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PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 2920) TO REINSTITUTE AND UPDATE THE PAY-AS-YOU-GO REQUIREMENT OF BUDGET NEUTRALITY ON NEW TAX AND MANDATORY SPENDING LEGISLATION, ENFORCED BY THE THREAT OF ANNUAL, AUTOMATIC SEQUESTRATION

JULY 21, 2009.—Referred to the House Calendar and ordered to be printed

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Mr. ARCURI, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 665]

The Committee on Rules, having had under consideration House Resolution 665, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 2920, the "Statutory Pay-As-You-Go Act of 2009," under a structured rule. The resolution provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on the Budget.

The resolution waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. It provides that the amendment in the nature of a substitute printed in part A of this report, modified by the amendment printed in part B of this report, shall be considered as adopted and the bill, as amended, shall be considered as read. The resolution waives all points of order against the bill, as amended.

The resolution makes in order the amendment in the nature of a substitute printed in part C of this report if offered by Rep. Paul Ryan of Wisconsin or his designee. The amendment in the nature of a substitute shall be considered as read and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent. The resolution waives all points of order against the amendment in the nature of a substitute printed in part C of this report except those arising under clause 9 or 10 of rule XXI.

The resolution provides one motion to recommit the bill with or without instructions. Finally, the rule provides that for purposes of

the concurrent resolution on the budget, the amounts specified in section 421(a)(2)(A) and section 421(a)(2)(C) shall be considered to be those reflected in section 314 and section 316 of the House companion measure.

EXPLANATION OF WAIVERS

Although the rule waives all points of order against consideration of the bill (except those arising under clause 9 or 10 of rule XXI), the Committee is not aware of any points of order against the bill's consideration. Although the rule waives all points of order against provisions in the bill, the Committee is not aware of any points of order against the bill. The waivers are prophylactic.

SUMMARY OF AMENDMENT IN THE NATURE OF A SUBSTITUTE IN PART A TO BE CONSIDERED AS ADOPTED

The amendment in the nature of a substitute limits the current policy adjustment, as it applies to the 2001 and 2003 tax cuts, to tax cuts for the middle class and does not provide for a current policy adjustment for upper income taxpayers. It provides for the use of CBO cost estimates when such estimates are available prior to final congressional action on legislation, printed in the Congressional Record, and incorporated into legislation upon enrollment. When such estimates are not available prior to final congressional action, provides that OMB estimates shall be used. It requires deficit neutrality over both five and ten year periods, mirroring House rules. It conforms emergency designation procedures for the purposes of statutory PAYGO with emergency designation procedures in the House rules, and does not require a separate presidential emergency designation. Finally, it incorporates the judicial review section from the Balanced Budget and Emergency Deficit Control Act of 1985.

SUMMARY OF AMENDMENT IN PART B TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE IN PART A TO BE CONSIDERED AS ADOPTED

The amendment eliminates duplicative language in the definition of the term "budgetary effects" (provisions elsewhere in the amendment in the nature of a substitute already require that estimates be made publicly available). It clarifies that the estimate to be included in a PAYGO Act is the estimate submitted for printing in the Congressional Record, before the vote on such legislation, by the chair of the House or Senate Budget Committee. It clarifies that the manner in which estimates should be made available electronically by the House and Senate Budget Committees is for such committees to post estimates on their websites. It moves to a different section the language regarding incorporation of estimates into legislation, and language relating to CBO's responsibilities and to scorekeeping. Finally, it makes various technical and conforming changes.

SUMMARY OF AMENDMENT IN THE NATURE OF A SUBSTITUTE IN PART C TO BE MADE IN ORDER

Ryan, Paul (WI): The amendment in the nature of a substitute would establish caps on discretionary spending from FY2010 through FY2014 and a cap on total spending as a percentage of

gross domestic product. It would also put in place maximum limits on deficits through 2019, again as a percentage of gross domestic product.

PART A: TEXT OF AMENDMENT IN THE NATURE OF A SUBSTITUTE TO BE CONSIDERED AS ADOPTED

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Statutory Pay-As-You-Go Act of 2009".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Purpose.
Sec. 3. Definitions.
Sec. 4. PAYGO estimates and PAYGO scorecards.
Sec. 5. Annual report and sequestration order.
Sec. 6. Calculating a sequestration.
Sec. 7. Current policy adjustment to the CBO estimates.
Sec. 8. Application of BBEDCA.
Sec. 9. Technical corrections.
Sec. 10. Conforming amendments.
Sec. 11. Exempt programs and activities.

SEC. 2. PURPOSE.

The purpose of this Act is to reestablish a statutory procedure to enforce a rule of budget neutrality on new revenue and direct spending legislation.

SEC. 3. DEFINITIONS.

As used in this Act—

(1) The term "BBEDCA" means the Balanced Budget and Emergency Deficit Control Act of 1985.

(2) The definitions set forth in section 3 of the Congressional Budget and Impoundment Control Act of 1974 and in section 250 of BBEDCA shall apply to this Act, except to the extent that they are specifically modified as follows:

(A) The term "outyear" means a fiscal year that occurs one or more years after the budget year.

(B) In section 250(c)(8)(C), the reference to the food stamp program shall be deemed to be a reference to the Supplemental Nutrition Assistance Program.

(3) The term "AMT" means the Alternative Minimum Tax for individuals under sections 55-59 of the Internal Revenue Code of 1986, the term "EGTRRA" means the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16), and the term "JGTRRA" means the Jobs and Growth Tax Relief and Reconciliation Act of 2003 (Public Law 108–27).

(4)(A) The term "budgetary effects" means the amounts by which PAYGO legislation changes direct spending or revenues relative to the baseline and shall be determined on the basis of estimates included by reference in the PAYGO Act or prepared under section 4(d)(3), as applicable. Such estimates shall be made publicly available by the chairs of the Committees on the Budget of the House of Representatives and the Senate before final passage of such legislation or under section 4(d)(3) if such estimates are not made available before the final passage of such legislation. Budgetary effects that increase direct

spending or decrease revenues are termed "costs" and budgetary effects that increase revenues or decrease direct spending are termed "savings".

(B) For purposes of these definitions, off-budget effects shall be counted as budgetary effects unless such changes flow directly from amendments to title II of the Social Security Act and related provisions of the Internal Revenue Code of 1986 and debt service effects shall not be counted as budgetary effects.

(C) Solely for purposes of recording entries on a PAYGO scorecard, provisions in appropriations Acts are also considered to be budgetary effects for purposes of this Act if such provisions make outyear modifications to substantive law, except that provisions for which the outlay effects net to zero over a period consisting of the current year, the budget year, and the 4 subsequent years shall not be considered budgetary effects. For purposes of this paragraph, the term, "modifications to substantive law" refers to changes to or restrictions on entitlement law or other mandatory spending contained in appropriations Acts, notwithstanding section 250(c)(8) of BBEDCA. Provisions in appropriations Acts that are neither outyear modifications to substantive law nor changes in revenues have no budgetary effects for purposes of this Act.

