fail and, B, that we begin to understand what Teddy Roosevelt understood 100 years ago: concentration of ownership is dangerous for the economy.

Today, we have four major banks providing two-thirds of the credit cards in the country—four major financial institutions, two-thirds of all credit cards. We have four financial institutions writing half of all the mortgages in America. That is wrong. Break up the large financial institutions.

Ben Bernanke has the ability to begin to do that tomorrow. I have not heard one word from him to suggest he will do so.

The American people are angry. The American people are frustrated. What they are angry and frustrated about is that in many instances, they are working longer hours for lower wages than they used to, if they are fortunate enough to have a job. The American people are frustrated and angry because this immediate financial crisis and severe recession was caused by the recklessness and irresponsibility of a handful of people on Wall Street. The American people are frustrated and angry because they are not seeing the kind of accountability and change in terms of the activities on Wall Street they expect and demand to happen. Quite the contrary. After having bailed out people who acted in an illegal and irresponsible way, what they are seeing is Wall Street pumping millions of dollars into campaign contributions and lobbying so that we can bring them back to where they were before the bailout.

The American people want change in the way our financial institutions run. The American people want change at the Fed. I believe the American people want a new Chairman or Chairwoman at the Fed. Now is the time to say to the American people: We hear you. We are going to bring about change. We are going to deny the reappointment of Ben Bernanke as Chairman. We are going to ask President Obama to give us a new nominee who will stand up for the middle class and working class of this country rather than for the big-money interests on Wall Street.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. BROWNBACK. Madam President, I ask unanimous consent to add the following cosponsors to my amendment No. 3309: Senators BARRASSO, CRAPO, and JOHANNS.

The PRESIDING OFFICER. Without objection, it is so ordered.

CARFA

Mr. BROWNBACK. Madam President, the CARFA bill that will be voted on shortly has passed this Senate every Congress since the 107th Congress. It has either passed by rollcall vote or unanimous consent. This is nothing new. It has passed this body multiple times. Now it counts. Now when people vote on it, this will count. The CARFA bill breaks the Federal Government into four pieces. A fourth of the Federal Government is looked at each year, and then recommendations are made in a privileged motion that must be voted on. It is a spending commission. It is targeted at reducing Federal spending, which is clearly where the American public wants us to go. They don't want to raise taxes; they want to focus on getting wasteful spending under control.

This is a mechanism we have done before. It is a mechanism that has passed this Congress multiple times in the budget agreement. This time it counts. I ask my colleagues to look at this and say: If you voted for it in the past, do it now. We clearly need to do it.

Last night, the President spoke about the need to track the deficit. He was clear that we need to get the deficit under control. The first step in getting the deficit under control is to reduce spending, get spending under control.

Here is the latest chart on the gross Federal debt as a percentage of the GDP. This year, we passed the 90-percent threshold of debt to the economy. So of the total economy size, about $14 trillion, 90 percent of that is going to be gross debt. This is publicly and privately held debt combined. This is the level at which economists say this starts hurting the economy. It can drive down growth as much as 4 percent per year. We have had many years where we haven't even had 4 percent growth. We could put ourselves in negative growth by carrying this level of debt. And we blew through that number this year, headed toward 100 percent of debt to GDP. That is this year's number. That is the one that is just out.

Here is a breakdown of that. Some will say we are at 60 percent debt to economic activity. That is of the publicly held debt. That is the piece the Chinese own, and others. But if we look at total debt—this is what we owe to ourselves, the Social Security trust fund, other trust funds that I think we ought to pay back—we ought to be responsible with that. That is way up here, up over the 90-percent level. It is in the danger zone. It is time to get it under control.

CARFA is the way to do it. CARFA is a simple mechanism. It is eight people appointed, four by this body, four by the House. It makes recommendations on elimination of programs. Those must pass by six of the eight members who vote on that. That then is reported to the committee structure that is in the applicable areas of the recommendations for elimination. The committee has 30 days to review the recommendations. They can't amend it, but they can review the recommendations, say to the public: Here is what this is going to do if we make these cuts. Then it is subject to a privileged motion. The actual report comes before the body as a privileged motion. There is 10 hours of debate before we go to the bill. Then there is debate on the bill and a required vote with a 51-vote margin to pass it. That is all in the statute. This is the BRAC process, the Base Closure and Realignment Commission process used in the past to close military bases and to save us $60 billion annually in spending on military bases, closing down bases, putting them in more efficient alignment. This will do the same at the Federal level.

It is not as if we don't have wasteful spending at the Federal level. This chart shows the scorecard the OMB does on Federal spending by agencies. We can see a bunch of agencies get Ds or Fs on program reviews. The Department of Labor, Department of Education get Fs on their spending as far as its utility and for what it was targeted to do. If we have entire agencies rated at F or D or D-minus, don't you think there are a few programs in there that ought to be eliminated and that probably we can do without, without hurting the overall government or people or the economy? Absolutely. That is what the American people are screaming for us to do. They don't want us to raise taxes; they want us to cut spending. That is what the public is doing in this process. This is very clearly the process we should follow.

