

112TH CONGRESS
1ST SESSION

H. R. 2560

AN ACT

To cut, cap, and balance the Federal budget.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Cut, Cap, and Balance
3 Act of 2011”.

4 **TITLE I—CUT**

5 **SEC. 101. MODIFICATION OF THE CONGRESSIONAL BUDGET**

6 **ACT.**

7 Title III of the Congressional Budget Act of 1974
8 is amended by inserting at the end the following:

9 **“SEC. 316. DISCRETIONARY SPENDING LIMITS.**

10 “(a) IN GENERAL.—It shall not be in order in the
11 House of Representatives or the Senate to consider any
12 bill, joint resolution, amendment, or conference report that
13 would cause the discretionary spending limits as set forth
14 in this section to be exceeded.

15 “(b) LIMITS.—In this section, the term ‘discretionary
16 spending limits’ means for fiscal year 2012: for the discre-
17 tionary category, \$1,019,402,000,000 in new budget au-
18 thority and \$1,224,568,000,000 in outlays.

19 “(c) ADJUSTMENTS.—After the reporting of a bill or
20 joint resolution relating to the global war on terrorism de-
21 scribed in subsection (d), or the offering of an amendment
22 thereto or the submission of a conference report thereon—

23 “(1) the chair of the House or Senate Com-
24 mittee on the Budget may adjust the discretionary
25 spending limits provided in this section for purposes
26 of congressional enforcement, the budgetary aggre-

1 gates in the concurrent resolution on the budget
2 most recently adopted by the Senate and the House
3 of Representatives, and allocations pursuant to sec-
4 tion 302(a) of the Congressional Budget Act of
5 1974, by the amount of new budget authority in
6 that measure for that purpose and the outlays flow-
7 ing therefrom; and

8 “(2) following any adjustment under paragraph
9 (1), the House or Senate Committee on Appropria-
10 tions may report appropriately revised suballocations
11 pursuant to section 302(b) of the Congressional
12 Budget Act of 1974 to carry out this subsection.

13 “(d) GLOBAL WAR ON TERRORISM.—If a bill or joint
14 resolution is reported making appropriations for fiscal
15 year 2012 that provides funding for the global war on ter-
16 rorism, the allowable adjustments provided for in sub-
17 section (c) for fiscal year 2012 shall not exceed
18 \$126,544,000,000 in budget authority and the outlays
19 flowing therefrom.

20 **“SEC. 317. CERTAIN DIRECT SPENDING LIMITS.**

21 “(a) IN GENERAL.—It shall not be in order in the
22 House of Representatives or the Senate to consider any
23 bill, joint resolution, amendment, or conference report that
24 includes any provision that would cause total direct spend-

ing, except as excluded in subsection (b), to exceed the limits specified in subsection (c).

“(b) EXEMPT FROM DIRECT SPENDING LIMITS.—Direct spending for the following functions is exempt from the limits specified in subsection (c):

“(1) Social Security, function 650.

“(2) Medicare, function 570.

“(3) Veterans Benefits and Services, function 700.

“(4) Net Interest, function 900.

“(c) LIMITS ON OTHER DIRECT SPENDING.—The total combined outlays for all direct spending not exempted in subsection (b) for fiscal year 2012 shall not exceed \$680,730,000,000.”.

SEC. 102. STATUTORY ENFORCEMENT OF SPENDING CAPS THROUGH SEQUESTRATION.

Title III of the Congressional Budget Act of 1974 is amended by inserting after section 317 the following new section:

“SEC. 318. ENFORCEMENT OF DISCRETIONARY AND DIRECT SPENDING CAPS.

“(a) IMPLEMENTATION.—The sequesters shall be implemented as follows:

“(1) DISCRETIONARY SPENDING IMPLEMENTATION.—For the discretionary limits in section 316 of

1 the Congressional Budget Act of 1974, pursuant to
2 section 251(a) of the Balanced Budget and Emer-
3 gency Deficit Control Act of 1985 with each cat-
4 egory sequestered separately.

5 “(2) DIRECT SPENDING IMPLEMENTATION.—

6 (A) The sequestration to enforce this section for di-
7 rect spending shall be implemented pursuant to sec-
8 tion 254 of the Balanced Budget and Emergency
9 Deficit Control Act of 1985.

10 “(B) Section 255 of the Balanced Budget and
11 Control Act of 1985 shall not apply to this section,
12 except that payments for military personnel accounts
13 (within subfunctional category 051), TRICARE for
14 Life, Medicare (functional category 570), military
15 retirement, Social Security (functional category
16 650), veterans (functional category 700), net inter-
17 est (functional category 900), and discretionary ap-
18 propriations shall be exempt.

19 “(b) MODIFICATION OF PRESIDENTIAL ORDER.—

20 “(1) IN GENERAL.—At any time after the Di-
21 rector of OMB issues a sequestration report under
22 subsection (a) and section 319(c) the provisions of
23 section 258A of the Balanced Budget and Emer-
24 gency Deficit Control Act of 1985 shall apply to the
25 consideration in the House of Representatives and

1 the Senate of a bill or joint resolution to override the
 2 order if the bill or joint resolution, as enacted, would
 3 achieve the same level of reductions in new budget
 4 authority and outlays for the applicable fiscal year
 5 as set forth in the order.

