" means—

(A) a concurrent resolution setting forth the congressional budget for the United States

Government for a [fiscal year] *biennium* as provided in section 301; and

(B) any other concurrent resolution revising the congressional budget for the United States Government for a [fiscal year] *biennium* as described in section 304.

* * * * *

Sec. 301.

(a) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—On or before [April 15] *May 15 of each year of odd-numbered year*, the Congress shall complete action on a concurrent resolution on the budget for the [fiscal year] *biennium* beginning on October 1 of such year. The concurrent resolution shall set forth appropriate levels for [the fiscal year beginning on October 1 of such year and] *each fiscal year in such period* for at least each of the 4 ensuing fiscal years for the following—

(5) * * * *

(6) [For] *for* purposes of Senate enforcement under this title, outlays of the old-age, survivors, and disability insurance program established under title II of the Social Security Act for [the fiscal year] *each fiscal year of the biennuim* of the resolution and for each of the 4 succeeding fiscal years; and

(7) [For] *for* purposes of Senate enforcement under this title, revenues of the old-age, survivors, and disability insurance program established under title II of the Social Security Act (and the related provisions of the Internal Revenue Code of 1986) for [the fiscal year] *each fiscal year of the biennium* of the resolution and for each of the 4 succeeding fiscal years.

(b) * * *

(3) require a procedure under which all or certain bills or resolutions providing new budget authority or new entitlement authority [for such fiscal year] *for either fiscal year in such biennium* shall not be enrolled until the Congress has completed action on any reconciliation bill or reconciliation resolution or both required by such concurrent reso-

lution to be reported in accordance with section 310(b);

(c) * * *

(d)VIEWS AND ESTIMATES OF OTHER COMMITTEES.—Within 6 weeks after the President submits a budget under section 1105(a) of title 31, United States Code *(or, if applicable, as provided by section 300(b))*, or at such time as may be requested by the Committee on the Budget, each committee of the House of Representatives having legislative jurisdiction shall submit to the Committee on the Budget of the House and each committee of the Senate having legislative jurisdiction shall submit to the Committee on the Budget of the Senate its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House of Representatives or the Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction or functions. Any Committee of the House of Representatives or the Senate that anticipates that the committee will consider any proposed legislation establishing, amending, or reauthorizing any Federal program likely to have a significant budgetary impact on any State, local, or tribal government, or likely to have a significant financial impact on the private sector, including any legislative proposal submitted by the executive branch likely to have such a budgetary or financial impact, shall include its views and estimates on that proposal to the Committee on the Budget of the applicable House.

(e) * * *

(1) IN GENERAL.—In developing the concurrent resolution on the budget referred to in subsection

(a) for each [fiscal year] *biennium*, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goal set forth in the report submitted by the members of the Joint Economic Committee under subsection (d) may be considered by the Committee on the Budget of each House as part of its consideration of such concurrent resolution, and its report may reflect its views thereon, including its views on how the estimates of revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. *"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 concurrent resolution on the budget refrred to in subsection (a) for the biennium beginning on October 1 of that year.".*

(f) * * *

(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the concurrent resolution on the budget for the [fiscal year] *biennium* beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be

achieved, either in its action pursuant to paragraph (1) or in its most recent action pursuant to this paragraph, the concurrent resolution on the budget for the [fiscal year] *biennium* beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(g) * * *

(1) It shall not be in order in the Senate to consider any concurrent resolution on the budget [for a fiscal year] *for a biennium*, or any amendment thereto, or any conference report thereon, that sets forth amounts and levels that are determined on the basis of more than one set of economic and technical assumptions.

* * * * *

Sec. 1. (b)

[annual] *biennial* adoption of concurrent resolution on the budget

* * * * *

Sec. 302.

(a) Committee Spending Allocations

(1) ALLOCATION AMONG COMMITTEES.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an allocation, consistent with the resolution recommended in the conference report, of the levels [for the first fiscal year of the resolution] *for each fiscal year in the biennium*, for at least each of the ensuing 4 fiscal years, and a total [for that period of fiscal years] *for all fiscal years covered by the resolution* (except in the case of the Committee on Appropriations only [for the fiscal year of that resolution] *for each fiscal year in the biennium*) of—

* * * * *

(5) ADJUSTING ALLOCATION OF DISCRETIONARY SPENDING IN THE HOUSE OF REPRESENTATIVES.—(A) If a concurrent resolution on the budget is not adopted by [April 15] *May 15 or June 1 (under section 300 (b))*, the chairman of the Committee on the

Budget of the House of Representatives shall submit to the House, as soon as practicable, an allocation under paragraph (1) to the Committee on Appropriations consistent with the discretionary spending levels in the most recently agreed to concurrent resolution on the budget for the appropriate fiscal year covered by that resolution.

* * * * *

(b) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to, the Committee on Appropriations of each House (after consulting with the Committee on Appropriations of the other House) shall suballocate each amount allocated to it for the [budget year] *biennium* under subsection (a) among its subcommittees. Each Committee on Appropriations shall promptly report to its House suballocations made or revised under this subsection. The Committee on Appropriations of the House of Representatives shall further divide among its subcommittees the divisions made under subsection (a)(3)(B) and promptly report those divisions to the House.

* * * * *

(c) POINT OF ORDER.—After the Committee on Appropriations has received an allocation pursuant to subsection (a) [for a fiscal year] *for each fiscal year in the biennium*, it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report within the jurisdiction of that committee providing new budget authority for that fiscal year, until that committee makes the suballocations required by subsection (b).

* * * * *

(f) Legislation Subject to Point of Order.—

(1) IN THE HOUSE OF REPRESENTATIVES.—After the Congress has completed action on a concurrent resolution on the budget [for a fiscal year] *for a biennium*, it shall not be in order in the House of Representatives to consider any bill, joint resolution, or amendment providing new budget authority for any fiscal year, or any conference report on any such bill or joint resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report, would cause the applicable allocation of new budget authority made under subsection (a) or (b) for [the first fiscal year] *each fiscal year of the biennium* or the total of fiscal years to be exceeded.