(D) If a provision is designated as an emergency requirement under this Act and is also designated as an emergency requirement for purposes of the applicable rules of the House of Representatives, CBO shall not include the cost of such a provision in its estimate of the legislation's budgetary effects.

(5) The term "debit" refers to the net total amount, when positive, by which costs recorded on the PAYGO scorecards for a fiscal year exceed savings recorded on those scorecards for that year.

(6) The term "entitlement law" refers to a section of law which provides entitlement authority.

(7) The term "PAYGO legislation" or a "PAYGO Act" refers to a bill or joint resolution that affects direct spending or revenue relative to the baseline. The budgetary effects of changes in revenues and outyear modifications to substantive law included in appropriation Acts as defined in paragraph (4) shall be treated as if they were contained in PAYGO legislation.

(8) The term "timing shift" refers to a delay of the date on which direct spending would otherwise occur from the ninth outyear to the tenth outyear or an acceleration of the date on which revenues would otherwise occur from the tenth outyear to the ninth outyear.

SEC. 4. PAYGO ESTIMATES AND PAYGO SCORECARDS.

(a) CBO PAYGO ESTIMATES.—(1) A PAYGO Act shall include by reference an estimate of its budgetary effects as determined under section 308(a)(3) of the Congressional Budget Act of 1974, if timely submitted. Budgetary effects that are not so included shall be determined under section 4(d)(3).

(2)(A) Section 308(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

"(3) CBO PAYGO ESTIMATES.—Before a vote in either House on a PAYGO Act that, if determined in the affirmative, would

clear such Act for enrollment, the chairs of the Committees on the Budget of the House and Senate shall request from the Director of the Congressional Budget Office an estimate of the budgetary effects of such Act under the Pay-As-You-Go Act of 2009. If such an estimate is timely provided, the chairs of the Committees on the Budget of the House of Representative and the Senate shall cause it to be printed in the Congressional Record under the heading 'PAYGO ESTIMATE'. As provided in section 4(a) of the Statutory Pay-As-You-Go Act of 2009, the Clerk of the House of Representatives or the Secretary of the Senate, as applicable, shall incorporate an estimate printed in the relevant portion of the Congressional Record under this subsection into the enrollment of the Pay-As-You-Go Act of 2009. The Director of the Congressional Budget Office shall provide estimates under this section in accordance with the scorekeeping guidelines determined under section 252(d)(5) of the Balanced Budget and Emergency Deficit Control Act of 1985. Upon agreement, the chairs of the Committees on the Budget of the House of Representatives and the Senate shall submit updates to such guidelines for printing in the Congressional Record. For purposes of this section, the Director of the Congressional Budget Office shall not count timing shifts in his estimates of the budgetary effects of PAYGO legislation (as defined in section 3 of the Pay-As-You-Go Act of 2009).".

(B) The side heading of section 308(a) of the Congressional Budget Act of 1974 is amended by striking "REPORTS ON".

(b) PUBLICATION OF ESTIMATES.—The chairs of the Committees of Budget of the House of Representatives and the Senate shall make publicly available electronically and in printed form the estimates made under section 308(d) of the Congressional Budget Act of 1974. The chairs shall also submit such estimates to be printed in the Congressional Record before the vote on final passage of any measure and that measure shall include by reference an estimate of its budgetary effects.

(c) CURRENT POLICY ADJUSTMENTS FOR CERTAIN LEGISLATION.—For purposes of calculating budgetary effects under this Act, CBO shall adjust its estimates as described below for any provision of legislation designated as meeting the criteria in subsection (b), (c), or (d) of section 7 and which the chairman of the Committee on the Budget of the House of Representatives or the Senate, as applicable, designates as meeting those criteria. A single piece of legislation may contain provisions designated as meeting criteria in more than one of the subsections listed above. For appropriately designated provisions, CBO shall exclude from its estimates for purposes of this Act any costs of a provision to the extent that those costs, when combined with all other excluded costs of any other previously designated provisions of enacted legislation under the same subsection of section 7, do not exceed the maximum applicable current policy adjustment defined under the applicable subsection of section 7 for the applicable 10-year period, using the most recent baseline estimates supplied by the Congressional Budget Office consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 used in considering a concurrent resolution on the budget; or, after the beginning of a new calendar year and before consideration of a concurrent resolu-

tion on the budget, using the most recent baseline estimates supplied by the Congressional Budget Office consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985. CBO estimates of legislation containing a current policy designation under this subsection shall include a separate presentation of costs excluded from the calculation of budgetary effects for the legislation, as well as an updated total of all excluded cost of provisions within the same subsection of section 7.

(d) OMB PAYGO SCORECARDS.—

(1) IN GENERAL.—OMB shall maintain and make publicly available a continuously updated document containing two PAYGO scorecards displaying the budgetary effects of PAYGO legislation as determined under subsection (b), applying the look-back requirement in subsection (e) and the averaging requirement in subsection (f), and a separate addendum displaying the estimates of the costs of provisions designated in statute as emergency requirements.

(2) ESTIMATES IN LEGISLATION.—Except as provided in paragraph (3), in making the calculations for the PAYGO scorecards, OMB shall use the budgetary effects included by reference in the applicable legislation.

(3) OMB ESTIMATES.—If legislation does not contain the estimate of budgetary effects under paragraph (2), then OMB shall score the budgetary effects of that legislation upon its enactment, based on the approaches to scorekeeping set forth in this Act.

(4) 5-YEAR SCORECARD.—The first scorecard shall display the budgetary effects of PAYGO legislation in each year over the 5-year period beginning in the budget year.

(5) 10-YEAR SCORECARD.—The second scorecard shall display the budgetary effects of PAYGO legislation in each year over the 10-year period beginning in the budget year.

(e) LOOK-BACK TO CAPTURE CURRENT-YEAR EFFECTS.—For purposes of this section, OMB shall treat the budgetary effects of PAYGO legislation enacted during a session of Congress that occur during the current year as though they occurred in the budget year.

(f) AVERAGING USED TO MEASURE COMPLIANCE OVER 5-YEAR AND 10-YEAR PERIODS.—OMB shall cumulate the budgetary effects of a PAYGO Act over the budget year (which includes any look-back effects under subsection (e)) and—

(1) for purposes of the 5-year scorecard referred to in subsection (d)(4), the four subsequent outyears, divide that cumulative total by five, and enter the quotient in the budget-year column and in each subsequent column of the 5-year PAYGO scorecard; and

(2) for purposes of the 10-year scorecard referred to in subsection (d)(5), the nine subsequent outyears, divide that cumulative total by ten, and enter the quotient in the budget-year column and in each subsequent column of the 10-year PAYGO scorecard.

SEC. 5. ANNUAL REPORT AND SEQUESTRATION ORDER.

(a) ANNUAL REPORT.—Not later than 14 days (excluding weekends and holidays) after Congress adjourns to end a session, OMB shall make publicly available and cause to be printed in the Fed-

eral Register an annual PAYGO report. The report shall include an up-to-date document containing the PAYGO scorecards, a description of any current policy adjustments made under section 4(c), information about emergency legislation (if any) required by section 3(4)(D), information about any sequestration if required by subsection (b), and other data and explanations that enhance public understanding of this Act and actions taken under it.