This is the time that this vote counts. My colleagues have been willing to support this concept in the budget resolution. Now is the time that it would have the force of law, if we are able to get it through. This is one the public is going to hear more and more about, as everybody gets focused on spending and what we need to do there. This will be the type of process that we need to do and that we need to use.

I urge a ''yes'' vote on the CARFA amendment, and I would hope my colleagues would put that in the bill so we can get a process by which we could legitimately start cutting Federal spending in a responsible way.

I yield the floor.

INCREASING THE STATUTORY LIMIT ON THE PUBLIC DEBT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.J. Res 45, which the clerk will report.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 45) increasing the statutory limit on the public debt.

Pending:

Baucus (for Reid) amendment No. 3299, in the nature of a substitute.

Reid amendment No. 3305 (to amendment No. 3299), to reimpose statutory pay-as-you-go.

Sessions amendment No. 3308 (to amendment No. 3299), to reduce the deficit by establising 5-year discretionary spending caps.

Brownback amendment No. 3309 (to amendment No. 3299), to establish a Commission on Congressional Budgetary Accountability and Review of Federal Agencies.

AMENDMENT NO. 3309

The PRESIDING OFFICER. The Senator from Kansas.

Mr. BROWNBACK. I understand I have 2 minutes to speak on the amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. BROWNBACK. Madam President, I wish to show two other charts. This is not new information, but I think it is pretty dramatic in its presentation, the level of the massive addition of Federal debt at levels we have never seen before. We are looking at $1.4 trillion in deficits. That is the annual addition. We have not seen numbers this size before. We haven't seen these percentages since World War II, the massive war effort we went into in World War II.

This is a critical situation at a critical time, and it must be addressed. The answer isn't to just extend the line of credit, which is what this bill—the base bill extends the line of credit by $1.9 trillion. It is nice that we have the ability to say: OK, we will have the line of credit extended by $1.9 trillion, but it doesn't address this, it just allows this to go on.

The CARFA bill gets at this line and starts cutting that. It starts cutting irresponsible Federal programs. It starts cutting duplicative Federal programs and programs that have accomplished their purposes. We have things we are funding that were started 50, 100 years ago, and they have actually accomplished what they were supposed to do and ought to be terminated. Yet they don't get terminated because there is no culling process that goes on. The Federal Government hasn't cut its own funding system for 100 years.

When I first came to Congress, we made a 1-year cut in Federal spending of 1 percent from one year to the next year. We eliminated some 200, 300 Federal programs. I used to give a speech asking people: Do you remember any of those programs we cut? Can you name two? I would pay people $10 if they could name two we eliminated. They heard about the ice being delivered to Members' offices, so they got that one. But they could never get a second one. Think of the number of programs that are rated as failing that we could eliminate and nobody would notice. They would applaud the fact that we were actually cutting Federal spending which has been very difficult for this body to get done. Here is a mechanism with which we can get it done.

I urge a ''yes'' vote on my amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Montana.

Mr. BAUCUS. Madam President, the day before yesterday, the Senate voted on the amendment offered by the chairman and ranking Republican member of the Budget Committee to create a budget commission. The Senate rejected that amendment. The proponents fell 7 votes short of the 60 votes they needed.

I opposed that amendment because it would have forced the Senate to consider the commission's recommendations using a fasttrack process. It would have outsourced our job to the commission.

The Senator from Kansas proposes a commission that also would create a fasttrack process. It would also put vital programs like Medicare, farm programs, and veterans' programs in the crosshairs. Thus, all who opposed the Conrad-Gregg commission on process grounds should oppose this amendment for the same reasons.

As well, the Brownback commission would address only the spending side of the budget. So those who wanted a broader commission should have that reason to oppose this commission, as well.

I have been advised that the chairman of the Budget Committee, Senator CONRAD, joins me in opposing this commission.

I urge my colleagues to oppose the amendment.

I yield back the remainder of my time and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The question is on agreeing to amendment No. 3309.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 51, nays 49, as follows:

[Rollcall Vote No. 10 Leg.]

YEAS—51

Alexander	Enzi	McConnell
Barrasso	Graham	Merkley
Bayh	Grassley	Murkowski
Bennet	Hagan	Nelson (NE)
Bennett	Hatch	Nelson (FL)
Bond	Hutchison	Risch
Brownback	Inhofe	Roberts
Bunning	Isakson	Sessions
Burr	Johanns	Shaheen
Chambliss	Klobuchar	Shelby
Coburn	Kyl	Tester
Collins	LeMieux	Thune
Corker	Lieberman	Vitter
Cornyn	Lincoln	Voinovich
Crapo	Lugar	Warner
DeMint	McCain	Webb
Ensign	McCaskill	Wicker