* * * * *

(2)* * *

(A) in the case of any committee except the Committee on Appropriations, the applicable allocation of new budget authority or outlays under subsection (a) for [the first fiscal year] *each fiscal year of the biennium* or the [total of fiscal years] *the total of all fiscal years covered by the resolution* to be exceeded; or

* * * * *

(g)* * *

(1) * * *

(A) Subsection (f)(1) and, after [April] *May* 15, section 303(a) shall not apply to any bill or joint resolution, as reported, amendment thereto, or conference report thereon if, for each fiscal year covered by the most recently agreed to concurrent resolution on the budget—

* * * * *

Sec. 303.

(a) IN GENERAL.—Until the concurrent resolution on the budget for a fiscal year has been agreed to, it shall not be in order in the House of Representatives, with respect to [the first fiscal year] *each fiscal year of the biennium* covered by that resolution, or the Senate, with respect to any fiscal year covered by that resolution, to consider any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

(1) first provides new budget authority for [that fiscal year] *that biennium*;

(2) first provides an increase or decrease in revenues during [that fiscal year] *that biennium*;

(3) provides an increase or decrease in the public debt limit to become effective during [that fiscal year] *that biennium*;

(4) in the Senate only, first provides new entitlement authority for [that fiscal year] *that biennium*; or

(5) in the Senate only, first provides for an increase or decrease in outlays for [that fiscal year] *that biennium*.

* * * * *

(b)* * *

(1)(A) to any bill or joint resolution, as reported, providing advance discretionary new budget authority that first becomes available for the first or second fiscal year after [the budget year] *the biennium*; or

(B) to any bill or joint resolution, as reported, first increasing or decreasing revenues in a fiscal year following [the fiscal year] *the biennium* to which the concurrent resolution applies;

* * * * *

(c)* * *

(1) IN GENERAL.—Until the concurrent resolution on the budget for a [fiscal year] *biennium* has been agreed to and an allocation has been made to the Committee on Appropriations of the Senate under section 302(a) for [that year] *each fiscal year of that biennium*, it shall not be in order in the Senate to consider any appropriation bill or joint resolution, amendment or motion thereto, or conference report thereon for that year or any subsequent year.

* * * * *

Sec. 304.

At any time after the concurrent resolution on the budget for a [fiscal year] *biennium* has been agreed to pursuant to section 301, and before the end of such [fiscal year] *biennium*, the two Houses may adopt a concurrent resolution on the budget which revises or reaffirms the concurrent resolution on the budget [for such fiscal year] *for such biennium* most recently agreed to.

* * * * *

Sec. 305.

(a) * * *

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a [fiscal year] *biennium* by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

(b)* * *

(3) Following the presentation of opening statments on the concurrent resolution on the budget for a [fiscal year] *biennium* by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

* * * * *

Sec. 307.

On or before June 10 of [each year] *each odd-numbered year*, the Committee on Appropriations of the House of Representatives shall report [annual] *biennial* appropriation bills providing new budget authority under the jurisdiction of all of its subcommittees for the [fiscal year] *biennium* which begins on October 1 of [that year] *each odd-numbered year*.

* * * * *

Sec. 309.

It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July *of any odd-numbered calendar year* until the House of Representatives has approved [annual] *biennial* appropriation bills providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the [fiscal year] *biennium* beginning on October 1 of such year. For purposes of this section, the chairman of the Committee on Appropriations of the House of Representatives shall periodically advise the Speaker as to changes in jurisdiction among its various subcommittees.

* * * * *

Sec. 310.

(a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—A concur-

rent resolution on the budget for [any fiscal year] *any biennium*, to the extent necessary to effectuate the provisions and requirements of such resolution, shall—

(1) * * *

(A) new budget authority for [such fiscal year] *any fiscal year covered by such resolution*;

(B) * * *

(C) new entitlement authority which is to become effective during [such fiscal year] *any fiscal year coivered by such resolution*; and

(D) credit authority for [such fiscal year] *any fiscal year covered by such resolution*, contained in laws, bills, and resolutions within the jurisdiction of a committee is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

* * * * *

Sec. 311.

(a) * * *

(1) IN THE HOUSE OF REPRESENTATIVES.—Except as provided by subsection (c), after the Congress has completed action on a concurrent resolution on the budget [for a fiscal year] *for a biennium*, it shall not be in order in the House of Representatives to consider any bill, joint resolution, amendment, motion, or conference report providing new budget authority or reducing revenues, if—

(A) * * *

(B) * * *

(C) the enactment of that bill or resolution in the form recommended in that conference report; would cause the level of total new budget authority or total outlays set forth in the applicable concurrent resolution on the budget for [the first fiscal year] *either fiscal year of the biennium* to be exceeded, or would cause revenues to be less than the level of total revenues set forth in that concurrent resolution for [the first fiscal year] *either fiscal year of the biennium* or for the total of [that first fiscal year] *each fiscal year in the biennium* and the ensuing fiscal years for which allocations are provided under section 302(a), except when a declaration of war by the Congress is in effect.

(2) * * *

(A) would cause the level of total new budget authority or total outlays set forth for [the first fiscal year] *either fiscal year of the biennium* in the applicable resolution to be exceeded; or

(B) would cause revenues to be less than the level of total revenues set forth for [that first fiscal year] *each fiscal year in the biennium* or for the total of [that first fiscal year and the ensuing fiscal years] *all fiscal years* in the applicable resolution for which allocations are provided under section 302(a).

(3) ENFORCEMENT OF SOCIAL SECURITY LEVELS IN THE SENATE.—After a concurrent resolution on the budget is agreed to, it shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause a decrease in social security surpluses or an increase in social security deficits relative to the levels set forth in the applicable resolution [for the first fiscal year] *each fiscal year in the biennium* or for the total of [that fiscal year and the ensuing fiscal years] *all fiscal years* for which allocations are provided under section 302(a).

* * * * *

Sec. 312.

(c) MAXIMUM DEFICIT AMOUNT POINT OF ORDER IN THE SENATE.—It shall not be in order in the Senate to consider any concurrent resolution on the budget [for a fiscal year] *for a biennium*, or to consider any amendment to that concurrent resolution, or to consider a conference report on that concurrent resolution, if—

(1) the level of total outlays [for the first fiscal year] *for either fiscal year of the biennium* set forth in that concurrent resolution or conference report exceeds; or

(2) the adoption of that amendment would result in a level of total outlays for [that fiscal year] *either fiscal year in the biennium* that exceeds; the recommended level of Federal revenues for [that fiscal year] *the applicable fiscal year*, by an amount that is greater than the maximum deficit amount, if any, specified in the Balanced Budget and Emer-

gency Deficit Control Act of 1985 for that fiscal year.