6 “(2) POINT OF ORDER.—In the House of Rep-
 7 resentatives or Senate, it shall not be in order to
 8 consider a bill or joint resolution which waives,
 9 modifies, or in any way alters a sequestration order
 10 unless the chair of the House or Senate Committee
 11 on the Budget certifies that the measure achieves
 12 the same levels of reductions in new budget author-
 13 ity and outlays for the applicable year as set forth
 14 in the order.”.

15 **TITLE II—CAP**

16 **SEC. 201. LIMIT ON TOTAL SPENDING.**

17 (a) DEFINITIONS.—Section 250(c) of the Balanced
 18 Budget and Emergency Deficit Control Act of 1985 is
 19 amended by striking paragraph (4), redesignating the suc-
 20 ceeding paragraphs accordingly, and adding the following
 21 new paragraph:

22 “(19) The term ‘GDP’, for any fiscal year,
 23 means the gross domestic product during such fiscal
 24 year consistent with Department of Commerce defi-
 25 nitions.”.

1 (b) CAPS.—The Congressional Budget Act of 1974
2 is amended by inserting after section 318 the following
3 new section:

4 **“SEC. 319. ENFORCING GDP OUTLAY LIMITS.**

5 “(a) ENFORCING GDP OUTLAY LIMITS.—In this sec-
6 tion, the term ‘GDP outlay limit’ means an amount, as
7 estimated by OMB, equal to—

8 “(1) projected GDP for that fiscal year as esti-
9 mated by OMB, multiplied by

10 “(2) 21.7 percent for fiscal year 2013; 20.8
11 percent for fiscal year 2014; 20.2 percent for fiscal
12 year 2015; 20.1 percent for fiscal year 2016; 19.9
13 percent for fiscal year 2017; 19.7 percent for fiscal
14 year 2018; 19.9 percent for fiscal year 2019; 19.9
15 percent for fiscal year 2020; and 19.9 percent for
16 fiscal year 2021.

17 “(b) GDP OUTLAY LIMIT AND OUTLAYS.—

18 “(1) DETERMINING THE GDP OUTLAY LIMIT.—
19 The Office of Management and Budget shall estab-
20 lish in the President’s budget the GDP outlay limit
21 for the budget year.

22 “(2) TOTAL FEDERAL OUTLAYS.—In this sec-
23 tion, total Federal outlays shall include all on-budget
24 and off-budget outlays.

1 “(c) SEQUESTRATION.—The sequestration to enforce
 2 this section shall be implemented pursuant to section 254
 3 of the Balanced Budget and Emergency Deficit Control
 4 Act of 1985.

5 “(d) EXEMPT PROGRAMS.—Section 255 of the Bal-
 6 anced Budget and Control Act of 1985 shall not apply
 7 to this section, except that payments for military per-
 8 sonnel accounts (within subfunctional category 051),
 9 TRICARE for Life, Medicare (functional category 570),
 10 military retirement, Social Security (functional category
 11 650), veterans (functional category 700), and net interest
 12 (functional category 900) shall be exempt.”.

13 **SEC. 202. ENFORCEMENT PROCEDURES UNDER THE CON-**
 14 **GRESSIONAL BUDGET ACT OF 1974.**

15 (a) ENFORCEMENT.—Title III of the Congressional
 16 Budget Act of 1974 is amended by adding after section
 17 319 the following new section:

18 **“SEC. 320. ENFORCEMENT PROCEDURES.**

19 “‘It shall not be in order in the House of Representa-
 20 tives or the Senate to consider any bill, joint resolution,
 21 amendment, or conference report that would cause the
 22 most recently reported current GDP outlay limits set forth
 23 in section 319 of the Congressional Budget Act of 1974
 24 to be exceeded.’”.

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

“Sec. 316. Discretionary spending limits.

“Sec. 317. Certain direct spending limits.

“Sec. 318. Enforcement of discretionary and direct spending caps.

“Sec. 319. Enforcing GDP outlay limits.

“Sec. 320. Enforcement procedures.”.

TITLE III—BALANCE

SEC. 301. REQUIREMENT THAT A BALANCED BUDGET AMENDMENT BE SUBMITTED TO STATES.

(a) IN GENERAL.—The Secretary of the Treasury shall not exercise the additional borrowing authority provided under subsection (b) until the Archivist of the United States transmits to the States H.J. Res. 1 in the form reported on June 23, 2011, S.J. Res. 10 in the form introduced on March 31, 2011, or H.J. Res. 56 in the form introduced on April 7, 2011, a balanced budget amendment to the Constitution, or a similar amendment if it requires that total outlays not exceed total receipts, that contains a spending limitation as a percentage of GDP, and requires that tax increases be approved by a two-thirds vote in both Houses of Congress for their ratification.

(b) AMENDMENT TO TITLE 31.—Effective on the date the Archivist of the United States transmits to the States H.J. Res 1 in the form reported, S.J. Res. 10 in

1 the form introduced, or H.J. Res. 56 in the form intro-
2 duced, a balanced budget amendment to the Constitution,
3 or a similar amendment if it requires that total outlays
4 not exceed total receipts, contains a spending limitation
5 as a percentage of GDP, and requires tax increases be
6 approved by a two-thirds vote in both Houses of Congress
7 for their ratification, section 3101(b) of title 31, United
8 States Code, is amended by striking the dollar limitation
9 contained in such subsection and inserting
10 \$16,700,000,000,000.

Passed the House of Representatives July 19, 2011.

Attest:

Clerk.

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