

Calendar No. 97

112TH CONGRESS
1ST SESSION**S. 1340**

To cut, cap, and balance the Federal budget.

IN THE SENATE OF THE UNITED STATES

JULY 7, 2011

Mr. LEE (for himself, Mr. TOOMEY, Mr. PAUL, Mr. DEMINT, Mr. JOHNSON of Wisconsin, Mr. HATCH, Ms. AYOTTE, Mr. BARRASSO, Mr. BLUNT, Mr. BOOZMAN, Mr. COBURN, Mr. CORKER, Mr. GRAHAM, Mr. ISAKSON, Mr. PORTMAN, Mr. ROBERTS, Mr. RUBIO, Mr. SESSIONS, Mr. THUNE, Mr. VITTER, and Mr. WICKER) introduced the following bill; which was read the first time

JULY 11, 2011

Read the second time and placed on the calendar

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

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

TITLE I—CUT**SEC. 101. REDUCTION OF 2012 SPENDING.**

Fore purposes of section 302(a) of the Congressional Budget Act of 1974, the estimated allocation of the appropriate levels of budget totals for fiscal year 2012 for the Senate Committee on Appropriations shall be—

(1) \$1,137,000,000,000 in total new budget authority; and

(2) \$1,277,000,000,000 in total budget outlays.

TITLE II—CAP**SEC. 201. SENSE OF CONGRESS.**

It is the sense of Congress that Congress should enact comprehensive tax reform that lowers marginal rates, broadens the base, and simplifies the tax code to increase economic growth while generating revenues that are in line with the historical average of 18% of GDP.

SEC. 202. MODIFICATION OF THE CONGRESSIONAL BUDGET ACT.

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

“SEC. 316. DISCRETIONARY SPENDING LIMITS.

“(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that

1 includes any provision that would cause the discretionary
2 spending limits as set forth in this section to be exceeded.

3 “(b) LIMITS.—In this section, the term ‘discretionary
4 spending limits’ has the following meaning:

5 “(1) For fiscal year 2012—

6 “(A) for the defense category (budget
7 function 050), \$575,790,000,000 in budget au-
8 thority; and

9 “(B) for the non-defense category,
10 \$435,000,000,000 in budget authority.

11 “(2) For fiscal year 2013—

12 “(A) for the defense category (budget
13 function 050), \$593,476,000,000 in budget au-
14 thority; and

15 “(B) for the non-defense category,
16 \$435,000,000,000 in budget authority.

17 “(3) For fiscal year 2014—

18 “(A) for the defense category (budget
19 function 050), \$609,549,000,000 in budget au-
20 thority; and

21 “(B) for the non-defense category,
22 \$435,000,000,000 in budget authority.

23 “(4) For fiscal year 2015—

1 “(A) for the defense category (budget
2 function 050), \$621,853,000,000 in budget au-
3 thority; and

4 “(B) for the non-defense category,
5 \$435,000,000,000 in budget authority.

6 “(5) For fiscal year 2016—

7 “(A) for the defense category (budget
8 function 050), \$634,895,000,000 in budget au-
9 thority; and

10 “(B) for the non-defense category,
11 \$435,000,000,000 in budget authority.

12 “(6) For fiscal year 2017—

13 “(A) for the defense category (budget
14 function 050), \$646,458,000,000 in budget au-
15 thority; and

16 “(B) for the non-defense category,
17 \$435,000,000,000 in budget authority.

18 “(7) For fiscal year 2018—

19 “(A) for the defense category (budget
20 function 050), \$658,261,000,000 in budget au-
21 thority; and

22 “(B) for the non-defense category,
23 \$435,000,000,000 in budget authority.

24 “(8) For fiscal year 2019—

1 “(A) for the defense category (budget
2 function 050), \$667,000,000,000 in budget au-
3 thority; and

4 “(B) for the non-defense category,
5 \$435,000,000,000 in budget authority.