* * * * *

AMENDMENTS TO TITLE 31, UNITED STATES CODE

* * * * *

Sec. 1105. Budget Contents and Submissin to Congress

[(a) 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. Each budget shall include a budget message and summary and supporting information. The President shall include in each budget the following:]

(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, the President shall transmit to the Congress, the budget for the biennium beginning on October 1 of such calendar year. The budget of the United States Government transmitted under this subsection shall include a budget message and summary and supporting information. The President shall include in each budget the following:

* * * * *

Sec. 1105

(a) * * *

(5) except as provided in subsection (b) of this section, 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 after that year] *"each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 fiscal years"*.

(6) estimated receipts of the Government in [the fiscal year for which the budget is submitted and the 4 fiscal years after that year under] *each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 years.-*

* * * * *

(9) * * *

(C) estimated condition of the Treasury at the end of [the fiscal year] *each fiscal year in the biennium* for which the budget is submitted if financial proposals in the budget are adopted.

* * * * *

(12)* * * *

(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in [the fiscal year] *each fiscal year in the biennium* for which the budget is submitted; and

* * * * *

(13) an allowance for additional estimated expenditures and proposed appropriations for [the fiscal year] *each fiscal year in the biennium* for which the budget is submitted.

(14) an allowance for unanticipated uncontrollable expenditures for [that year] *each fiscal year in the biennium for which the budget is submitted.*

* * * * *

(16) the level of tax expenditures under existing law in the tax expenditures budget (as defined in section 3(a)(3) of the Congressional Budget Act of 1974 (2 U.S.C. 622(a)(3)) for [the fiscal year] *each fiscal year in the biennium* for which the budget is submitted, considering projected economic factors and changes in the existing levels based on proposals in the budget.

(17) information on estimates of appropriations for [the fiscal year following the fiscal year] *each fiscal year in the biennium following the biennium* for which the budget is submitted for grants, contracts, and other payments under each program for which there is an authorization of appropriations for [that following fiscal year] *each such fiscal year*; and when the appropriations are authorized to be included in an appropriation law for the [fiscal year before the fiscal year] *biennium before the biennium* in which the appropriation is to be available for obligation.

(18) a comparison of the total amount of budget outlays for [the prior fiscal year] *each of the 2 most recently completed fiscal years*, estimated in the budget submitted [for that year] *with respect to*

those fiscal years, for each major program having relatively uncontrollable outlays with the total amount of outlays for that program [in that year] *in those fiscal years*.

(19) a comparison of the total amount of receipts for [the prior fiscal year] *each of the 2 most recently completed fiscal years*, estimated in the budget submitted [for that year] *with respect to those fiscal years*, with receipts received [in that year] *in those fiscal years*, and for each major source of receipts, a comparison of the amount of receipts estimated in that budget with the amount of receipts from that source in that year.

* * * * *

Sec. 1105

(b) Estimated expenditures and proposed appropriations for the legislative branch and the judicial branch to be included in each budget under subsection (a)(5) of this section shall be submitted to the President before October 16 of [each year] *each even-numbered year* and included in the budget by the President without change.

(c) The President shall recommend in the budget appropriate action to meet an estimated deficiency when the estimated receipts for [the fiscal year for] *each fiscal year in the biennium for* which the budget is submitted (under laws in effect when the budget is submitted) and the estimated amounts in the Treasury at the end of the current fiscal year available for expenditure in [the fiscal year for] *each fiscal year of the biennium, as the case may be, for* which the budget is submitted, are less than the estimated expenditures [for that year] *for each fiscal year of the biennium*. The President shall make recommendations required by the public interest when the estimated receipts and estimated amounts in the Treasury are more than the estimated expenditures.

* * * * *

(e)(1) The President shall submit with materials related to each budget transmitted under subsection (a) on or after January 1, 1985, an analysis for the [ensuing fiscal year] *biennium to which such budget relates* that shall identify requested appropriations or new obligational authority and outlays for each major program that may be classified as a public civilian capital

investment program and for each major program that may be classified as a military capital investment program, and shall contain summaries of the total amount of such appropriations or new obligational authority and outlays for public civilian capital investment programs and summaries of the total amount of such appropriations or new obligational authority and outlays for military capital investment programs. In addition, the analysis under this paragraph shall contain—

* * * * *

(a) Before July 16 of each year *and February 15 of each even-numbered year*, the President shall submit to Congress a supplemental summary of the budget for the [fiscal year] *biennium* for which the budget is submitted under section 1105(a) of this title. The summary shall include -

(1) for [that fiscal year] *each fiscal year in such biennium*—

* * * * *

(2) for the 4 fiscal years following the [fiscal year] *biennium* for which the budget is submitted, information on estimated expenditures for programs authorized to continue in future years, or that are considered mandatory, under law; and

(3) for future fiscal years, information on estimated expenditures of balances carried over from the [fiscal year] *biennium* for which the budget is submitted.

* * * * *

Sec. 1106

(b) Before July 16 of each year *and February 15 of each even-numbered year*, the President shall submit to Congress a statement of changes in budget authority requested, estimated budget outlays, and estimated receipts for [the fiscal year] *each fiscal year in the biennium* for which the budget is submitted (including prior changes proposed for the executive branch of the Government) that the President decides are necessary and appropriate based on current information. The statement shall include the effect of those changes on the information submitted under section 1105(a)(1)-(14) and (b) of this title and shall include supporting information as practicable. The statement [submitted before July 16] *required by this subsection* may be included in the

information submitted under subsection (a)(1) of this section.

* * * * *

Sec. 1109

(a) [On or before the first Monday after January 3 of each year (on or before February 5 in 1986)] *At the same time the budget required by section 1105 is submitted for a biennium*, the President shall submit to both Houses of Congress the estimated budget outlays and proposed budget authority that would be included in the budget for [the following fiscal year] *each fiscal year of such period* if programs and activities of the United States Government were carried on during that year at the same level as the current fiscal year without a change in policy. The President shall state the estimated budget outlays and proposed budget authority by function and subfunction under the classifications in the budget summary table under the heading "Budget Authority and Outlays by Function and Agency", by major programs in each function, and by agency. The President also shall include a statement of the economic and program assumptions on which those budget outlays and budget authority are based, including inflation, real economic growth, and unemployment rates, program caseloads, and pay increases.

