

In section 252(a)(4), current law is repeated; it provides that the scorecard exclude any costs/savings provision of a direct spending or revenue law that is designated as an emergency by the President and Congress. Congress must designate by statute, and the President may independently designate. Current law is modified only by requiring presidential designations to be made in writing.

In section 252(b)(1), akin to the current section 252(a), sequestration is provided if Congress ends a session with a net deficit increase on the scorecard for the budget year. As noted, a \$50 million *de minimis* is provided by the House bill.

In section 252(b)(2), the sequestration calculation and process is set forth; the provisions are akin to the current section 252(b). The bill clarifies the current treatment of the three so-called "Automatic Spending Increase" (ASI) programs; the maximum reduction is made if any sequestration is needed. The bill also moves sequestration of the guaranteed student loan program from step 2 (where it is covered by a special rule) to step 3 (where it is sequestered across-the-board, as needed). The same treatment is provided for the new direct student loan program.

In section 252(b)(3), the bill simplifies accounting and prevents over-sequestering. The sequestration of some programs provides savings (or in rare cases, costs) in the first outyear. Under current law, those extra savings are not counted toward meeting a budget-year average. This results in a higher sequestration percentage, and necessitates putting the outyear sequestration savings on the next year of the pay-as-you-go scorecard. An exception is made for CCC, for which about half of the savings occur in the first outyear; those savings are counted toward offsetting a budget-year average, and are not placed as a credit on the pay-as-you-go scorecard. The House bill simplifies the Act by adopting the CCC model across the board, thus preventing over-sequestration and eliminating any need to make extra entries on the scorecard.

Senate Amendment

Section 12(a) of the concurrent resolution on the budget adopted in April of 1993 provides:

(a) PURPOSE.—The Senate declares that it is essential to—

(1) ensure compliance with the deficit reduction goals embodied in this resolution;

(3) extend the pay-as-you-go enforcement system;

(4) prohibit the consideration of direct spending or receipts legislation that would decrease the pay-as-you-go surplus that the reconciliation bill pursuant to section 7 of this resolution will create under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. ***

H. Con. Res. 64, 103d Cong., 1st Sess. §12(a), 139 Cong. Rec. H1747, H1753 (daily ed. Mar. 31, 1993) (adopted).

The Senate amendment amends section 252 of the Gramm-Rudman-Hollings Act, extending the pay-as-you-go process for legislation enacted through fiscal year 1998. The pay-as-you-go scorecard ends with fiscal year 1998; the effects of enacted direct spending and revenue legislation in fiscal year 1999 and beyond are not taken into account. Additionally, the Senate amendment requires that the yearly pay-as-you-go balances be adjusted for deficit reduction achieved by the Omnibus Budget Reconciliation Act of 1993.

Section 12(c) of the budget resolution establishes a new point of order in the Senate that supplements the pay-as-you-go process

under the Gramm-Rudman-Hollings Act. The point of order bars consideration of any legislation affecting direct spending or revenues (with certain exceptions) that would increase the deficit above the levels for fiscal years 1994 through 1998 set in the budget resolution for fiscal year 1994. The point of order also applies to any such increases in deficit levels for fiscal years 1999 through 2003. While this new prohibition applies to individual pay-as-you-go measures as they are considered, the pay-as-you-go requirement under the Gramm-Rudman-Hollings Act, in contrast, is applied at the end of a session to all pay-as-you-go measures enacted into law.

Conference Agreement

The conference agreement contains the Senate language.

4. DEFICIT TARGETS OR "MAXIMUM DEFICIT AMOUNTS" (SECTION 253 OF GRAMM-RUDMAN-HOLLINGS)

Current Law

The Budget Enforcement Act of 1990 revised the deficit targets (maximum deficit amounts). The Act revised the deficit targets for fiscal years 1991 through 1993 and established new targets for fiscal years 1994 and 1995 (the targets for fiscal years 1991 through 1995 were set forth in section 601(a)(1) of the Congressional Budget Act of 1974). The sequestration procedures for enforcing the deficit targets are set forth in section 253 of the Gramm-Rudman-Hollings Act. Section 253 also provides for the periodic adjustment of the deficit targets.