6 “(9) For fiscal year 2020—

7 “(A) for the defense category (budget
8 function 050), \$671,000,000,000 in budget au-
9 thority; and

10 “(B) for the non-defense category,
11 \$443,500,000,000 in budget authority.

12 “(10) For fiscal year 2021—

13 “(A) for the defense category (budget
14 function 050), \$695,000,000,000 in budget au-
15 thority; and

16 “(B) for the non-defense category,
17 \$457,700,000,000 in budget authority.

18 “(c) ADJUSTMENTS.—After the reporting of a bill or
19 joint resolution relating to overseas deployments described
20 in subsection (d), or the offering of an amendment thereto
21 or the submission of a conference report thereon—

22 “(1) the Chairman of the Senate Committee on
23 the budget may adjust the discretionary spending
24 limits provided in this section, the budgetary aggre-
25 gates in the concurrent resolution on the budget

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

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

12 “(d) OVERSEAS DEPLOYMENTS.—If a bill or joint
13 resolution is reported making appropriations for fiscal
14 year 2012, 2013, 2014, 2015, 2016, or 2017 that provides
15 funding for overseas deployments and activities under-
16 taken as a result of a declaration of war or Congressional
17 authorization of force, the allowable adjustments provided
18 for in subsection (c) shall not exceed the following:

19 “(1) For fiscal year 2012, \$126,500,000,000 in
20 budget authority.

21 “(2) For fiscal year 2013, \$50,000,000,000 in
22 budget authority.

23 “(3) For fiscal year 2014, \$50,000,000,000 in
24 budget authority.

1 “(4) For fiscal year 2015, \$50,000,000,000 in
2 budget authority.

3 “(5) For fiscal year 2016, \$30,800,000,000 in
4 budget authority.

5 “(6) For fiscal year 2017, \$8,500,000,000 in
6 budget authority.

7 “(e) POINT OF ORDER IN THE SENATE.—

8 “(1) WAIVER.—The provisions of this section
9 shall be waived or suspended in the Senate only—

10 “(A) by the affirmative vote of two-thirds
11 of the Members, duly chosen and sworn; or

12 “(B) in the case of defense budget author-
13 ity, if Congress declares war or authorizes the
14 use of force

15 “(2) APPEAL.—Appeals in the Senate from de-
16 cisions of the Chair relating to any provision of this
17 section shall be limited to one hour, to be equally di-
18 vided between, and controlled by, the appellant and
19 the manager of the measure. An affirmative vote of
20 two-thirds of the Members of the Senate, duly cho-
21 sen and sworn, shall be required to sustain an ap-
22 peal of the ruling of the Chair on a point of order
23 raised under this section.

1 **“SEC. 317. CERTAIN MANDATORY SPENDING LIMITS.**

2 “(a) IN GENERAL.—It shall not be in order in the
3 House of Representatives or the Senate to consider any
4 bill, joint resolution, amendment, or conference report that
5 includes any provision that would cause total on-budget
6 mandatory spending, except as excluded in subsection (b),
7 to exceed the limits specified in subsection (c).

8 “(b) EXEMPT FROM SPECIFIED LIMITS.—The man-
9 datory components of the following functions are exempt
10 from the limits specified in subsection (c):

11 “(1) Social Security, function 650.

12 “(2) Medicare, function 570.

13 “(3) Veterans Benefits and Services, function
14 700.

15 “(4) Net Interest, function 900.

16 “(c) LIMITS ON REMAINING MANDATORY SPEND-
17 ING.—The total combined budget authority for all manda-
18 tory spending not exempted in subsection (b) shall not ex-
19 ceed the following limits:

20 “(1) For fiscal year 2012, \$701,640,000,000 in
21 budget authority.

22 “(2) For fiscal year 2013, \$648,701,000,000 in
23 budget authority.

24 “(3) For fiscal year 2014, \$580,743,000,000 in
25 budget authority.

1 “(4) For fiscal year 2015, \$575,423,000,000 in
2 budget authority.

3 “(5) For fiscal year 2016, \$574,072,000,000 in
4 budget authority.