(b) The Joint Economic Committee shall review the estimated budget outlays and proposed budget authority and submit an economic evaluation of the budget outlays and budget authority to the Committees on the Budget of both Houses before [March 1 of each year] *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).*

* * * * *

Sec. 1110. Year-ahead requests for authorizing legislation

A request to enact legislation authorizing new budget authority to continue a program or activity for a fiscal year shall be submitted to Congress before [May 16] *March 31* of the [year before the year in which the fiscal year begins] *calendar year preceding the calendar year in which the biennium begins.* If a new program or activity will continue for more than one year, the re-

quest must be submitted for at least the first and 2d fiscal years.

* * * * *

AMENDMENTS TO TITLE I, UNITED STATES CODE

* * * * *

Sec. 105. [Title of appropriation Acts

The style and title of all Acts making appropriations for the support of Government shall be as follows: "An Act making appropriations (here insert the object) for the year ending September 30 (here insert the calendar year)."]

§ 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(11) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(11)).

* * * * *

AMENDMENTS TO TITLE 5, UNITED STATES CODE

* * * * *

Sec. 306

(a) No later than [September 30, 1997] *September 30, 2007*, the head of each agency shall submit to the Director of the Office of Management and Budget and to the Congress a strategic plan for program activities. Such plan shall contain -

* * * * *

(b) The strategic plan shall cover a period of not less than [five years forward] *6 years forward* from the fiscal year in which it is submitted. The strategic plan

shall be updated and revised [at least every three years] *at least every 4 years* [, except that the strategic plan for the Department of Defense shall be updated and revised at least every four years].

(c) The performance plan required by section 1115 of title 31 shall be consistent with the agency's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section, *including a strategic plan submitted by September 30, 2007 meeting the requirements of subsection (a).*

* * * * *

AMENDMENTS TO TITLE 31, UNITED STATES CODE

* * * * *

Sec. 1105

(a) * * *

(28) [beginning with fiscal year 1999a] *beginning with fiscal year 2008, a biennial*, a Federal Government performance plan for the overall budget as provided for under section 1115.

* * * * *

Sec. 1115

(a) In carrying out the provisions of section 1105(a)(28), the Director of the Office of Management and Budget shall require each agency to prepare [an annual] *a biennial* performance plan covering each program activity set forth in the budget of such agency. Such plan shall -

(1) establish performance goals to define the level of performance to be achieved by a program activity *for both years 1 and 2 of the biennial plan*;

* * * * *

(5) provide a basis for comparing actual program results with the established performance goals; [and]

(6) describe the means to be used to verify and validate measured values[.] *; and*

* * * * *

(d) An agency may submit with its [annual] *biennial* performance plan an appendix covering any portion of the plan that -

* * * * *

(g) * * *

(6) "program activity" means a specific activity or project as listed in the program and financing schedules of the [annual] *biennial* budget of the United States Government; and

* * * * *

Sec. 9703

(a) Beginning with fiscal year 1999, the performance plans required under section 1115 may include proposals to waive administrative procedural requirements and controls, including specification of personnel staffing levels, limitations on compensation or remuneration, and prohibitions or restrictions on funding transfers among budget object classification 20 and subclassifications 11, 12, 31, and 32 of each [annual] budget submitted under section 1105, in return for specific individual or organization accountability to achieve a performance goal. In preparing and submitting the performance plan under section [1105(a)(29)] *section 1105(a)(28)*, the Director of the Office of Management and Budget shall review and may approve any proposed waivers. A waiver shall take effect at the beginning of the fiscal year for which the waiver is approved.

* * * * *

(e) A waiver shall be in effect for [one or] two years as specified by the Director of the Office of Management and Budget in approving the waiver. A waiver may be renewed for [a subsequent year] *a subsequent 2-year period*. After a waiver has been in effect for [three] *four* consecutive years, the performance plan prepared under section 1115 may propose that a waiver, other than a waiver of limitations on compensation or remuneration, be made permanent.

* * * * *

Sec. 1119

(d)***

(1) assess the feasibility and advisability of including a performance budget as part of the [an-

nual] *biennial* budget submitted under section 1105;

(e) After receipt of the report required under subsection (d), the Congress may specify that a performance budget be submitted as part of the [annual] *biennial* budget submitted under section 1105.

* * * * *

AMENDMENTS TO TITLE 39, UNITED STATES CODE

* * * * *

Sec. 2802

(a) No later than [September 30, 1997] *September 30, 2005*, the Postal Service shall submit to the President and the Congress a strategic plan for its program activities. Such plan shall contain -

(b) The strategic plan shall cover a period of not less than [five years forward] *6 years forward* from the fiscal year in which it is submitted, and shall be updated and revised [at least every three years] *at least every 4 years*.

(c) The performance plan required under section 2803 shall be consistent with the Postal Service's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section, *including a strategic plan submitted by September 30, 2005 meeting the requirements of subsection (a).*

* * * * *

Sec. 2803

(a) The Postal Service shall prepare [an annual] *a biennieal* performance plan covering each program activity set forth in the Postal Service budget, which shall be included in the comprehensive statement presented under section 2401(g) of this title. Such plan shall -

(1) establish performance goals to define the level of performance to be achieved by a program activity *for both years 1 and 2 of the biennial plan;*

* * * * *

(5) provide a basis for comparing actual program results with the established performance goals; [and]

(6) describe the means to be used to verify and validate measured values[.]*; and*

* * * * *

Sec 1.

Sec. 317. Consideration of Biennial Appropriations Bills.

* * * * *

AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974, AS AMENDED

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Sec. 3. Definitions.

(1) * * *

[(3)] *(7)* The term "tax expenditures" means those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability, and the term "tax expenditures budget" means an enumeration of such tax expenditures.

[(4)] *(8)* The term "concurrent resolution on the budget" means—

[(9)] *(13)* The term "entitlement authority" means—

[(10)] *(14)* The term "credit authority" means authority to incur direct loan obligations or to incur primary loan guarantee commitments.

