

[111 STAT 710]

SEC. 10209. THE BASELINE.

(a) IN GENERAL.—Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

[2 USC 907.](#)

(1) in subsection (b)(2) by amending subparagraph (A) to read as follows:

“(A)(i) No program established by a law enacted on or before the date of enactment of the Balanced Budget Act of 1997 with estimated current year outlays greater than \$50,000,000 shall be assumed to expire in the budget year or the outyears. The scoring of new programs with estimated outlays greater than \$50,000,000 a year shall be based on scoring by the Committees on Budget or OMB, as applicable. OMB, CBO, and the Budget Committees shall consult on the scoring of such programs where there are differences [sic] between CBO and OMB.

“(ii) On the expiration of the suspension of a provision of law that is suspended under section 171 of Public Law 104-127 and that authorizes a program with estimated fiscal year outlays that are greater than \$50,000,000, for purposes of clause (i), the program shall be assumed to continue to operate in the same manner as the program operated immediately before the expiration of the suspension.”;

(2) by adding the end of subsection (b)(2) the following new subparagraph:

[111 STAT 711]

“(D) If any law expires before the budget year or any outyear, then any program with estimated current year outlays greater than \$50,000,000 that operates under that law shall be assumed to continue to operate under that law as in effect immediately before its expiration.”;

(3) in the second sentence of subsection (c)(5), by striking “national product fixed-weight price index” and inserting “domestic product chain-type price index”; and

(4) by striking subsection (e) and inserting the following:

“(e) ASSET SALES.—Amounts realized from the sale of an asset shall not be included in estimates under section 251, 252, or 253 if that sale would result in a financial cost to the Federal Government as determined pursuant to scorekeeping guidelines.”.

(b) PRESIDENT'S BUDGET.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following:

“(32) a statement of the levels of budget authority and outlays for each program assumed to be extended in the baseline as provided in section 257(b)(2)(A) and for excise taxes assumed to be extended under section 257(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(c) BUDGETARY TREATMENT OF CERTAIN TRUST FUND OPERATIONS.—Section 710 of the Social Security Act (42 U.S.C. 911) is amended to read as follows:

“BUDGETARY TREATMENT OF TRUST FUND OPERATIONS

“SEC. 710. (a) The receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund and the taxes imposed under sections 1401 and 3101 of the Internal Revenue Code of 1986 shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

“(b) No provision of law enacted after the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (other than a provision of an appropriation Act that appropriated funds authorized under the Social Security Act as in effect on the date of the enactment of the Balanced Budget and Emergency Deficit control Act of 1985) may provide for payments from the general fund of the Treasury to any Trust Fund specified in subsection (a) or for payments from any such Trust Fund to the general fund of the Treasury.”.

**EXPLANATORY STATEMENT OF MANAGERS
(H. CONF. REPT. 105-217)**

32. Amendments to section 257 of Gramm-Rudman-Hollings

HOUSE BILL (SECTION 11209)

The House bill makes various changes in the definition of the baseline which is used to score legislation for the purpose of enforcing PAYGO requirements. It modifies the rule that programs with outlays greater than \$50 million are assumed to continue beyond their expiration date. As modified, the exception would apply only when the legislation explicitly designates that a provision is exempt from the baseline extension requirement.

It assumes that the baseline for expiring mandatory programs continues to operate under the law that was immediately in effect before the program's expiration.

It changes the index used for calculating the inflator from the 'national product fixed-weight price index' to the 'domestic product chain-type price index'.

It changes the budgetary treatment of asset sales (which currently prohibits counting the proceeds of asset sales for PAYGO purposes). As modified, the proceeds will score only if the sale does not result in a net cost to the Federal government. The formula for making this determination is included in the scorekeeping guidelines.

SENATE AMENDMENT (SECTION 1659)

The Senate amendment is similar to the House bill with two exceptions. First, the Senate amendment provides a different treatment of the baseline for mandatory programs that exceed \$50 million. Under current law, CBO and OMB will not score savings associated with terminating mandatory programs that exceed \$50 million or reflect the termination of such programs in their baselines. The Senate amendment would allow CBO and OMB to score savings associated with the termination of mandatory programs and reflect the program's termination in the baseline if the legislation clearly eliminated the Federal government's financial obligation to continue to fund the program. Second, the Senate amendment conforms provisions of the Social Security Act regarding the budgetary treatment of the Hospital Insurance Fund with section 257 of GRH. The law is ambiguous regarding the budgetary treatment of the Hospital Insurance Fund. The amendment clarifies that this trust fund is not off-budget and modifies provisions regarding the budget resolution's display of health care budgetary levels.

CONFERENCE AGREEMENT (SECTION 10209)

The conference agreement reflects the Senate amendment with modifications. The conference agreement amends section 257 to provide that only those programs with current year outlays in excess of \$50 million and that were in existence on or before the date of enactment of the Balanced Budget Act of 1997 are assumed to continue for the purposes of the baseline. The conference agreement provides that the Budget Committees and OMB, as applicable, will determine the scoring of new programs in excess of \$50 million annually and CBO and OMB will consult on any differences on scoring of such new programs. The subsequent baseline treatment of such a new program should be consistent with the scoring of that program.

[Joint Explanatory Statement on the Committee of Conference on the Balanced Budget Act of 1997; (Conference Report), Committee on the Budget, House of Representatives, 105th Congress, 1st Session, Washington D.C. 1997.]