(b) SEQUESTRATION ORDER.—If the annual report issued at the end of a session of Congress under subsection (a) shows a debit on either PAYGO scorecard for the budget year, OMB shall prepare and the President shall issue and include in that report a sequestration order that, upon issuance, shall reduce budgetary resources of direct spending programs by enough to offset that debit as prescribed in section 6. If there is a debit on both scorecards, the order shall fully offset the larger of the two debits. OMB shall include that order in the annual report and transmit it to the House of Representatives and the Senate. If the President issues a sequestration order, the annual report shall contain, for each budget account to be sequestered, estimates of the baseline level of budgetary resources subject to sequestration, the amount of budgetary resources to be sequestered, and the outlay reductions that will occur in the budget year and the subsequent fiscal year because of that sequestration.

SEC. 6. CALCULATING A SEQUESTRATION.

(a) REDUCING NONEXEMPT BUDGETARY RESOURCES BY A UNIFORM PERCENTAGE.—OMB shall calculate the uniform percentage by which the budgetary resources of nonexempt direct spending programs are to be sequestered such that the outlay savings resulting from that sequestration, as calculated under subsection (b), shall offset the budget-year debit, if any on the applicable PAYGO scorecard. If the uniform percentage calculated under the prior sentence exceeds 4 percent, the Medicare programs described in section 256(d) of BBEDCA shall be reduced by 4 percent and the uniform percentage by which the budgetary resources of all other nonexempt direct spending programs are to be sequestered shall be increased, as necessary, so that the sequestration of Medicare and of all other nonexempt direct spending programs together produce the required outlay savings.

(b) OUTLAY SAVINGS.—In determining the amount by which a sequestration offsets a budget-year debit, OMB shall count—

(1) the amount by which the sequestration in a crop year of crop support payments, pursuant to section 256(j) of BBEDCA, reduces outlays in the budget year and the subsequent fiscal year;

(2) the amount by which the sequestration of Medicare payments in the 12-month period following the sequestration order, pursuant to section 256(d) of BBEDCA, reduces outlays in the budget year and the subsequent fiscal year; and

(3) the amount by which the sequestration in the budget year of the budgetary resources of other nonexempt mandatory programs reduces outlays in the budget year and in the subsequent fiscal year.

SEC. 7. CURRENT POLICY ADJUSTMENT TO THE CBO ESTIMATES.

(a) PURPOSE.—The purpose of this section is to provide for adjustments of estimates of PAYGO effects for legislation affecting four areas of the budget—

(1) payments made under section 1848 of the Social Security Act (titled Payment for Physicians' Services);

(2) the Estate and Gift Tax under subtitle B of the Internal Revenue Code of 1986;

(3) the AMT; and

(4) provisions of EGTRRA or JGTRRA that amended the Internal Revenue Code of 1986 (or provisions in later statutes further amending the amendments made by EGTRRA or JGTRRA), other than—

(A) the provisions of those two Acts that were made permanent by the Pension Protection Act of 2006 (Public Law 109–280);

(B) amendments to the estate and gift tax referred to in paragraph (2);

(C) the AMT referred to in paragraph (3);

(D) the 35 percent bracket and that portion of the 33 percent bracket that applies to taxable income greater than $200,000 for an individual and $250,000 for a couple; and

(E) provisions in those two Acts relating to taxes rates on capital gains and dividends.

(b) MEDICARE PAYMENTS TO PHYSICIANS.—

(1) CRITERIA.—Legislation that includes provisions amending or superseding the system of payments under section 1848 of the Social Security Act shall trigger the current policy adjustment required by this Act.

(2) ADJUSTMENT.—The amount of the maximum current policy adjustment shall be the difference between—

(A) estimated net outlays attributable to the payments made to physicians under that section of the Social Security Act (as scheduled on July 15, 2009, to be in effect); and

(B) what those net outlays would have been if the nominal payment rates and related parameters in effect for 2009 had been in effect thereafter without change.

(c) ESTATE AND GIFT TAX.—

(1) CRITERIA.—Legislation that includes provisions amending the Estate and Gift Tax under subtitle B of the Internal Revenue Code of 1986 shall trigger the current policy adjustment required by this Act.

(2) ADJUSTMENT.—The amount of the maximum current policy adjustment shall be the difference between—

(A) total revenues projected to be collected under the Internal Revenue Code of 1986 (as scheduled on July 15, 2009, to be in effect); and

(B) what those revenue collections would have been if, on the date of enactment of the legislation meeting the criteria in paragraph (1), estate and gift tax law had instead been amended so that the tax rates, nominal exemption amounts, and related parameters in effect for tax year 2009 had remained in effect thereafter without change.

(d) PERMANENT EXTENSION OF MIDDLE-CLASS TAX CUTS AND AMT RELIEF.—

(1) CRITERIA.—Legislation that includes provisions extending middle-class tax cuts or AMT relief shall trigger the current policy adjustment required by this Act if those provisions extend one or more of the following provisions—

(A) AMT relief for calendar year 2010 and subsequent years in such a manner that the number of AMT taxpayers is not estimated to exceed the number of AMT taxpayers in tax year 2008 in any year through the tenth year after enactment;

(B) the 10 percent bracket as in effect for tax year 2010, as provided for under section 101(a) of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendments through July 15, 2009;

(C) the child tax credit as in effect for tax year 2010, as provided for under section 201 of the Economic Growth and Tax Relief Reconciliation Act and any later amendments through July 15, 2009;

(D) tax benefits for married couples as in effect for tax year 2010, as provided for under title III of the Economic Growth and Tax Relief Reconciliation Act and any later amendments through July 15, 2009;

(E) the adoption credit as in effect in tax year 2010, as provided for under section 202 of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendments through July 15, 2009;

(F) the dependent care credit as in effect in tax year 2010, as provided for under section 204 of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendments through July 15, 2009;

(G) the employer-provided child care credit as in effect in tax year 2010, as provided for under section 205 of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendments through July 15, 2009;

(H) the education tax benefits as in effect in tax year 2010, as provided for under title IV of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendments through July 15, 2009;

(I) the 25 and 28 percent brackets as in effect for tax year 2010, as provided for under section 101(a) of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendments through July 15, 2009; and

(J) the 33 percent brackets as in effect for tax year 2010, as provided for under section 101(a) of the Economic Growth and Tax Relief Reconciliation Act of 2001 and any later amendment affecting taxpayers with taxable income of $200,000 or less for individuals and $250,000 or less for couples in calendar year 2010 and increased in each subsequent year by an amount equal to the cost of living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 for the calendar year in which the taxable year begins, determined by substituting "calendar year 2008" for "calendar year 1992" in subparagraph (B) thereof.

(2) ADJUSTMENT.—The amount of the maximum current policy adjustment shall be the difference between what total revenues would have been under the Internal Revenue Code of 1986 (as scheduled on July 15, 2009, to be in effect) and what revenues would be if legislation—

(A) permanently extending the AMT exemption and brackets in effect in tax year 2009 but increased in tax year 2010 and each subsequent tax year as indicated under subsection (d)(2)(B), along with any additional amount necessary to prevent the number of taxpayers who must pay AMT from increasing; and

(B) permanently extending the provisions identified in section 7(a)(4),

were enacted on the same day as the legislation referred to in paragraph (1).