Sec. 301

(a) * * *

(1) * * *

(2) total [Federal revenues] *governmental receipts* 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;

(3) * * *

(4) new budget authority and outlays for each [major functional category] *standing, select, or special committee of the House of Representatives and*

the Senate, as appropriate, based on allocations of the total levels set forth pursuant to paragraph (1);

* * * * *

(5) * * *

(6) [For] *for* purposes of Senate enforcement under this title, outlays of the old-age, survivors, and disability insurance program established under title II of the Social Security Act for the fiscal year of the resolution and for each of the 4 succeeding fiscal years; and

(7) [For] *for* purposes of Senate enforcement under this title, revenues of the old-age, survivors, and disability insurance program established under title II of the Social Security Act (and the related provisions of the Internal Revenue Code of 1986) for the fiscal year of the resolution and for each of the 4 succeeding fiscal years.

* * * * *

The concurrent resolution shall not include the outlays and revenue totals of the [old age] *old-age*, survivors, and disability insurance program established under title II of the Social Security Act or the related provisions of the Internal Revenue Code of 1986 in the surplus or deficit totals required by this subsection or in any other surplus or deficit totals required by this title.

* * * * *

Sec. 301

(b) * * *

(1) * * *

(3) require a procedure under which all or certain bills or resolutions providing new budget authority or new [entitlement authority] *direct spending* for such fiscal year shall not be enrolled until the Congress has completed action on any reconciliation bill or reconciliation resolution or both required by such concurrent resolution to be reported in accordance with section 310(b);

* * * * *

(7) set forth procedures in the Senate whereby committee allocations, aggregates, and other levels can be revised for legislation if that legislation *is described in detail to allow the Chairman of the Committee on the Budget to determine whether it qualifies for such revision and the legislation* would

not increase the deficit, or would not increase the deficit when taken with other legislation enacted after the adoption of the resolution, for the first fiscal year or the total period of fiscal years covered by the resolution;

* * * * *

(d) VIEWS [AND ESTIMATES OF], ESTIMATES, AND RECOMMENDATIONS FOR DEFICIT REDUCTION FROM ALL OTHER COMMITTEES.—Within 6 weeks after the President submits a budget under section 1105(a) of title 31, United States Code, or at such time as may be requested by the Committee on the Budget, each committee of the House of Representatives having legislative jurisdiction shall submit to the Committee on the Budget of the House and each committee of the Senate having legislative jurisdiction shall submit to the Committee on the Budget of the Senate [its views] *its specific recommendations for changes in law within the jurisdiction of the committee making the submission that result in deficit reduction and its views* and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House of Representatives or the Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction [or functions]. Any Committee of the House of Representatives or the Senate that anticipates that the committee will consider any proposed legislation establishing, amending, or reauthorizing any Federal program likely to have a significant budgetary impact on any State, local, or tribal government, or likely to have a significant financial impact on the private sector, including any legislative proposal submitted by the executive branch likely to have such a budgetary or financial impact, shall include its views and estimates on that

proposal to the Committee on the Budget of the applicable House.

* * * * *

(e) * * *

(1) * * *

(A) * * *

[(B)] *(C)* with respect to each major functional category, an estimate of total new budget authority and total outlays, with the estimates divided between discretionary and mandatory amounts;

[(C)] *(D)* the economic assumptions that underlie each of the matters set forth in the resolution and any alternative economic assumptions and objectives the committee considered;

[(D)] *(E)* information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the resolution;

[(E)] *(G)* the estimated levels of tax expenditures (the tax expenditures budget) by major items and functional categories for the President's budget and in the resolution; and

[(F)] *(H)* allocations described in section 302(a).

* * * * *

(3) * * *

(A) * * *

(B) an allocation of the level of [Federal revenues] *governmental receipts* recommended in the resolution among the major sources of [such revenues] *such governmental receipts*;

* * * * *

Sec. 302

(a) * * *

(1) * * *

[(3) FURTHER DIVISION OF AMOUNTS.—

(A) IN THE SENATE.—In the Senate, the amount allocated to the Committee on Appropriations shall be further divided among the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 and shall not exceed the limits

for each category set forth in section 251(c) of that Act.

(B) IN THE HOUSE.—In the House of Representatives, the amounts allocated to each committee for each fiscal year, other than the Committee on Appropriations, shall be further divided between amounts provided or required by law on the date of filing of that conference report and amounts not so provided or required. The amounts allocated to the Committee on Appropriations shall be further divided—

(i) between discretionary and mandatory amounts or programs, as appropriate; and

(ii) consistent with the categories specified in section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985.]

(3) FURTHER DIVISION OF AMOUNTS IN THE HOUSE.—The amounts allocated to each committee of the House of Representatives for each fiscal year, other than the Committee on Appropriations, shall be further divided between amounts provided or required by law on the date of filing of that conference report and amounts not so provided or required. The amounts allocated to the Committee on Appropriations shall be further divided between discretionary and mandatory amounts or programs, as appropriate.

* * * * *

(g) * * *

(1) * * *

(2) REVISED ALLOCATIONS.—(A) As soon as practicable after Congress agrees to a bill or joint resolution that would have been subject to a point of order under subsection (f)(1) but for the exception provided in paragraph (1)(A) or would have been subject to a point of order under section 311(a) but for the exception provided in paragraph (1)(B), the chairman of the [committee] *Committee* on the Budget of the House of Representatives shall file with the House appropriately revised allocations

under section 302(a) and revised functional levels and budget aggregates to reflect that bill.

* * * * *

Sec. 303

[(a) IN GENERAL.—Until the concurrent resolution on the budget for a fiscal year has been agreed to, it shall not be in order in the House of Representatives, with respect to the first fiscal year covered by that resolution, or the Senate, with respect to any fiscal year covered by that resolution, to consider any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

(1) first provides new budget authority for that fiscal year;

(2) first provides an increase or decrease in revenues during that fiscal year;

(3) provides an increase or decrease in the public debt limit to become effective during that fiscal year;

(4) in the Senate only, first provides new entitlement authority for that fiscal year; or

(5) in the Senate only, first provides for an increase or decrease in outlays for that fiscal year.]