The deficit targets were required to be adjusted for fiscal years 1992 and 1993, and are adjustable at the President's option for fiscal years 1994 and 1995. The President has chosen to make the 1994 adjustment, and will decide whether or not to adjust the fiscal year 1995 targets next year. Whenever a deficit target is adjusted, it is set at the level consistent with the discretionary spending limits and the pay-as-you-go requirement. Therefore, when adjusted, the deficit target provides no constraint beyond the appropriations caps and pay-as-you-go requirement, so no deficit sequester can occur.

Section 605 of the Congressional Budget Act of 1974 establishes a point of order in the Senate against the consideration of any measure that would cause the deficit target for the coming fiscal year to be exceeded. Section 606, in subsections (b) and (c), prohibits the consideration in the House and Senate of a budget resolution recommending a deficit in excess of the applicable deficit target.

House Bill

The House bill retains the procedures in section 253 of the Gramm-Rudman-Hollings Act for enforcing the deficit targets through fiscal year 1995. It also retains the feature in current law which allows the President to adjust the deficit targets again when he submits his budget for fiscal year 1995 early next year. The only amendments to section 253 are conforming; the intent is that section 253 remain in effect through 1995.

Senate Amendment

The Senate amendment contains no such changes.

Conference agreement

The conference agreement contains no such changes.

5. SEQUESTRATION REPORTS AND ORDERS (SECTION 254 OF GRAMM-RUDMAN-HOLLINGS)

Current Law

Under the Gramm-Rudman-Hollings Act, as amended, there are several basic require-

ments for sequestration reports and orders set out in section 254: (1) sequestration is triggered by a report from the OMB Director; (2) the OMB Director must issue a preview sequestration report with the President's budget submission, an update sequestration report by August 20, and a final sequestration report 15 days after the end of a session; (3) if a sequester is required, the President must issue a sequestration order, on the same day that the final OMB sequestration report is issued, that conforms strictly with the report; (4) the CBO Director must also issue such reports, five days before the OMB Director's reports are issued, and OMB must explain its differences with CBO; and (5) the contents of sequestration reports are prescribed in the Act.

In addition, the OMB Director must use for each sequestration report issued for a fiscal year the same economic and technical assumptions that underlie the President's most recent budget submission.

House Bill

The House bill retains the basic requirements for sequestration reports and orders set forth in section 254, with two changes: (1) the elimination of the update sequestration reports, currently required to be issued by OMB and CBO in August of each year; and (2) the weekly issuance by the OMB Director of reports on the discretionary and pay-as-you-go scorecards, beginning the second Wednesday in September.

Specific provisions include:

In section 254(a) and (c), the bill deletes the January 21 date for the President to announce his decision on adjusting the maximum deficit amount. For fiscal year 1994, that provision has been executed; for fiscal year 1995, the President's decision comes with his budget submission.

In section 254(b)(2) and (3), sequestration reports are required to include bill scoring to date, which is current OMB practice.

In section 254(e), a new requirement for bill cost reports is set forth, replacing similar requirements in the current section 251(a)(7) and section 252(d).

In section 254(f), a new requirement for weekly scorecard reports, starting the second week in September, is created, as noted. This is current OMB practice.

Also as noted, the current section 254(f), the annual update report, is deleted; it is made unnecessary by the scorecard reports.

Senate Amendment

The Senate amendment contains no such changes.

Conference Agreement

The conference agreement contains no such changes.

6. OTHER MATTERS

Current Law

The Gramm-Rudman-Hollings Act, as amended, contains additional sections that relate to the sequestration process.

Section 255 lists programs and activities that are exempt from sequestration.

Section 256 provides exceptions, limitations, and special rules that determine the manner in which sequestration is applied to certain programs and activities.

Section 257 prescribes the methodology for constructing baseline estimates for purposes of measuring appropriations bills and comparing direct spending and revenue bills to the baseline.

Section 258 and 259A-C contain certain "fast-track procedures" dealing with suspension of budget enforcement procedures in the event of war or low economic growth (section 258); the modification of a presidential