SEC. 8. APPLICATION OF BBEDCA.

For purposes of this Act—

(1) notwithstanding section 275 of BBEDCA, the provisions of sections 255, 256, 257, and 274 of BBEDCA, as amended by this Act, shall apply to the provisions of this Act;

(2) references in sections 255, 256, 257, and 274 to "this part" or "this title" shall be interpreted as applying to this Act;

(3) references in sections 255, 256, 257, and 274 of BBEDCA to "section 254" shall be interpreted as referencing section 5 of this Act;

(4) the reference in section 256(b) of BBEDCA to "section 252 or 253" shall be interpreted as referencing section 5 of this Act;

(5) the reference in section 256(d)(1) of BBEDCA to "section 252 or 253" shall be interpreted as referencing section 6 of this Act;

(6) the reference in section 256(d)(4) of BBEDCA to "section 252 or 253" shall be interpreted as referencing section 5 of this Act;

(7) section 256(k) of BBEDCA shall apply to a sequestration, if any, under this Act; and

(8) references in section 257(e) of BBEDCA to "section 251, 252, or 253" shall be interpreted as referencing section 4 of this Act.

SEC. 9. TECHNICAL CORRECTIONS.

(a) Section 250(c)(18) of BBEDCA is amended by striking "the expenses the Federal deposit insurance agencies" and inserting "the expenses of the Federal deposit insurance agencies".

(b) Section 256(k)(1) of BBEDCA is amended by striking "in paragraph (5)" and inserting "in paragraph (6)".

SEC. 10. CONFORMING AMENDMENTS.

(a) Section 256(a) of BBEDCA is repealed.

(b) Section 256(b) of BBEDCA is amended by striking "origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point." and inserting in lieu thereof "origination fees under sections 438(c)(2) and (6) and 455(c) and loan processing and issuance fees under section 428(f)(1)(A)(ii) of that Act shall each be increased by the uniform percentage specified in that sequestration order, and, for student loans originated during the period of the sequestration, special allowance payments

under section 438(b) of that Act accruing during the period of the sequestration shall be reduced by the uniform percentage specified in that sequestration order.".

(c) Section 256(c) of BBEDCA is repealed.

(d) Section 256(d) of BBEDCA is amended—

(1) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (5), and (6);

(2) by amending paragraph (1) to read as follows:

"(1) CALCULATION OF REDUCTION IN PAYMENT AMOUNTS.—To achieve the total percentage reduction in those programs required by section 252 or 253, subject to paragraph (2), and notwithstanding section 710 of the Social Security Act, OMB shall determine, and the applicable Presidential order under section 254 shall implement, the percentage reduction that shall apply, with respect to the health insurance programs under title XVIII of the Social Security Act—

"(A) in the case of parts A and B of such title, to individual payments for services furnished during the one-year period beginning on the first day of the first month beginning after the date the order is issued (or, if later, the date specified in paragraph (4)); and

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

such that the reduction made in payments under that order shall achieve the required total percentage reduction in those payments for that period.";

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

"(2) UNIFORM REDUCTION RATE; MAXIMUM PERMISSIBLE REDUCTION.—Reductions in payments for programs and activities under such title XVIII pursuant to a sequestration order under section 254 shall be at a uniform rate, which shall not exceed 4 percent, across all such programs and activities subject to such order.";

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

"(4) TIMING OF SUBSEQUENT SEQUESTRATION ORDER.—A sequestration order required by section 252 or 253 with respect to programs under such title XVIII shall not take effect until the first month beginning after the end of the effective period of any prior sequestration order with respect to such programs, as determined in accordance with paragraph (1).";

(5) in paragraph (6), as redesignated, to read as follows:

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

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

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

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

(6) by adding after paragraph (6), as redesignated, the following:

"(7) EXEMPTIONS FROM SEQUESTRATION.—In addition to the programs and activities specified in section 255, the following shall be exempt from sequestration under this part:

"(A) PART D LOW-INCOME SUBSIDIES.—Premium and cost-sharing subsidies under section 1860D–14 of the Social Security Act.

"(B) PART D CATASTROPHIC SUBSIDY.—Payments under section 1860D–15(b) and (e)(2)(B) of the Social Security Act.

"(C) QUALIFIED INDIVIDUAL (QI) PREMIUMS.—Payments to States for coverage of Medicare cost-sharing for certain low-income Medicare beneficiaries under section 1933 of the Social Security Act.".

SEC. 11. EXEMPT PROGRAMS AND ACTIVITIES.

(a) DESIGNATIONS.—Section 255 of BBEDCA is amended by redesignating subsection (i) as (j) and striking "1998" and inserting in lieu thereof "2010".

(b) SOCIAL SECURITY, VETERANS PROGRAMS, NET INTEREST, AND TAX CREDITS.—Subsections (a) through (d) of section 255 of BBEDCA are amended to read as follows

"(a) SOCIAL SECURITY BENEFITS AND TIER I RAILROAD RETIREMENT BENEFITS.—Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act (title 42, United States Code, section 401 et seq.), and benefits payable under section 231b(a), 231b(f)(2), 231c(a), and 231c(f) of title 45 United States Code, shall be exempt from reduction under any order issued under this part.

"(b) VETERANS PROGRAMS.—The following program shall be exempt from reduction under any order issued under this part—

"All programs administered by the Department of Veterans Affairs.

"Special Benefits for Certain World War II Veterans (28–0401–0–1–701).

"(c) NET INTEREST.—No reduction of payments for net interest (all of major functional category 900) shall be made under any order issued under this part.

"(d) REFUNDABLE INCOME TAX CREDITS.—Payments to individuals made pursuant to provisions of the Internal Revenue Code of 1986 establishing refundable tax credits shall be exempt from reduction under any order issued under this part.".

(c) OTHER PROGRAMS AND ACTIVITIES, LOW-INCOME PROGRAMS, AND ECONOMIC RECOVERY PROGRAMS.—Subsections (g) and (h) of section 255 of BBEDCA are amended to read as follows:

"(g) OTHER PROGRAMS AND ACTIVITIES.—

"(1)(A) The following budget accounts and activities shall be exempt from reduction under any order issued under this part:

"Activities resulting from private donations, bequests, or voluntary contributions to the Government.

"Activities financed by voluntary payments to the Government for goods or services to be provided for such payments.

"Administration of Territories, Northern Mariana Islands Covenant grants (14–0412–0–1–808).

"Advances to the Unemployment Trust Fund and Other Funds (16–0327–0–1–600).

"Black Lung Disability Trust Fund Refinancing (16–0329–0–1–601).

"Bonneville Power Administration Fund and borrowing authority established pursuant to section 13 of Public Law 93–454 (1974), as amended (89–4045–0–3–271).

"Claims, Judgments, and Relief Acts (20–1895–0–1–808).

"Compact of Free Association (14–0415–0–1–808).