(a) IN GENERAL.—Beginning on the first day of a new session of Congress, and until the concurrent resolution for the fiscal year beginning in October of the year the new session of Congress has been agreed to, it shall not be in order to consider with respect to the budget year covered by that resolution, any bill or joint resolution, amendment or motion thereto, or conference report thereon that—

(1) provides budget authority for the budget year;

(2) provides an increase or decrease in governmental receipts during the budget year;

(3) provides an increase or decrease in the public debt limit for the budget year;

(4) in the Senate only, provides new direct spending for the budget year; or

(5) in the Senate only, provides for an increase or decrease in outlays for the budget year.

* * * * *

Sec. 305

[(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTE; DEBATE; AMENDMENTS.—

(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any concurrent resolution referred to in section 304(a) all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Subject to the other limitations of this Act, only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolu-

tion are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

(6) Notwithstanding any other rule, an amendment or series of amendments to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

(c) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

(1) A motion to proceed to the consideration of the conference report on any concurrent resolution on the budget (or a reconciliation bill or resolution) may be made even though a previous motion to the same effect has been disagreed to.

(2) During the consideration in the Senate of the conference report (or a message between Houses) on any concurrent resolution on the budget, and all amendments in disagreement, and all amendments thereto, and debatable motions and appeals in connection therewith, debate shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report (or a message between Houses) shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report (or a message between Houses).

(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferrees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.]

(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; CONSIDERATION; AMENDMENTS.—

(1) Consideration in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any concurrent resolution referred to in section 304 all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour to be equally divided between, and

controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No dilatory motion, or dilatory amendment shall be in order. Amendments that are not germane to the provisions of such concurrent resolution shall not be in order. For the purpose of this Act, amendments that are predominantly precatory shall not be in order. Such managers, or either leader, may, from the time under their control on the consideration of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to 4 hours for debate on economic goals and policies.

(4) Subject to the other limitations of this Act, only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) A motion to further limit consideration is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

(6) Notwithstanding any other rule, an amendment or series of amendments to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

(c) REQUEST FOR CONFERENCE IN THE SENATE.—Consideration of all motions in relation to a request for a conference with the House of Representatives shall be limited to not more than 1 hour and debate on a motion to instruct the conferees shall be limited to 20 minutes to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.

(d) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

(1) A motion to proceed to the consideration of the conference report on any concurrent resolution on the budget (or a reconciliation bill or resolution) may be made even though a previous motion to the same effect has been disagreed to.

(2) During the consideration in the Senate of a conference report (including a message between Houses) on any concurrent resolution on the budget, including all amendments in disagreement, and all amendments thereto, and debatable motions and appeals in connection therewith, consideration shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report (or a message between Houses) shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report (or a message between Houses).

(3) Should the conference report be defeated, consideration of any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and

the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to 20 minutes, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 10 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

(4) In any case in which there are amendments in disagreement, the time for debate on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

* * * * *

[(d)] *(e)* CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

* * * * *

Sec. 308

(c) * * *

(1) * * *

(2) [revenues] *governmental receipts* to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

(3) * * *

(4) [entitlement] *direct spending* authority for each fiscal year in such period.

* * * * *

Sec. 310

(a) * * *

[(1) specify the total amount by which—

(A) new budget authority for such fiscal year;

(B) budget authority initially provided for prior fiscal years;

(C) new entitlement authority which is to become effective during such fiscal year; and

(D) credit authority for such fiscal year, contained in laws, bills, and resolutions within the jurisdiction of a committee is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

(2) specify the total amount by which revenues are to be changed and direct that the committees having jurisdiction to determine and recommend changes in the revenue laws, bills, and resolutions to accomplish a change of such total amount;]

(1) specify the total amount by which—

(A) new budget authority;

(B) budget authority;

(C) new direct spending authority; and

(D) governmental receipts other than income taxes, estate and gift taxes, excise taxes or payroll taxes, duties, or tariffs; contained in laws, bills, and resolutions within the jurisdiction of a committee is to be changed for any of the fiscal years covered by the resolution and direct that committee to determine and recommend changes to accomplish a change of such total amount;

(2) specify the total amount by which governmental receipts including income taxes, estate and gift taxes, excise taxes or social insurance taxes, miscellaneous receipts, duties, or tariffs are to be changed and direct that the committees having jurisdiction to determine and recommend changes in the governmental receipt laws, bills, and resolutions to accomplish a change of such total amount;

* * * * *

[(b) LEGISLATIVE PROCEDURE.—If a concurrent resolution containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions is agreed to in accordance with subsection (a), and—

(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to

its House reconciliation legislation containing such recommendations; or

(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision.

For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.]

(b) LEGISLATIVE PROCEDURE.—

(1) If a conference report on a concurrent resolution containing reconciliation instructions to 1 or more committees to determine and recommend changes in laws, bills, or resolutions is agreed to in accordance with subsection (a)—

(A) each such committee so instructed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision; and

(B) in the event that any committee fails to comply with its instruction, then the Committees on the Budget may report amendments recommending changes within the jurisdiction of the noncompliant committee to achieve the changes contained in the instruction.

(2) For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.

* * * * *

(d) * * *

[(1) It shall not be in order in the House of Representatives to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution (for the fiscal years covered by the reconciliation instructions set forth in the most recently agreed to concurrent resolution on the budget), or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution (for such fiscal years), unless such amendment makes at least an equivalent reduction in other specific budget outlays, an equivalent increase in other specific Federal revenues, or an equivalent combination thereof (for such fiscal years), except that a motion to strike a provision providing new budget authority or new entitlement authority may be in order.

(2) It shall not be in order in the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of decreasing any specific budget outlay reductions below the level of such outlay reductions provided (for the fiscal years covered) in the reconciliation instructions which relate to such bill or resolution set forth in a resolution providing for reconciliation, or would have the effect of reducing Federal revenue increases below the level of such revenue increases provided (for such fiscal years) in such instructions relating to such bill or resolution, unless such amendment makes a reduction in other specific budget outlays, an increase in other specific Federal revenues, or a combination thereof (for such fiscal years) at least equivalent to any increase in outlays or decrease in revenues provided by such amendment, except that a motion to strike a provision shall always be in order.

(3) Paragraphs (1) and (2) shall not apply if a declaration of war by the Congress is in effect.

(4) For purposes of this section, the levels of budget outlays and Federal revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House

of Representatives or of the Senate, as the case may be.]