NAYS—49

Akaka	Feingold	Mikulski
Baucus	Feinstein	Murray
Begich	Franken	Pryor
Bingaman	Gillibrand	Reed
Boxer	Gregg	Reid
Brown	Harkin	Rockefeller
Burris	Inouye	Sanders
Byrd	Johnson	Schumer
Cantwell	Kaufman	Snowe
Cardin	Kerry	Specter
Carper	Kirk	Stabenow
Casey	Kohl	Udall (CO)
Cochran	Landrieu	Udall (NM)
Conrad	Lautenberg	Whitehouse
Dodd	Leahy	Wyden
Dorgan	Levin	
Durbin	Menendez	

The PRESIDING OFFICER. On this vote the yeas are 51, the nays are 49. Under the previous order requiring 60 votes for the adoption of this amendment, the amendment is withdrawn.

Who yields time?

The Senator from Missouri is recognized.

AMENDMENT NO. 3308 TO AMENDMENT NO. 3299

Mrs. MCCASKILL. Madam President, I wish to take a minute to speak in favor of this amendment. This should not be as hard as it appears. All this amendment is doing is asking us to live up to our vote last year on the budget bill. What we all decided to do last year on the budget bill was set some limits on spending for the next few years. All we are doing with this amendment is saying we are going to have to live up to our vote. It has 2 percent increases every year.

People have said there is going to be a problem because of the 67-vote threshold. Well, I have looked over the emergency votes we have had in this Chamber and there has not been a time when we haven't gotten them—on Katrina or other things. It exempts anytime Congress authorizes force. I wish to emphasize that for my colleagues. Anytime Congress has authorized force of our military, it exempts it.

Somebody spoke about the veterans. Do my colleagues think we can't get 67 votes for the veterans in this Chamber?

Seriously, it is time we begin to live up to what we say, and in the budget bill we all voted to do this. So let's put it in the law as we had in the 1990s. Don't ask me why we let it expire in 2002. I wasn't here. But we had both pay-go and this kind of freeze in the 1990s and we balanced the budget and we created a surplus. Let's go back to that time for the sake of our grandchildren.

Madam President, I yield the remainder of the time.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Madam President, let's make it clear. This is not the plan the President presented last evening. The President allows growth in Homeland Security. This amendment does not. The President's proposal doesn't put a cap on emergency spending. Yes, we have decided certain things are an emergency. Yet it doesn't mean that all of us will agree. He doesn't put a cap on that.

The President's plan will request more than $700 billion for Defense. This amendment allocates $614 billion. To exceed this amount, we need 60 votes. Does the Senate want to make the Defense budget subject to 60 votes?

As chairman of the committee, I agree that everyone should tighten their belts. The problem with this amendment is that all the tightening will be done on a small portion of the budget, while the revenues and mandatory spending will still be unchecked.

This is a flawed amendment. It is not the President's plan. I urge my colleagues to vote no.

I yield the floor.

The PRESIDING OFFICER. All time is yielded back.

Mr. SESSIONS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is on agreeing to the amendment.

The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 44, as follows:

[Rollcall Vote No. 11 Leg.]

YEAS—56

Alexander	Enzi	Murkowski
Barrasso	Graham	Nelson (NE)
Bayh	Grassley	Nelson (FL)
Begich	Gregg	Pryor
Bennet	Hagan	Risch
Bennett	Hatch	Roberts
Bond	Hutchison	Sessions
Brownback	Inhofe	Shaheen
Bunning	Isakson	Shelby
Burr	Johanns	Snowe
Carper	Klobuchar	Tester
Chambliss	Kyl	Thune
Coburn	LeMieux	Udall (CO)
Collins	Lieberman	Vitter
Corker	Lincoln	Voinovich
Cornyn	Lugar	Warner
Crapo	McCain	Webb
DeMint	McCaskill	Wicker
Ensign	McConnell	

NAYS—44

Akaka	Feingold	Menendez
Baucus	Feinstein	Merkley
Bingaman	Franken	Mikulski
Boxer	Gillibrand	Murray
Brown	Harkin	Reed
Burris	Inouye	Reid
Byrd	Johnson	Rockefeller
Cantwell	Kaufman	Sanders
Cardin	Kerry	Schumer
Casey	Kirk	Specter
Cochran	Kohl	Stabenow
Conrad	Landrieu	Udall (NM)
Dodd	Lautenberg	Whitehouse
Dorgan	Leahy	Wyden
Durbin	Levin	

The PRESIDING OFFICER. On this vote, the yeas are 56, the nays are 44. Under the previous order requiring 60 votes for the adoption of this amendment, the amendment is withdrawn.

The majority leader.

Mr. REID. Madam President, I ask unanimous consent that the next three votes be 10 minutes in duration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3305

Mr. REID. Madam President, let's not kid ourselves. We are in this financial situation and these pay-as-you-go rules are necessary because we spent the last decade spending money we did not have. We spent trillions on two wars, tax breaks for millionaires, corporations, and other red ink policies. Those days should be over. We simply can no longer afford it.