"Compensation of the President (11–0209–01–1–802).

"Comptroller of the Currency, Assessment Funds (20–8413–0–8–373).

"Continuing Fund, Southeastern Power Administration (89–5653–0–2–271).

"Continuing Fund, Southwestern Power Administration (89–5649–0–2–271).

"Dual Benefits Payments Account (60–0111–0–1–601).

"Emergency Fund, Western Area Power Administration (89–5069–0–2–271).

"Exchange Stabilization Fund (20–4444–0–3–155).

"Federal Deposit Insurance Corporation, Deposit Insurance Fund (51–4596–4–4–373).

"Federal Deposit Insurance Corporation, FSLIC Resolution Fund (51–4065–0–3–373).

"Federal Deposit Insurance Corporation, Noninterest Bearing Transaction Account Guarantee (51–4458–0–3–373).

"Federal Deposit Insurance Corporation, Senior Unsecured Debt Guarantee (51–4457–0–3–373).

"Federal Housing Finance Agency, Administrative Expenses (95–5532–0–2–371).

"Federal Payment to the District of Columbia Judicial Retirement and Survivors Annuity Fund (20–1713–0–1–752).

"Federal Payment to the District of Columbia Pension Fund (20–1714–0–1–601).

"Federal Payments to the Railroad Retirement Accounts (60–0113–0–1–601).

"Federal Reserve Bank Reimbursement Fund (20–1884–0–1–803).

"Financial Agent Services (20–1802–0–1–803).

"Foreign Military Sales Trust Fund (11–8242–0–7–155).

"Hazardous Waste Management, Conservation Reserve Program (12–4336–0–3–999).

"Host Nation Support Fund for Relocation (97–8337–0–7–051).

"Internal Revenue Collections for Puerto Rico (20–5737–0–2–806).

"Intragovernmental funds, including those from which the outlays are derived primarily from resources paid in from other government accounts, except to the extent such funds are augmented by direct appropriations for the fiscal year during which an order is in effect.

"Medical Facilities Guarantee and Loan Fund (75–9931–0–3–551).

"National Credit Union Administration, Central Liquidity Facility (25–4470–0–3–373).

"National Credit Union Administration, Corporate Credit Union Share Guarantee Program (25–4476–0–3–376).

"National Credit Union Administration, Credit Union Homeowners Affordability Relief Program (25–4473–0–3–371).

"National Credit Union Administration, Credit Union Share Insurance Fund (25–4468–0–3–373).

"National Credit Union Administration, Credit Union System Investment Program (25–4474–0–3–376).

"National Credit Union Administration, Operating fund (25–4056–0–3–373).

"National Credit Union Administration, Share Insurance Fund Corporate Debt Guarantee Program (25–4469–0–3–376).

"National Credit Union Administration, U.S. Central Federal Credit Union Capital Program (25–4475–0–3–376).

"Office of Thrift Supervision (20–4108–0–3–373).

"Panama Canal Commission Compensation Fund (16–5155–0–2–602).

"Payment of Vietnam and USS Pueblo prisoner-of-war claims within the Salaries and Expenses, Foreign Claims Settlement account (15–0100–0–1–153).

"Payment to Civil Service Retirement and Disability Fund (24–0200–0–1–805).

"Payment to Department of Defense Medicare-Eligible Retiree Health Care Fund (97–0850–0–1–054).

"Payment to Judiciary Trust Funds (10–0941–0–1–752).

"Payment to Military Retirement Fund (97–0040–0–1–054).

"Payment to the Foreign Service Retirement and Disability Fund (19–0540–0–1–153).

"Payments to Copyright Owners (03–5175–0–2–376).

"Payments to Health Care Trust Funds (75–0580–0–1–571).

"Payment to Radiation Exposure Compensation Trust Fund (15–0333–0–1–054).

"Payments to Social Security Trust Funds (28–0404–0–1–651).

"Payments to the United States Territories, Fiscal Assistance (14–0418–0–1–806).

"Payments to trust funds from excise taxes or other receipts properly creditable to such trust funds.

"Payments to widows and heirs of deceased Members of Congress (00–0215–0–1–801).

"Postal Service Fund (18–4020–0–3–372).

"Radiation Exposure Compensation Trust Fund (15–8116–0–1–054).

"Reimbursement to Federal Reserve Banks (20–0562–0–1–803).

"Salaries of Article III judges.

"Soldiers and Airmen's Home, payment of claims (84–8930–0–7–705).

"Tennessee Valley Authority Fund, except nonpower programs and activities (64–4110–0–3–999).

"Tribal and Indian trust accounts within the Department of the Interior which fund prior legal obligations of the Government or which are established pursuant to Acts of Congress regarding Federal management of tribal real property or other fiduciary responsibilities, including but not limited to Tribal Special Fund (14–5265–0–2–452), Tribal Trust Fund (14–8030–0–7–452), White Earth Settlement (14–2204–0–1–452), and Indian Water Rights and Habitat Acquisition (14–5505–0–2–303).

"United Mine Workers of America 1992 Benefit Plan (95–8260–0–7–551).

"United Mine Workers of America 1993 Benefit Plan (95–8535–0–7–551).

"United Mine Workers of America Combined Benefit Fund (95–8295–0–7–551).

"United States Enrichment Corporation Fund (95–4054–0–3–271).

"Universal Service Fund (27–5183–0–2–376).

"Vaccine Injury Compensation (75–0320–0–1–551).

"Vaccine Injury Compensation Program Trust Fund (20–8175–0–7–551).

"(B) The following Federal retirement and disability accounts and activities shall be exempt from reduction under any order issued under this part:

"Black Lung Disability Trust Fund (20–8144–0–7–601).

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

"Civil Service Retirement and Disability Fund (24–8135–0–7–602).

"Comptrollers general retirement system (05–0107–0–1–801).

"Contributions to U.S. Park Police annuity benefits, Other Permanent Appropriations (14–9924–0–2–303).

"Court of Appeals for Veterans Claims Retirement Fund (95–8290–0–7–705).

"Department of Defense Medicare-Eligible Retiree Health Care Fund (97–5472–0–2–551).

"District of Columbia Federal Pension Fund (20–5511–0–2–601).

"District of Columbia Judicial Retirement and Survivors Annuity Fund (20–8212–0–7–602).

"Energy Employees Occupational Illness Compensation Fund (16–1523–0–1–053).

"Foreign National Employees Separation Pay (97–8165–0–7–051).

"Foreign Service National Defined Contributions Retirement Fund (19–5497–0–2–602).

"Foreign Service National Separation Liability Trust Fund (19–8340–0–7–602).

"Foreign Service Retirement and Disability Fund (19–8186–0–7–602).

"Government Payment for Annuitants, Employees Health Benefits (24–0206–0–1–551).

"Government Payment for Annuitants, Employee Life Insurance (24–0500–0–1–602).

"Judicial Officers' Retirement Fund (10–8122–0–7–602).

"Judicial Survivors' Annuities Fund (10–8110–0–7–602).

"Military Retirement Fund (97–8097–0–7–602).

"National Railroad Retirement Investment Trust (60–8118–0–7–601).