5 “(6) For fiscal year 2017, \$568,519,000,000 in
6 budget authority.

7 “(7) For fiscal year 2018, \$558,645,000,000 in
8 budget authority.

9 “(8) For fiscal year 2019, \$558,869,000,000 in
10 budget authority.

11 “(9) For fiscal year 2020, \$566,867,000,000 in
12 budget authority.

13 “(10) For fiscal year 2021, \$588,162,000,000
14 in budget authority.

15 “(d) POINT OF ORDER IN THE SENATE.—

16 “(1) WAIVER.—The provisions of this section
17 shall be waived or suspended in the Senate only by
18 the affirmative vote of two-thirds of the Members,
19 duly chosen and sworn.

20 “(2) APPEAL.—Appeals in the Senate from de-
21 cisions of the Chair relating to any provision of this
22 section shall be limited to one hour, to be equally di-
23 vided between, and controlled by, the appellant and
24 the manager of the measure. An affirmative vote of
25 two-thirds of the Members of the Senate, duly cho-

1 sen and sworn, shall be required to sustain an ap-
2 peal of the ruling of the Chair on a point of order
3 raised under this section.

4 **“SEC. 318. LIMITS FOR SOCIAL SECURITY.**

5 “(a) IN GENERAL.—It shall not be in order in the
6 House of Representatives or the Senate to consider any
7 bill, joint resolution, amendment, or conference report that
8 includes any provision that would cause total mandatory
9 spending for Social Security (function 650) to exceed the
10 limits specified in subsection (b).

11 “(b) LIMITS.—

12 “(1) IN GENERAL.—For purposes of this sec-
13 tion the limits are as follows:

14 “(A) For fiscal year 2012, total outlays
15 shall be \$760,356,000,000.

16 “(B) For fiscal year 2013, total outlays
17 shall be \$798,614,000,000.

18 “(C) For fiscal year 2014, total outlays
19 shall be \$841,440,000,000.

20 “(D) For fiscal year 2015, total outlays
21 shall be \$887,837,000,000.

22 “(E) For fiscal year 2016, total outlays
23 shall be \$938,547,000,000.

24 “(F) For fiscal year 2017, total outlays
25 shall be \$995,325,000,000.

1 “(G) For fiscal year 2018, total outlays
2 shall be \$1,057,552,000,000.

3 “(H) For fiscal year 2019, total outlays
4 shall be \$1,123,629,000,000.

5 “(I) For fiscal year 2020, total outlays
6 shall be \$1,193,747,000,000.

7 “(J) For fiscal year 2021, total outlays
8 shall be \$1,265,566,000,000.

9 “(2) EXCEPTION.—If the Congressional Budget
10 Office determines that projected outlays are expected
11 to exceed the limits specified above due to changes
12 in cost-of-living adjustments contained in present
13 law subsection (c) shall not apply.

14 “(c) POINT OF ORDER IN THE SENATE.—

15 “(1) WAIVER.—The provisions of this section
16 shall be waived or suspended in the Senate only by
17 the affirmative vote of two-thirds of the Members,
18 duly chosen and sworn.

19 “(2) APPEAL.—Appeals in the Senate from de-
20 cisions of the Chair relating to any provision of this
21 section shall be limited to one hour, to be equally di-
22 vided between, and controlled by, the appellant and
23 the manager of the measure. An affirmative vote of
24 two-thirds of the Members of the Senate, duly cho-
25 sen and sworn, shall be required to sustain an ap-

1 peal of the ruling of the Chair on a point of order
2 raised under this section.

3 **“SEC. 319. LIMITS FOR MEDICARE.**

4 “(a) IN GENERAL.—It shall not be in order in the
5 House of Representatives or the Senate to consider any
6 bill, joint resolution, amendment, or conference report that
7 includes any provision that would cause total mandatory
8 spending for Medicare (function 570) to exceed the limits
9 specified in subsection (b).