(1) It shall not be in order in the House of Representatives to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution (for the fiscal years covered by the reconciliation instructions set forth in the most recently agreed to concurrent resolution on the budget), or would have the effect of reducing any specific governmental receipts below the level of such governmental receipts provided in the bill or resolution (for such fiscal years), unless such amendment makes at least an equivalent reduction in other specific budget outlays, an equivalent increase in other specific governmental receipts, or an equivalent combination thereof (for such fiscal years), except that a motion to strike a provision providing new budget authority or new entitlement authority may be in order.

(2) It shall not be in order in the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of decreasing any specific budget outlay reductions below the level of such outlay reductions provided (for the fiscal years covered) in the reconciliation instructions which relate to such bill or resolution set forth in a resolution providing for reconciliation, or would have the effect of reducing governmental receipts increases below the level of such increases in such governmental receipts provided (for such fiscal years) in such instructions relating to such bill or resolution, unless such amendment makes a reduction in other specific budget outlays, an increase in other specific governmental receipts, or a combination thereof (for such fiscal years) at least equivalent to any increase in outlays or decrease in governmental receipts provided by such amendment, except that a motion to strike a provision shall always be in order.

(3) Paragraphs (1) and (2) shall not apply if a declaration of war by the Congress is in effect.

(4) For purposes of this section, the levels of budget authority, outlays, and governmental receipts

for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

* * * * *

Sec. 310

(e) * * *

(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills reported under subsection (b), *motions in relation to a request for conference,* and conference reports thereon.

(2) [Debate] *Consideration* in the Senate on any reconciliation bill reported under subsection (b), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

* * * * *

Sec. 311

(a) * * *

(1) * * *

(A) * * *

(C) the enactment of that bill or resolution in the form recommended in that conference report; would cause the level of total new budget authority or total outlays set forth in the applicable concurrent resolution on the budget for the first fiscal year to be exceeded, or would cause revenues to be less than the level of [total revenues] *total governmental receipts* set forth in that concurrent resolution for the first fiscal year or for the total of that first fiscal year and the ensuing fiscal years for which allocations are provided under section 302(a), except when a declaration of war by the Congress is in effect.

(2) * * *

(A) * * *

(B) would cause revenues to be less than the level of total [revenues] *governmental receipts* set forth for that first fiscal year or for

the total of that first fiscal year and the ensuing fiscal years in the applicable resolution for which allocations are provided under section 302(a).

* * * * *

Sec. 312

(a) BUDGET COMMITTEE DETERMINATIONS.—For purposes of this title and title IV, the levels of new budget authority, outlays, direct spending, new entitlement authority, and [revenues] *governmental receipts* for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as applicable.

[(b) DISCRETIONARY SPENDING POINT OF ORDER IN THE SENATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, it shall not be in order in the Senate to consider any bill or resolution (or amendment, motion, or conference report on that bill or resolution) that would exceed any of the discretionary spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(2) EXCEPTIONS.—This subsection shall not apply if a declaration of war by the Congress is in effect or if a joint resolution pursuant to section 258 of the Balanced Budget and Emergency Deficit Control Act of 1985 has been enacted.

(c) MAXIMUM DEFICIT AMOUNT POINT OF ORDER IN THE SENATE.—It shall not be in order in the Senate to consider any concurrent resolution on the budget for a fiscal year, or to consider any amendment to that concurrent resolution, or to consider a conference report on that concurrent resolution, if—

(1) the level of total outlays for the first fiscal year set forth in that concurrent resolution or conference report exceeds; or

(2) the adoption of that amendment would result in a level of total outlays for that fiscal year that exceeds;

the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount, if any, specified in the Balanced Budget and Emergency Deficit Control Act of 1985 for that fiscal year.]

[(d)] *(b)* TIMING OF POINTS OF ORDER IN THE SENATE.—A point of order under this Act may not be raised against a bill, resolution, amendment, motion, or conference report while an amendment or motion, the adoption of which would remedy the violation of this Act, is pending before the Senate.

[(e)] *(c)* POINTS OF ORDER IN THE SENATE AGAINST AMENDMENTS BETWEEN THE HOUSES.—Each provision of this Act that establishes a point of order against an amendment also establishes a point of order in the Senate against an amendment between the Houses. If a point of order under this Act is raised in the Senate against an amendment between the Houses and the point of order is sustained, the effect shall be the same as if the Senate had disagreed to the amendment.

[(f)] *(d)* EFFECT OF A POINT OF ORDER IN THE SENATE.—In the Senate, if a point of order under this Act against a bill or resolution is sustained, the Presiding Officer shall then recommit the bill or resolution to the committee of appropriate jurisdiction for further consideration.

* * * * *

Sec. 904

(c) * * *

(1) PERMANENT.—Sections 305(b)(2), 305(c)(4), 306, 310(d)(2), *312(e),* 313, 904(c), and 904(d) of this Act *and section 223 of the Stop Over Spending Act of 2006* may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(d) * * *

(2) PERMANENT.—An affirmative vote of three-fifths of the Members, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under sections 305(b)(2), 305(c)(4), 306, 310(d)(2), *312(e),* 313, 904(c), and 904(d) of this Act *and section 223 of the Stop Over Spending Act of 2006.*

* * * * *

Sec. 313

(a) IN GENERAL.—When the Senate is considering a reconciliation bill or a reconciliation resolution pursuant to section 310 (whether that bill or resolution originated in the Senate or the House) [or section 258C of the Bal-

anced Budget and Emergency Deficit Control Act of 1985], upon a point of order being made by any Senator against material extraneous to the instructions to a committee which is contained in any title or provision of the bill or resolution or offered as an amendment to the bill or resolution, and the point of order is sustained by the Chair, any part of said title or provision that contains material extraneous to the instructions to said Committee as defined in subsection (b) shall be deemed stricken from the bill and may not be offered as an amendment from the floor.