"National Oceanic and Atmospheric Administration retirement (13–1450–0–1–306).

"Pensions for former Presidents (47–0105–0–1–802).

"Postal Service Retiree Health Benefits Fund (24–5391–0–2–551).

"Public Safety Officer Benefits (15–0403–0–1–754).

"Rail Industry Pension Fund (60–8011–0–7–601).

"Retired Pay, Coast Guard (70–0602–0–1–403).

"Retirement Pay and Medical Benefits for Commissioned Officers, Public Health Service (75–0379–0–1–551).

"Special Benefits for Disabled Coal Miners (16–0169–0–1–601).

"Special Benefits, Federal Employees' Compensation Act (16–1521–0–1–600).

"Special Workers Compensation Expenses (16–9971–0–7–601.)

"Tax Court Judges Survivors Annuity Fund (23–8115–0–7–602).

"United States Court of Federal Claims Judges' Retirement Fund (10–8124–0–7–602).

"United States Secret Service, DC Annuity (70–0400–0–1–751).

"Voluntary Separation Incentive Fund (97–8335–0–7–051).

"(2) Prior legal obligations of the Government in the following budget accounts and activities shall be exempt from any order issued under this part:

"Biomass Energy Development (20–0114–0–1–271).

"Check Forgery Insurance Fund (20–4109–0–3–803).

"Credit liquidating accounts.

"Credit reestimates.

"Employees Life Insurance Fund (24–8424–0–8–602).

"Federal Aviation Insurance Revolving Fund (69–4120–0–3–402).

"Federal Crop Insurance Corporation Fund (12–4085–0–3–351).

"Federal Emergency Management Agency, National Flood Insurance Fund (58–4236–0–3–453).

"Federal Home Loan Mortgage Corporation (Freddie Mac).

"Federal National Mortgage Corporation (Fannie Mae).

"Geothermal resources development fund (89–0206–0–1–271).

"Low-Rent Public Housing—Loans and Other Expenses (86–4098–0–3–604).

"Maritime Administration, War Risk Insurance Revolving Fund (69–4302–0–3–403).

"Natural Resource Damage Assessment Fund (14–1618–0–1–302).

"Overseas Private Investment Corporation, Noncredit Account (71–4184–0–3–151).

"Pension Benefit Guaranty Corporation Fund (16–4204–0–3–601).

"San Joaquin Restoration Fund (14–5537–0–2–301).

"Servicemembers' Group Life Insurance Fund (36–4009–0–3–701).

"Terrorism Insurance Program (20–0123–0–1–376).

"(h) LOW-INCOME PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

"Academic Competitiveness/Smart Grant Program (91–0205–0–1–502).

"Child Care Entitlement to States (75–1550–0–1–609).

"Child Enrollment Contingency Fund (75–5551–0–2–551).

"Child Nutrition Programs (with the exception of special milk programs) (12–3539–0–1–605).

"Children's Health Insurance Fund (75–0515–0–1–551).

"Commodity Supplemental Food Program (12–3507–0–1–605).

"Contingency Fund (75–1522–0–1–609).

"Family Support Programs (75–1501–0–1–609).

"Federal Pell Grants under section 401 Title IV of the Higher Education Act.

"Grants to States for Medicaid (75–0512–0–1–551).

"Payments for Foster Care and Permanency (75–1545–0–1–609).

"Supplemental Nutrition Assistance Program (12–3505–0–1–605).

"Supplemental Security Income Program (28–0406–0–1–609).

"Temporary Assistance for Needy Families (75–1552–0–1–609).".

(d) ECONOMIC RECOVERY PROGRAMS.—Section 255 of BBEDCA is amended by adding the following after subsection (h):

"(i) ECONOMIC RECOVERY PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

"All programs enacted in, or increases in programs provided by, the American Recovery and Reinvestment Act of 2009.

"Exchange Stabilization Fund-Money Market Mutual Fund Guaranty Facility (20–4274–0–3–376).

"Financial Stabilization Reserve (20–0131–4–1–376).

"GSE Mortgage-Backed Securities Purchase Program Account (20–0126–0–1–371).

"GSE Preferred Stock Purchase Agreements (20–0125–0–1–371).

"Office of Financial Stability (20–0128–0–1–376).

"Special Inspector General for the Troubled Asset Relief Program (20–0133–0–1–376).

"Troubled Asset Relief Program Account (20–0132–0–1–376).

"Troubled Asset Relief Program Equity Purchase Program (20–0134–0–1–376).

"Troubled Asset Relief Program, Home Affordable Modification Program (20–0136–0–1–604).".

PART B: TEXT OF AMENDMENT TO BE CONSIDERED AS ADOPTED

Page 3, lines 1 through 7, strike "Such estimates" and all that follows through "such legislation.".

Page 4, lines 13 and 14, strike "for purposes of" and insert "under".

Page 4, line 16, insert "PAYGO" before "legislation's".

Page 5, line 14, strike "CBO".

Page 5, line 17, insert "for printing in the Congressional Record by the chairs of the Committees on the Budget of the House of Representatives and the Senate, as applicable, before the vote on the PAYGO legislation" before the period.

Page 5, line 17, after the period insert the following: "The Clerk of the House or the Secretary of the Senate, as applicable, shall also incorporate by reference such estimate printed in the relevant portion of the Congressional Record under section 308(a)(3) of the Congressional Budget Act of 1974 into the enrollment of a PAYGO Act.".

Page 6, line 2, insert ", as applicable," after "Senate".

Page 6, line 5, insert "Statutory" before "Pay".

Page 6, line 8, insert "post such estimate on their respective committee websites and" after "shall".

Page 6, line 10, strike "As provided" and all that follows thereafter through "Record." on line 25.

Page 7, line 4, insert "Statutory" before "Pay".

Page 7, strike lines 8 through 16 and insert the following new subsection:

(b) Section 308 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(d) SCOREKEEPING GUIDELINES.—The Director of the Congressional Budget Office shall provide estimates under this section in accordance with the scorekeeping guidelines determined under section 252(d)(5) of the Balanced Budget and Emergency Deficit Control Act of 1985. Upon agreement, the chairs of the Committees on the Budget of the House of Representatives and the Senate shall submit updates to such guidelines for printing in the Congressional Record.".

Page 8, line 24, strike "cost" and insert "costs".

Page 9, line 6, strike "subsection (b)" and insert "section 308 of the Congressional Budget Act of 1974".

Page 11, lines 12 and 13, strike "required by" and insert "designated under".

Page 13, line 22, strike "PAYGO effects" and insert "budgetary effects of PAYGO legislation".

Page 19, line 20, strike "section 7(a)(4)" and insert "paragraph (1)".

PART C: TEXT OF AMENDMENT IN THE NATURE OF A SUBSTITUTE TO BE MADE IN ORDER

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Budget Control Act of 2009".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—DISCRETIONARY SPENDING LIMITS

Sec. 101. Discretionary spending limits.
Sec. 102. Adjustments to discretionary spending limits.
Sec. 103. Conforming amendments.

TITLE II—TOTAL SPENDING LIMITS

Sec. 201. Total spending limits.
Sec. 202. Effective date.