The idea behind pay-as-you-go is very simple. The rule we are proposing for the government is the same one Americans use every day in their individual lives, the same ones we teach our children: In order to spend a dollar, we have to have that dollar in our wallet. This law will enforce that commonsense approach.

Here is what it does not do. It does not block emergency spending. It does not keep businesses from creating jobs. And it does not prevent Congress from cutting taxes.

For all the Republican rhetoric on sensible spending, their recent choices call their seriousness into serious question. We drafted a health reform bill to reduce the deficit by as much as $1.3 trillion over the next 20 years. That is a fiscally responsible plan, and zero Republicans supported it.

Senators CONRAD and GREGG proposed a commission with the explicit responsibility of reducing our deficit even further. That is a fiscally responsible plan. And seven Republicans—I repeat, seven Republicans—voted no, even though they sponsored the legislation.

The legislation we voted on, the Conrad-Gregg amendment, would have created an entitlement commission to look at what is wrong with the financial condition of this country, and seven Republicans who supported that amendment by offering their name as cosponsors of it voted against it. Had we had six of those seven votes for that legislation—I will use leader time—had six of the seven voted for that legislation, it would have passed. We would now have a commission. It would have been similar to what we did with the base closings. We did some terrific things with base closings that we could never have done but for that legislation. But I repeat, seven Republicans who cosponsored the legislation voted against it.

The American people can see right through that doublespeak. I am confident, as we all are, that they are tired of it.

As the President pointed out last night, pay-as-you-go in the 1990s led to record surpluses. Its absence in the next decade led to record deficits.

The road back to economic recovery is a long one. If we are to travel it successfully and prudently, if we are to create jobs and government responsibility, pay-as-you-go must be one of the rules of that road.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Madam President, first, I thank the Democratic leader, the majority leader, for his endorsement of the Conrad-Gregg initiative, although that is not what this amendment is about.

This amendment is about pay-go. Pay-go is one of those terms of art around here that has a political life of its own, and its political life is independent of its substantive action.

Yes, pay-go worked when we had it in the nineties. We had a Congress which was willing to enforce it. Regrettably, over the last 2 years, when pay-go has been in place as a budgetary item—not much different than doing it statutorily—pay-go has been waived by the majority of this Senate and specifically by the majority party on an incredible number of occasions. It has been waived. It has been gamed. It has been gone around. It has been stepped on. It has been ignored to the tune of $1 trillion. Madam President, $1 trillion of spending has occurred in the last 2½ years which should have been subject to a pay-go point of order, which should not have survived a pay-go point of order but against which no pay-go point of order was made because pay-go was gamed.

The idea that pay-go is a substantive exercise around here is politically inaccurate. It is political fraud. I mean, basically, pay-go is used to make a statement that you are going to be fiscally responsible, but it does not happen.

This is a nice political cover vote. I am going to vote for pay-go, and I am going to be tough on spending when, in fact, we know that whenever an item comes to this floor for all intents and purposes that should be subject to a pay-go point of order, it is not. Pay-go is not pay-go. Pay-go is Swiss-cheese-go. It is full of holes.

I have great respect for the other side of the aisle. So if they will rename this Swiss-cheese-go, I may vote for it. Therefore, I ask unanimous consent that we change the name of pay-go to Swiss-cheese-go, and then I might be willing to vote for it.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Madam President, I will use leader time.

This is not the time for being funny. This is a time for addressing the problems we have in this country with a debt that is going on and on.

No one can dispute what I said, and that is, during the nineties when we had pay-go, record deficits were gone. Because of pay-go, we created a situation in this country where we were spending less money as a government than we were taking in.

Think about that. As a result of that, we had unending optimism by the business community and economic growth that has been unparalleled. So this is not a time for jokes. This is a time for addressing a serious problem.

My friend, who has the knowledge of the financial situation of this country as much as anyone in the country, knows this is not a time for jokes and trying to be funny. We have a situation in America today that calls for action. Of course, we can waive the pay-go rules if there is an emergency, but it is up to this body to determine if there is an emergency.

I hope everyone understands this legislation does not block emergency spending, it does not keep businesses from creating jobs, and it does not prevent Congress from cutting taxes. I hope Republicans will join with us in restoring fiscal stability to our country.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. REID. Time is up.

Mr. GREGG. I am not the leader, so I do not get leader time. I ask unanimous consent for another minute so I might respond to the leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. Madam President, a little humor even in serious times does not hurt things, I do not think. The point is substantive, even if it was humorously presented, which is that pay-go around here has become farcical. It is not used to discipline our budget process at all. That is why over $1 trillion of spending has resulted which should have been subject to pay-go points of order.

I do not think you can present a pay-go statutory point of order as being something other than what it will be, which is basically something so full of holes it will have virtually no effect on our capacity to discipline ourselves because we have already shown we do not discipline ourselves under the present pay-go rules we have. From my standpoint, this proposal does not hold water as a way to discipline ourselves and bring our fiscal house in order.