* * * * *

(b) EXTRANEOUS PROVISIONS.—(1)(A) [Except as provided in paragraph (2), a provision of a reconciliation bill or reconciliation resolution considered pursuant to section 310 shall be considered extraneous if such provision does not produce a change in outlays or revenue, including changes in outlays and revenues brought about by changes in the terms and conditions under which outlays are made or revenues are required to be collected (but a provision in which outlay decreases or revenue increases exactly offset outlay increases or revenue decreases shall not be considered extraneous by virtue of this subparagraph); (B) any provision producing an increase in outlays or decrease in revenues shall be considered extraneous if the net effect of provisions reported by the Committee reporting the title containing the provision is that the Committee fails to achieve its reconciliation instructions; (C) a provision that is not in the jurisdiction of the Committee with jurisdiction over said title or provision shall be considered extraneous; (D) a provision shall be considered extraneous if it produces changes in outlays or revenues which are merely incidental to the non-budgetary components of the provision; (E) a provision shall be considered to be extraneous if it increases, or would increase, net outlays, or if it decreases, or would decrease, revenues during a fiscal year after the fiscal years covered by such reconciliation bill or reconciliation resolution, and such increases or decreases are greater than outlay reductions or revenue increases resulting from other provisions in such title in such year; and (F) a provision shall be considered extraneous if it violates section 310(g).] *Except as provided in paragraph (2), a provision of a reconciliation bill or reconciliation resolution*

considered pursuant to section 310 shall be considered extraneous if such provision does not produce a change in outlays or governmental receipts, including changes in outlays and governmental receipts brought about by changes in the terms and conditions under which outlays are made or governmental receipts are required to be collected (but a provision in which outlay decreases or governmental receipts increases exactly offset outlay increases or governmental receipts decreases shall not be considered extraneous by virtue of this subparagraph); (B) except with respect to consideration of conference reports, any provision producing an increase in outlays or decrease in governmental receipts shall be considered extraneous if the net effect of provisions reported by the committee reporting the title containing the provision is that the committee fails to achieve its reconciliation instructions, or if the increase in outlays or decreases in governmental receipts exceeds 20 percent of the total change required in a committee's instruction; (C) a provision that is not in the jurisdiction of the Committee with jurisdiction over said title or provision shall be considered extraneous (except that amendments reported by the Committee on the Budget to achieve compliance with reconciliation instructions shall not be extraneous); (D) a provision shall be considered to be extraneous if it increases, or would increase, net outlays, or if it decreases, or would decrease governmental receipts during a fiscal year after the fiscal years covered by such reconciliation bill or reconciliation resolution, and such increases or decreases are greater than outlay reductions or governmental receipts increases resulting from other provisions in such title in such year; and (E) a provision shall be considered extraneous if it violates section 310(g).

* * * * *

(d) * * *

(1) a point of order being made by any Senator against extraneous material meeting the definition of subsections (b)(1)(A), (b)(1)(B), (b)(1)(D), [(b)(1)(E), or (b)(1)(F)] or *(b)(1)(E)*, and

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Sec. 314

[(a) ADJUSTMENTS.—

(1) IN GENERAL.—After the reporting of a bill or joint resolution, the offering of an amendment

thereto, or the submission of a conference report thereon, the chairman of the Committee on the Budget of the House of Representatives or the Senate shall make the adjustments set forth in paragraph (2) for the amount of new budget authority in that measure (if that measure meets the requirements set forth in subsection (b)) 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—

(A) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget;

(B) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a); and

(C) the budgetary aggregates as set forth in the appropriate concurrent resolution on the budget.

(b) AMOUNTS OF ADJUSTMENTS.—The adjustment referred to in subsection (a) shall be—

(1) an amount provided and designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985;

(2) an amount provided for continuing disability reviews subject to the limitations in section 251(b)(2)(C) of that Act;

(3) for any fiscal year through 2002, an amount provided that is the dollar equivalent of the Special Drawing Rights with respect to—

(A) an increase in the United States quota as part of the International Monetary Fund Eleventh General Review of Quotas (United States Quota); or

(B) any increase in the maximum amount available to the Secretary of the Treasury pursuant to section 17 of the Bretton Woods Agreements Act, as amended from time to time (New Arrangements to Borrow);

(4) an amount provided not to exceed $1,884,000,000 for the period of fiscal years 1998 through 2000 for arrearages for international organizations, international peacekeeping, and multilateral development banks;

(5) an amount provided for an earned income tax credit compliance initiative but not to exceed—

(A) with respect to fiscal year 1998, $138,000,000 in new budget authority;

(B) with respect to fiscal year 1999, $143,000,000 in new budget authority;

(C) with respect to fiscal year 2000, $144,000,000 in new budget authority;

(D) with respect to fiscal year 2001, $145,000,000 in new budget authority; and

(E) with respect to fiscal year 2002, $146,000,000 in new budget authority; or

(6) in the case of an amount for adoption incentive payments (as defined in section 251(b)(2)(G) of the Balanced Budget and Emergency Deficit Control Act of 1985) for fiscal year 1999, 2000, 2001, 2002, or 2003 for the Department of Health and Human Services, an amount not to exceed $20,000,000.

(c) APPLICATION OF ADJUSTMENTS.—The adjustments made pursuant to subsection (a) for legislation shall—

(1) apply while that legislation is under consideration;

(2) take effect upon the enactment of that legislation; and

(3) be published in the Congressional Record as soon as practicable.

(d) REPORTING REVISED SUBALLOCATIONS.—Following any adjustment made under subsection (a), the Committees on Appropriations of the Senate and the House of Representatives may report appropriately revised suballocations under section 302(b) to carry out this section.

(e) DEFINITIONS FOR CDRS.—As used in subsection (b)(2)—

(1) the term "continuing disability reviews" shall have the same meaning as provided in section 251(b)(2)(C)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985; and

(2) the term "new budget authority" shall have the same meaning as the term "additional new budget authority" and the term "outlays" shall have the same meaning as "additional outlays" in that section.]

* * * * *

Sec. [315] *314* For purposes of a reported bill or joint resolution considered in the House of Representatives pursuant to a special order of business, the term "as reported" in this title or title IV shall be considered to refer to the text made in order as an original bill or joint resolution for the purpose of amendment or to the text on which the previous question is ordered directly to passage, as the case may be.

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AMENDMENT TO TITLE 31, UNITED STATES CODE

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Sec. 1108

(e) Except as provided in subsection (f) of this section, an officer or employee of an agency (as defined in section 1101 of this title) may submit to [Congress or a] *Congress and a* committee of Congress an appropriations estimate or request, a request for an increase in that estimate or request, or a recommendation on meeting the financial needs of the Government only when requested by either House of Congress.

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