TITLE III—DEFICIT LIMITS

Sec. 301. Deficit limits.
Sec. 302. Effective date.

TITLE IV—GENERAL PROVISIONS

Sec. 401. Spending reduction orders for total spending limits and deficit limits.
Sec. 402. Enforcement procedures under the Congressional Budget Act.
Sec. 403. Definitions.
Sec. 404. Amendments to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.

TITLE I—DISCRETIONARY SPENDING LIMITS

SEC. 101. DISCRETIONARY SPENDING LIMITS.

Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraphs (1) through (13) and inserting the following new paragraphs:

"(1) For fiscal year 2010—

"(A) for the general purpose category, $1,048,000,000,000 in new budget authority and $1,302,000,000,000 in outlays;

"(B) for the overseas contingency operations category, $130,000,000,000 in new budget authority and $67,000,000,000 in outlays;

"(2) For fiscal year 2011—

"(A) for the general purpose category, $1,058,000,000,000 in new budget authority and $1,233,000,000,000 in outlays;

"(B) for the overseas contingency operations category, $50,000,000,000 in new budget authority and $70,000,000,000 in outlays;

"(3) For fiscal year 2012—

"(A) for the general purpose category, $1,069,000,000,000 in new budget authority and $1,171,000,000,000 in outlays;

"(B) for the overseas contingency operations category, $50,000,000,000 in new budget authority and $54,000,000,000 in outlays;

"(4) For fiscal year 2013—

"(A) for the general purpose category, $1,079,000,000,000 in new budget authority and $1,161,000,000,000 in outlays;

"(B) for the overseas contingency operations category, $50,000,000,000 in new budget authority and $50,000,000,000 in outlays;

"(5) For fiscal year 2014—

"(A) for the general purpose category, $1,094,000,000,000 in new budget authority and $1,161,000,000,000 in outlays;

"(B) for the overseas contingency operations category, $50,000,000,000 in new budget authority and $50,000,000,000 in outlays;".

SEC. 102. ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.

Section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

"(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—

"(1) CONCEPTS AND DEFINITIONS.—When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall include adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear to reflect changes in concepts and definitions. Such changes shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such changes may only be made after consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate and that consultation shall include written communication to such committees that affords such committees the opportunity to comment before official action is taken for such changes.

"(2) ADJUSTMENTS.—

"(A) EMERGENCY DESIGNATION.—If appropriations for discretionary accounts are enacted that the President designates as emergency requirements and that the Congress so designates in statute, the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements and the outlays flowing in all fiscal years from such appropriations.

"(B) OVERSEAS CONTINGENCY OPERATIONS DESIGNATION.—If appropriations for discretionary accounts are enacted that the President designates as overseas contingency operations related to the global war on terrorism that the Congress so designates in statute, the adjustment shall be the total of such appropriations in discretionary accounts designated as overseas contingency operations and the outlays flowing in all fiscal years from such appropriations.

"(3) SPECIAL OUTLAY ALLOWANCE.—If, in any fiscal year, outlays for a category exceed the discretionary spending limit for that category but new budget authority does not exceed its limit for that category (after application of the first step of a spending reduction described in subsection (a)(2), if necessary), the adjustment in outlays for a fiscal year is the amount of the

excess but not to exceed 0.5 percent of the sum of the adjusted discretionary spending limits on outlays for that fiscal year.".

SEC. 103. CONFORMING AMENDMENTS.

(1) Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking "2002" and inserting "2019" and by striking "2006" and inserting "2019";

(2) Sections 254(c)(2)(A) and (f) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking "2002" and inserting "2014".

TITLE II—TOTAL SPENDING LIMITS

SEC. 201. TOTAL SPENDING LIMITS.

TOTAL SPENDING LIMITS.—After section 253 of the Balanced Budget and Emergency Deficit Control Act of 1985, add the following new section:

"SEC. 253A. ENFORCING TOTAL SPENDING LIMITS.

"(a) PROJECTIONS.—

"(1) LONG-TERM PROJECTIONS.—For each of at least 10 fiscal years within the guideline period:

"(A) OMB shall prepare a report of the projected spending amount and the guideline spending amount (as defined in section 250(c)) and include such report in the budget as submitted by the President annually under section 1105(a) of title 31, United States Code.

"(B) CBO shall prepare a report of the projected spending amount and the guideline spending amount (as defined in section 250(c)) and include such report in the CBO annual baseline and reestimate of the President's budget.

"(2) INCLUSION IN SPENDING REDUCTION ORDERS.—Reports prepared pursuant to subsection (a) shall be included in the spending reduction report set forth in subsection (b).

"(b) SPENDING REDUCTION REPORT.—Within 15 calendar days after Congress adjourns to end a session and on the same day as a spending reduction order (if any) under sections 251 and 253A, but after any spending reduction required by section 251, OMB shall issue a spending reduction report to reduce an excess spending amount (if any).

"(c) SPENDING REDUCTION ORDER.—A spending reduction ordered pursuant to subsection (b) shall be implemented using the procedures set forth in section 256A.

"(d) GUIDELINE PERIOD.—The guideline period shall be as follows:

"(1) Fiscal year 2010: 24.6 percent.
"(2) Fiscal year 2011: 23.2 percent.
"(3) Fiscal year 2012: 21.7 percent.
"(4) Fiscal year 2013: 21.7 percent.
"(5) Fiscal year 2014: 21.8 percent.
"(6) Fiscal year 2015: 21.8 percent.
"(7) Fiscal year 2016: 21.7 percent.
"(8) Fiscal year 2017: 21.7 percent.
"(9) Fiscal year 2018: 21.7 percent.
"(10) Fiscal year 2019: 21.7 percent.
"(11) Fiscal year 2020 and each subsequent fiscal year: 21.7 percent.".

SEC. 202. EFFECTIVE DATE.

This title shall apply to fiscal year 2010 and subsequent fiscal years.

TITLE III—DEFICIT LIMITS

SEC. 301. DEFICIT LIMITS.

Amend section 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 to read as follows:

"SEC. 253. ENFORCING DEFICIT LIMITS.

"(a) ENFORCING DEFICIT LIMITS.— In this section, the term 'deficit limit' means an amount, as estimated by OMB, that equals—

"(1) 8 percent of GDP for 2010;
"(2) 6 percent of GDP for 2011;
"(3) 4 percent of GDP for 2012;
"(4) 3 percent of GDP for 2013;
"(5) 3 percent of GDP for 2014;
"(6) 3 percent of GDP for 2015;
"(7) 3 percent of GDP for 2016;
"(8) 3 percent of GDP for 2017;
"(9) 3 percent of GDP for 2018; and
"(10) 3 percent of GDP for 2019.

"(b) SPENDING REDUCTION REPORT.—Within 15 calendar days after Congress adjourns to end a session and on the same day as a spending reduction order (if any) under sections 251 and 253A, but after any spending reduction required by section 251 and 253A, OMB shall issue a spending reduction report to reduce an excess spending amount (if any).