I appreciate the courtesy of the leader in allowing me to take an extra minute. I did not hear him object to my offer, but I will withdraw it.

Mr. GRASSLEY. Mr. President, I cannot support this pay-go amendment because it would continue the double-standard that exists between taxes and spending. Under current law, more than a dozen mandatory programs will expire over the next 10 years. Extending these programs will cost nearly $1 trillion according to CBO. But, unlike tax cuts that expire during these same years, pay-go does not apply to the cost of extending these mandatory programs. This double standard is unacceptable.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Madam President, pay-go, as we are attempting to legislate, has not been in effect. That is what we are trying to do. That is why this legislation is so vitally important. I appreciate the work of the Budget Committee and the Finance Committee getting us to the point we are today with the legislation we are attempting to pass.

We are going to bring about in this country something that people can understand. They are going to understand that we are going to proceed in this body as they do paying their car payment, their housing payment. That is what we are trying to do. That is what this legislation is for.

I am terribly disappointed in my Republican colleagues. Let's join and do something good for this country as it relates to the economy. This is a step in that direction.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 3305.

Mr. GREGG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 60, nays 40, as follows:

[Rollcall Vote No. 12 Leg.]

YEAS—60

Akaka	Franken	Mikulski
Baucus	Gillibrand	Murray
Bayh	Hagan	Nelson (NE)
Begich	Harkin	Nelson (FL)
Bennet	Inouye	Pryor
Bingaman	Johnson	Reed
Boxer	Kaufman	Reid
Brown	Kerry	Rockefeller
Burris	Kirk	Sanders
Byrd	Klobuchar	Schumer
Cantwell	Kohl	Shaheen
Cardin	Landrieu	Specter
Carper	Lautenberg	Stabenow
Casey	Leahy	Tester
Conrad	Levin	Udall (CO)
Dodd	Lieberman	Udall (NM)
Dorgan	Lincoln	Warner
Durbin	McCaskill	Webb
Feingold	Menendez	Whitehouse
Feinstein	Merkley	Wyden

NAYS—40

Alexander	DeMint	McCain
Barrasso	Ensign	McConnell
Bennett	Enzi	Murkowski
Bond	Graham	Risch
Brownback	Grassley	Roberts
Bunning	Gregg	Sessions
Burr	Hatch	Shelby
Chambliss	Hutchison	Snowe
Coburn	Inhofe	Thune
Cochran	Isakson	Vitter
Collins	Johanns	Voinovich
Corker	Kyl	Wicker
Cornyn	LeMieux	
Crapo	Lugar	

The PRESIDING OFFICER. On this vote, the yeas are 60, the nays are 40. Under the previous order requiring 60 votes for the adoption of this amendment, the amendment is agreed to.

Under the previous order, the motion to reconsider has been made and is laid upon the table.

AMENDMENT NO. 3299

The PRESIDING OFFICER. There are 4 minutes, equally divided, prior to a vote on amendment No. 3299 offered by the Senator from Montana.

The Senator from Montana is recognized.

Mr. BAUCUS. Madam President, the next amendment is about whether the United States will pay its bills. It is about whether the United States will continue to pay the interest it owes on the money it has borrowed. The spending laws that created the debt are behind us. The only question remaining is whether the government will honor its obligation to pay the bill. We have gone to the restaurant, we have eaten the meal, and now the only question is whether we will pay the check. It is that simple.

If Congress does not enact this legislation, the Treasury will default on its debt for the first time in American history, which means lower Social Security payments for a portion of those beneficiaries, and we would fail to pay full pay benefits to a portion of the beneficiaries of all other Federal programs.

But that would pale in comparison to the cataclysmic result in the financial markets if we don't honor our obligation. The value of Treasuries would plummet, leaving 401(k) plans and investors holding much less value. The value of the dollar would decline significantly. Ultimately, the question of America's sovereignty and the degree to which we are controlling our future would be in doubt and other countries would be dictating the results and telling us what to do.

We must pay our bills; we must pay our debts; we must vote for this legislation.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. The Senator from Montana is right. We have to pay our bills. But we also have to make it clear we are not going to continue to run up bills we can't pay for. It is not responsible to raise the debt ceiling in this manner if we aren't going to put in place any responsible activity to bring under control the rising debt, and there is no proposal here to do that—in fact, just the opposite. The proposal from the administration, and passed by this Congress, was a budget that will increase the debt every year for the next 10 years by over $1 trillion, on average.

There is no proposal to bring that down. The debt will double in 5 years. It will triple in 10 years under the budget passed by the Democratic leadership of this Congress and the President's budget. That is not fiscal discipline.

To raise the debt ceiling by $1.9 trillion while doing nothing to address the debt and how it is being added to is totally irresponsible. It is like a drunken sailor asking to have the bar open all night.