10 “(b) LIMITS.—For purposes of this section the limits
11 are as follows:

12 “(1) For fiscal year 2012, total outlays, exclud-
13 ing offsetting receipts, shall be \$488,060,000,000.

14 “(2) For fiscal year 2013, total outlays, exclud-
15 ing offsetting receipts, shall be \$530,767,000,000.

16 “(3) For fiscal year 2014, total outlays, exclud-
17 ing offsetting receipts, shall be \$560,744,000,000.

18 “(4) For fiscal year 2015, total outlays, exclud-
19 ing offsetting receipts, shall be \$585,256,000,000.

20 “(5) For fiscal year 2016, total outlays, exclud-
21 ing offsetting receipts, shall be \$634,769,000,000.

22 “(6) For fiscal year 2017, total outlays, exclud-
23 ing offsetting receipts, shall be \$657,799,000,000.

24 “(7) For fiscal year 2018, total outlays, exclud-
25 ing offsetting receipts, shall be \$682,951,000,000.

1 bill, joint resolution, amendment, or conference report that
2 includes any provision that would cause total mandatory
3 spending for Veterans Benefits and Services (function
4 700) to exceed the limits specified in subsection (b).

5 “(b) LIMITS.—For purposes of this section the limits
6 are as follows:

7 “(1) For fiscal year 2012, total outlays shall
8 not exceed \$69,400,000,000.

9 “(2) For fiscal year 2013, total outlays shall
10 not exceed \$69,400,000,000.

11 “(3) For fiscal year 2014, total outlays shall
12 not exceed \$71,350,000,000.

13 “(4) For fiscal year 2015, total outlays shall
14 not exceed \$73,300,000,000.

15 “(5) For fiscal year 2016, total outlays shall
16 not exceed \$80,500,000,000.

17 “(6) For fiscal year 2017, total outlays shall
18 not exceed \$77,310,000,000.

19 “(7) For fiscal year 2018, total outlays shall
20 not exceed \$74,250,000,000.

21 “(8) For fiscal year 2019, total outlays shall
22 not exceed \$81,600,000,000.

23 “(9) For fiscal year 2020, total outlays shall
24 not exceed \$83,830,000,000.

1 “(10) For fiscal year 2021, total outlays shall
2 not exceed \$86,100,000,000.

3 “(c) POINT OF ORDER IN THE SENATE.—

4 “(1) WAIVER.—The provisions of this section
5 shall be waived or suspended in the Senate only by
6 the affirmative vote of two-thirds of the Members,
7 duly chosen and sworn.

8 “(2) APPEAL.—Appeals in the Senate from de-
9 cisions of the Chair relating to any provision of this
10 section shall be limited to one hour, to be equally di-
11 vided between, and controlled by, the appellant and
12 the manager of the measure. An affirmative vote of
13 two-thirds of the Members of the Senate, duly cho-
14 sen and sworn, shall be required to sustain an ap-
15 peal of the ruling of the Chair on a point of order
16 raised under this section.”.

17 **SEC. 203. STATUTORY ENFORCEMENT OF SPENDING CAPS**
18 **THROUGH SEQUESTRATION.**

19 The Balanced Budget and Emergency Deficit Control
20 Act of 1985 is amended by inserting after section 253 the
21 following:

22 **“SEC. 253A. ENFORCEMENT OF DISCRETIONARY AND MAN-**
23 **DATORY CAPS.**

24 “(a) ANNUAL REPORT AND SEQUESTRATION
25 ORDER.—

1 “(1) REPORT.—Not later than 30 calendar
2 days following the start of each fiscal year, the Of-
3 fice of Management and Budget shall make publicly
4 available and cause to be printed in the Federal
5 Register an annual report containing expected budg-
6 et authority and outlays for the categories and limits
7 established in sections 316 through 320 of the Con-
8 gressional Budget Act of 1974. The limits estab-
9 lished in such sections shall be enforced without re-
10 gard to the waiver of such limits by either House.