"(c) SPENDING REDUCTION ORDER.—A spending reduction ordered pursuant to subsection (b) shall be implemented using the procedures set forth in section 256A."

SEC. 302. EFFECTIVE DATE.

This title shall apply to fiscal year 2010 and subsequent fiscal years through fiscal year 2019.

TITLE IV—GENERAL PROVISIONS

SEC. 401. SPENDING REDUCTION ORDERS FOR TOTAL SPENDING LIMITS AND DEFICIT LIMITS.

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after section 256 the following:

"SEC. 256A. SPENDING REDUCTION ORDERS FOR TOTAL SPENDING LIMITS AND DEFICIT LIMITS.

"(a) APPLICATION.—A spending reduction order issued pursuant to this part shall apply to eliminate breaches of the limits set forth in sections 253 (deficit limits) and 253A (total spending limits) of the Balanced Budget and Emergency Deficit Control Act of 1985.

"(b) SPENDING REDUCTION ORDERS.—

"(1) ELIMINATING A SPENDING EXCESS.—OMB shall include in its spending reduction order a requirement that each spending account shall be reduced by an amount of budget authority calculated by multiplying the baseline level of budgetary resources in that account at that time by the uniform percentage

necessary to reduce outlays sufficient to eliminate an excess spending amount.

"(2) EXEMPTIONS.—The following shall be exempt from reduction under any order issued under this part:

"(A) NET INTEREST.—Payments for net interest (set forth in function 900).

"(B) SOCIAL SECURITY.—Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

"(C) VETERANS PROGRAMS.—Benefits payable by the Department of Veterans affairs and other programs providing benefits to veterans.

"(D) OBLIGATED BALANCES.—Obligated balances of budget authority carried over from prior fiscal years shall be exempt from reduction under any order issued under this part.

"(E) CONSTITUTIONAL OBLIGATIONS.—Any obligations of the Federal Government required to be paid under the U.S. Constitution or contractual obligations as determined by OMB shall be exempt from reduction under any order issued under this part.

"(F) UNEMPLOYMENT INSURANCE.—Benefits payable under unemployment insurance payments.

"(G) EMERGENCY LEGISLATION.—Provisions of spending legislation the President designates as an emergency requirement and the Congress so designates in statute.

"(H) OVERSEAS CONTINGENCY OPERATIONS DESIGNATION.—Provisions of spending legislation the President designates as overseas contingency operations related to the global war on terrorism and the Congress so designates in statute.

"(I) DISCRETIONARY SPENDING.—Discretionary spending if the discretionary spending limits set forth in section 251(c) are not exceeded.

"(3) APPLICATION TO FAST GROWING PROGRAMS.—Any program whose growth in the budget year is less than the rate of inflation as determined by OMB shall be exempt from a spending reduction issued under this title.

"(4) LIMITATION ON SPENDING REDUCTIONS.—No program shall be subject to a spending reduction of more than 1 percent of its budgetary resources.

"(5) UNIFORM PERCENTAGE.—The percentage required to produce a spending reduction, as ordered by a spending reduction order, shall be calculated by OMB by adding all budgetary resources of the Government, and reducing that amount by an amount sufficient to reduce the total amount of outlays of the Government to equal, or lower, a level of outlays than the amount set forth in the guideline period.

"(6) EFFECT OF A SPENDING REDUCTION ORDER.—Upon the issue of a spending reduction order, a spending reduction shall be ordered for all nonexempt spending accounts. The spending reduction shall be effective as follows:

"(A) Budgetary resources subject to a spending reduction to any discretionary account shall be permanently cancelled.

"(B) The same percentage spending reduction shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

"(C) Administrative regulations implementing a spending reduction shall be made within 120 days of the issue of a spending reduction order.

"(D) Budgetary resources subject to a spending reduction in revolving, trust, and special fund accounts and offsetting collections subject to a spending reduction in appropriation accounts shall not be available for obligation during the fiscal year in which the spending reduction is issued, and shall be available in subsequent years only to the extent as provided by law.

"(7) INAPPLICABILITY OF SECTIONS 255 AND 256.—Sections 255 and 256 shall not apply to spending reduction orders under this section.".

SEC. 402. ENFORCEMENT PROCEDURES UNDER THE CONGRESSIONAL BUDGET ACT.

(a) ENFORCEMENT.—Title III of the Congressional Budget Act of 1974 is amended by adding after section 315 the following new section:

"SEC. 316. ENFORCEMENT PROCEDURES.

"(a) DISCRETIONARY SPENDING LIMITS.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause the discretionary spending limits as set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 to be exceeded.

"(b) TOTAL SPENDING LIMITS.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause the total spending limits set forth in section 253A of the Balanced Budget and Emergency Deficit Control Act of 1985 to be exceeded.

"(c) DEFICIT LIMITS.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause the total deficit limits set forth in section 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 to be exceeded.

"(d) WAIVER OR SUSPENSION.—

"(1) IN THE SENATE.—The provisions of this section may be waived or suspended in the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

"(2) IN THE HOUSE.—The provisions of this section may be waived or suspended in the House of Representatives only by a rule or order proposing only to waive such provisions by an affirmative vote of two-thirds of the Members, duly chosen and sworn.

"(e) POINT OF ORDER PROTECTION.—In the House, it shall not be in order to consider a rule or order that waives the application of paragraph (2) of subsection (c).

"(f) MOTION TO SUSPEND.—It shall not be in order for the Speaker to entertain a motion to suspend the application of this section under clause 1 of rule XV.".

(b) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

"Sec. 316. Enforcement procedures.".

SEC. 403. DEFINITIONS.

Section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraph (4), redesignating the succeeding paragraphs accordingly, and adding the following paragraphs:

"(19) The term 'spending reduction' refers to the cancellation of budgetary resources provided by discretionary appropriations or mandatory spending.

"(20) The term 'GDP', for any fiscal year, means the gross domestic product during such fiscal year consistent with Department of Commerce definitions.

"(21) The term 'total spending' means the total aggregate outlays of the Federal Government.

"(22) The term 'guideline period' means the period of fiscal years set forth in section 253A(d).

"(23) The term 'projected spending amount' means the amount of total outlays of the Federal Government for a fiscal year within the guideline period.

"(24) The term 'guideline spending amount' means the amount of total outlays of the Federal Government for a fiscal year as a percentage of GDP for such fiscal year within the guideline period.

"(25) The term 'excess spending amount' means the amount by which a projected spending amount exceeds the guideline spending amount for a fiscal year within the guideline period.

"(26) The term 'spending reduction order' means a spending reduction order as defined in section 253A(c).

"(27) The term 'advance appropriation' means appropriations that first become available one fiscal year or more beyond the fiscal year for which an appropriation Act making such funds available is enacted.

"(28)(A) The term 'emergency requirement' means any provision that provides new budget authority and resulting outlays for a situation that poses a threat to life, property, or national security and is—

"(i) sudden, quickly coming into being, and not building up over time;

"(ii) an urgent, pressing, and compelling need requiring immediate action;

"(iii) unforeseen, unpredictable, and unanticipated; and

"(iv) not permanent, temporary in nature.

"(B) An emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, is not unforeseen.".

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