Why are we going to this number, by the way? Why $1.9 trillion? So that the Congress does not have to face up to the debt ceiling before the next election. We ought to have to face up to it again before the next election because the people of this country have a right to know whether this Congress is going to do something about controlling the rate of growth of the debt before the next election.

Instead, we are seeing this attempt to try to take this off the table by moving it past the next election. The American people do not believe it should be off the table. That is what Massachusetts was all about. They are worried about this debt. They are worried about what we are doing to the next generation of Americans—to our children—by running up this debt.

This is not correct. We should not vote for this massive increase in the debt ceiling until we get some responsible action around here on the issue of how we are going to control the debt and deficit.

The PRESIDING OFFICER (Mrs. HAGAN). The question is on agreeing to amendment No. 3299, as amended.

Mr. ENSIGN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be.

The clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 60, nays 40, as follows:

[Rollcall Vote No. 13 Leg.]

YEAS—60

Akaka	Franken	Mikulski
Baucus	Gillibrand	Murray
Bayh	Hagan	Nelson (NE)
Begich	Harkin	Nelson (FL)
Bennet	Inouye	Pryor
Bingaman	Johnson	Reed
Boxer	Kaufman	Reid
Brown	Kerry	Rockefeller
Burris	Kirk	Sanders
Byrd	Klobuchar	Schumer
Cantwell	Kohl	Shaheen
Cardin	Landrieu	Specter
Carper	Lautenberg	Stabenow
Casey	Leahy	Tester
Conrad	Levin	Udall (CO)
Dodd	Lieberman	Udall (NM)
Dorgan	Lincoln	Warner
Durbin	McCaskill	Webb
Feingold	Menendez	Whitehouse
Feinstein	Merkley	Wyden

NAYS—40

Alexander	DeMint	McCain
Barrasso	Ensign	McConnell
Bennett	Enzi	Murkowski
Bond	Graham	Risch
Brownback	Grassley	Roberts
Bunning	Gregg	Sessions
Burr	Hatch	Shelby
Chambliss	Hutchison	Snowe
Coburn	Inhofe	Thune
Cochran	Isakson	Vitter
Collins	Johanns	Voinovich
Corker	Kyl	Wicker
Cornyn	LeMieux	
Crapo	Lugar	

The PRESIDING OFFICER. On this vote, the yeas are 60, the nays are 40. Under the previous order requiring 60 votes for the adoption of this amendment, the amendment is agreed to and the motion to reconsider is considered made and laid on the table.

Mr. LEAHY. Madam President, 2 days ago, Senator COBURN offered a series of amendments to the debt ceiling bill requiring $120 billion in funding cuts, including $1.3 billion from the State Department. During the debate on those cuts, Senator COBURN stated that the ‘‘foreign ops appropriations increased by . . . 33 percent last year.’’

If that were accurate, I would share the Senator's concern. But when the Senator purports to speak for the American people, as he often does, he should stick to the facts.

The Senator surely knew that by suggesting the State and Foreign Operations budget increased by 33 percent in a single year he was distorting the actual increase, and that he was not counting the billions in supplemental funding for these programs in fiscal year 2009, every dollar of which was added to the Federal deficit and will have to be paid in future years because the former Republican administration wanted to pretend to be spending less.

In its fiscal year 2010 budget, the Obama administration, responding to pressure from Congress, stopped the budget gimmickry of funding ongoing programs like aid for Iraq, year after year, in off budget ‘‘emergency’’ supplementals. Instead, the President requested funding for these programs in its regular fiscal year 2010 budget. If you compare the fiscal year 2010 budget request with the fiscal year 2009 budget request minus the fiscal year 2009 supplemental funding, as the Senator from Oklahoma did, you obviously get a distorted result that suggests a much bigger increase than actually occurred. It makes a great talking point, it sparks cries of outrage, but it is not what actually occurred.

The actual increase for State and Foreign Operations from fiscal year 2009 to fiscal year 2010, if you count regular budget and supplemental appropriations, was 9 percent. And the bulk of that increase was for global health programs, to combat HIV/AIDS and H1N1, for humanitarian crises such as the funds we are using to save lives in Haiti today, and for personnel to fill vacancies at embassies and USAID missions around the world that have been short staffed—some by as much as 20 percent—due to transfers of personnel to priority posts such as Iraq and Afghanistan. These increases were supported by Republicans and Democrats alike.

As I said during the debate on the Coburn amendments, there may be programs that are not achieving the results they should and which can be eliminated. No one wants to waste money that could be better spent. But Senator GREGG, the ranking member, and I spend a good deal of time each year making the difficult choices that Senator COBURN declined to make when he proposed his 5-percent cut. It is easy to sit on the sidelines and accuse others of overspending when you do not take responsibility for determining what the actual needs are, and decide which programs to fund and which not to fund, whether they are requested by the President or by other Senators. If we had funded them all, we would have spent two or three times our allocation. We always stay within our allocation, which in fiscal year 2010 was close to $900 million below the President's budget. And we did it with no earmarks.