11 “(2) ORDER.—If the annual report issued by
12 OMB, as required by paragraph (1), shows any cat-
13 egory exceeding specified spending caps, OMB shall
14 prepare and the President shall issue and include in
15 that report a sequestration order that, upon
16 issuance, shall reduce budgetary resources by an
17 amount sufficient to bring spending in line with that
18 category’s statutory cap.

19 “(3) EFFECTIVE DATE.—The sequestration
20 order shall take effect no later than 60 days after
21 completion by the OMB.

22 “(b) CALCULATING A SEQUESTRATION.—

23 “(1) IN GENERAL.—OMB shall calculate the
24 uniform percentage each program within a category
25 that has exceeded its spending cap shall be reduced

1 to bring that category’s budget authority and/or out-
2 lays in line with the limits referred to in subsection
3 (a)(1).

4 “(2) IMPLEMENTATION.—The sequesters shall
5 be implemented as follows:

6 “(A) For the discretionary limits in section
7 316 of the Congressional Budget Act of 1974,
8 pursuant to the section 251 with each category
9 sequestered separately.

10 “(B) For the mandatory limits in section
11 317 of the Congressional Budget Act of 1974,
12 pursuant to the Statutory Pay-As-You-Go Act
13 of 2010, except that section 7 of such Act shall
14 not apply.

15 “(C) For the Social Security limits in sec-
16 tion 318 of the Congressional Budget Act of
17 1974, the Social Security Administration shall
18 modify the program so that all benefits and ad-
19 ministrative expenses are reduced in a uniform
20 fashion by a percentage sufficient to allow the
21 program to operate under its cap.

22 “(D) For the Medicare limit in section 319
23 of the Congressional Budget Act of 1974, the
24 Centers for Medicare & Medicaid Services
25 (CMS) shall modify the program so that all

1 outlays are reduced by a uniform percentage
2 sufficient to bring the program under its cap.

3 “(E) For the Veterans Benefits and Serv-
4 ices limit in section 320 of the Congressional
5 Budget Act of 1974, the Secretary of Defense
6 and the Secretary of Veterans Affairs shall
7 modify the program so that the program oper-
8 ates under its spending cap.

9 “(c) MODIFICATION OF PRESIDENTIAL ORDER.—

10 “(1) IN GENERAL.—At any time after the Di-
11 rector of OMB issues a sequestration report, Con-
12 gress may override the order through the passage of
13 a law that either waves or supersedes the spending
14 limitations for that category of federal spending for
15 that fiscal year.

16 “(2) SENATE.—In the Senate, any motion to
17 move to consideration of a bill to waive, modify, or
18 in any way alter a sequestration order shall be sub-
19 ject to a point of order that can only be waived
20 through an affirmative vote of two-thirds of the
21 Members, duly chosen and sworn. This point of
22 order shall not apply to defense spending while the
23 nation is engaged in a conflict which has been justi-
24 fied through a declaration of war or a Congressional
25 authorization of force.”.

TITLE III—BALANCE**SEC. 301. REQUIREMENT THAT BBA BE SUBMITTED TO STATES.**

(a) IN GENERAL.—The Secretary of the Treasury shall not exercise the additional borrowing authority under subsection (b) of section 3101 of title 31, United States Code until the date that the Archivist of the United States transmits to the States S.J. Res. 10 as introduced on March 31, 2011, a balanced budget amendment to the Constitution, or a similar amendment provided 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 super-majority vote in both houses of Congress, for their ratification.

(b) AMENDMENT TO TITLE 31.—Effective on the date that the Archivist of the United States transmits to the States S.J. Res. 10, a balanced budget amendment to the Constitution, or a similar amendment provided 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 super-majority vote in both houses of Congress, for their ratification, subsection (b) of section 3101 of title 31, United States Code, is amended by striking the dollar limitation

1 contained in such subsection and inserting
2 \$16,700,000,000,000.

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112TH CONGRESS
1ST Session

S. 1340

A BILL

To cut, cap, and balance the Federal budget.

JULY 11, 2011

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