So let's be honest about the budget. There was nothing close to a 33-percent increase last year, and it is important to set the record straight.

Mr. REED. Madam President, our Nation faces unprecedented fiscal and economic challenges. This situation did not happen overnight. It did not happen in 2009. It is a situation created by 8 years of mismanagement and complacency under President Bush. For a decade, the easy replaced the difficult, and instead of seizing the chance in 2001 to wipe out our national debt, President Bush and his supporters went in the opposite direction. They focused on the short term, they encouraged lax regulatory oversight, particularly of financial markets, and they adopted an economic doctrine that called for borrowing to fund virtually every major Presidential initiative—tax cuts that were skewed toward the rich, difficult and costly wars in Iraq and in Afghanistan, and a prescription drug program that failed to negotiate costs with drugmakers and still leaves many seniors without coverage.

Let's be clear: When President Bush took office, he was handed a projected 10-year surplus of $5.6 trillion, which was quickly frittered away. In 8 years, the Bush administration added more debt than all the previous administrations combined, all the while middle-income households saw their earning power decline.

Due to these failed and irresponsible economic and fiscal policies, the Obama administration inherited the worst recession since the 1930s and a $1.3 trillion budget deficit. It should be no surprise to anyone that President Obama and Congress cannot reverse this mountain of bad decisions and deficits in a year, but we have been trying. Indeed, according to the very same nonpartisan agency, the Congressional Budget Office, that predicts our budget deficit for this year, the health care reform bill the Senate passed reduced health care spending and would have cut the deficit by $130 billion in the first 10 years and over $1 trillion over 20 years. We also had to take action on a recovery bill that kept States from cutting police, firemen, and teachers, gave our Governors funds to repair and rebuild our infrastructure, and provided $288 billion in tax cuts to help middle-class families and businesses deal with the recession. These were not easy steps, but they were the right steps, and it is fair to note that the other side of the aisle's answer to these proposals has been to oppose these measures and offer no coherent alternative.

Today, because of the shortcomings of the Bush administration and the recession that started in December 2007, we face the question of whether we want to default on the government's financial obligations to Social Security recipients and those who have purchased U.S. bonds. If we follow the course proposed by the other side of the aisle and vote no, the outcome is an even worse economic situation. Ask any economist of any background whether the government should default on its obligation and the answer is a resounding no. Yet that is what is proposed by too many here in the Senate. Although it is troubling to have to raise the debt to pay for a series of irresponsible choices, tax cuts, and a war in Iraq—all of which I opposed—it would be irresponsible to reject this measure.

There is no doubt that we need to address the long-term fiscal challenges facing our Nation. However, we should not lose sight of the fact that producing a budget is not merely adjusting numbers on a ledger; it is allocating resources to serve people. Today, our first order of business has to be ensuring that economic recovery has taken root. While some areas of the country have shown signs of recovery, most Americans have not seen the benefits. In places such as Rhode Island, where State governments lack the resources to help people who are struggling to deal with crushing unemployment levels, the need for Federal assistance remains great.

To balance the budget, we will have to make very difficult decisions, but many of us here have made them before. In 1993, without any support from congressional Republicans, Democrats made the tough decisions and took politically difficult votes that brought the budget surpluses that were handed off to President Bush 8 years later and then quickly squandered. Through the tough decisions we made, we were able to not only turn the economy around but eliminate deficit spending and cut the debt. Indeed, I remember that in 2001 some on the other side used the argument that we were paying off the government's debt too quickly as one reason they supported President Bush's reckless tax cuts for the wealthiest. And I stand ready to work with those who want to do the hard work of making the compromises that are necessary when it comes to spending and revenues. I am ready to support a pay-go rule that says you cannot pass a new bill without offsetting its costs, and I would urge my colleagues to reconsider the largess of the last farm bill, the multibillion dollar giveaway to ethanol makers, and the host of tax cuts for oil companies and companies that shift American jobs overseas.

It is instructive to remember that in 1993 the challenge was met, as it should have been, through the normal legislative process, not by handing off the tough choices to a deficit commission. Congress can do better than give its responsibilities to a commission whose recommendations would very likely tilt toward cuts in programs that are crucial to our seniors and our young people. At the same time, the record shows that similar commissions have been unsuccessful in the past. It is only when elected representatives tackle the tough issues that we see positive results. Conversely, when these issues are ignored, as they were during the last administration, we see how quickly fiscal responsibility can unravel.

President Obama and this Democratic-led Congress have already begun to take the hard and decisive steps to get our fiscal house in order. In response to skyrocketing health care costs, the Senate passed a health care bill that would meet President Obama's goal of reducing health care spending below projected levels, reining in the deficit by $132 billion over the next 10 years and by up to $1.6 trillion over the next 20 years.

We have a difficult series of choices before us. Yet we can respond to the crisis of the moment and get our Nation on a path of fiscal soundness.

Mr. ENSIGN. Madam President, I came to the floor a little more than a month ago to discuss perhaps one of the most critical issues facing our great country: the skyrocketing national debt. I had hoped that once Democrats went home and heard the concerns of their constituents, they would return to Washington with a new perspective. Believe me, I heard from Nevadans in the townhall meetings I held this month that increased spending and more debt is simply not acceptable.

Voters in Massachusetts echoed those same feelings last week when they voted to put a stop to a bloated health care bill and protest out-of-control spending. I don't see how the message can be any clearer. The debt we are accumulating is unsustainable; it will bankrupt this Nation and force future generations to suffer for our fiscal irresponsibility.

Based on the votes today on the Senate floor, it appears that Democrats have decided to turn a deaf ear to the concerns of American voters. We have voted to raise the debt limit once again to make room for more spending. Ironically, the debt limit was put into place to provide Congress with constitutional control of the American purse strings. The debt limit was designed as a form of fiscal accountability to be used by the President and Congress to ensure that the Federal Government does not spend or borrow more than it collects in revenue.

I, along with many Americans, have tried to impose this simple yet vital rule to our children. Don't spend more than you can afford. Don't go into debt. But Congress is teaching them the exact opposite lesson: spend what you want and someone else will take care of it.

Although the debt limit has increased regularly over the years in order to accommodate annual Federal deficits, it has absolutely skyrocketed in the last several years. For example, from 1996 to 2002, the debt limit increased by 16 percent. But from 2003 to 2009 the debt limit increased 84 percent. And if we pass this legislation before us, the total increase from 2002 to January of 2010 will be over 120 percent.

I would like to recap the last month and a half with regard to the debt limit. It was raised by $290 billion in December of last year. Today, the Senate Democrats voted to raise the debt limit by another $1.9 trillion. After just 1 year in office, the Obama administration's spending has left American families in quite the financial hole. Since his inauguration, the national debt has increased by $1.7 trillion.

And when you look at the burden on hard-working American families, the news is just as bad. The Federal debt per household in 2009 was $68,000, and that is projected to increase to $137,000 in 2019 under the Obama administration's budget. Nevadans are hurting enough right now—they don't need this added burden. Under the Democrats' leadership, debt limit increases will become a regular occurrence. The debt subject to limit is projected to grow to $24.5 trillion by 2019.

This vote accomplishes only one thing: passing the responsibility for paying for the massive spending to future generations. We need to do better than that—we need to think of our grandchildren's future when deciding how to vote.

Democrats claim the massive spending this year was necessary because of the ''Republican recession,'' but the Democrats' wasteful spending this year does too little to create jobs. In fact, since President Obama's inauguration the private sector has lost 3.4 million jobs.

And Nevada right now is going through an unprecedented economic downturn. Our unemployment rate just went up again to 13 percent, and that number doesn't account for those who have stopped looking for work. We have to stop this spending and start focusing on the real solution to the slow economy—jobs.

Witin 5 years, Democratic policies will more than double the amount of debt held by the public at the end of fiscal year 2008 and will more than triple it by 2019, according to both OMB and CBO estimates. A single Obama term will add about as much new debt held by the public as all other Presidents in U.S. history combined. That statistic should be shocking to everyone, even to the current White House.

And we should all remember that this debt is only one part of the crisis. The Federal Government has promised more than $70 trillion in entitlements that it cannot pay for. That is a staggering number.

Between Medicare, Medicaid, Social Security, and other liabilities, each American household shoulders roughly $600,000 in IOUs. That is separate and apart from each household's share of the national debt. Keep in mind that this does not include health care reform.

And where is all this borrowed money coming from? Well, almost half of it comes from foreign countries. China is our country's largest foreign creditor, holding roughly 10 percent of our Nation's debt. And like any loan that you or I would get at the local bank, the Chinese don't lend money for free. Federal interest payment on foreign-owned debt has nearly doubled since 2000. We are sending a whole lot of taxpayer money abroad.

Today, I introduced a bill, the Commission for Fiscal Sustainability Act of 2010, to take an effective step toward a solution. This legislation would establish a commission with the goal of fiscal sustainability to guarantee the long-term fiscal strength and economic security of the United States. The legislation would require that the commission focus solely on recommendations to decrease Federal spending without the need for tax increases.

Now we hear of a new proposal from the White House to freeze discretionary spending. I am hopeful that President Obama is sincere in his desire to freeze spending, but I find it very hard to believe that he will be able to contain the fiscally irresponsible Democratic majority which has yet to show restraint in this area.

I don't like to sound pessimistic because this is the greatest country in the history of the world. And I truly believe that. And I believe that these challenges can be solved. But we must act. We must show leadership—fiscally conservative leadership and stop this out of control spending. American families have had to make tough choices to balance their budget. They understand that they cannot have it all. But we in Congress want to have it all—even when we can't pay for it. That is simply unsustainable.

The PRESIDING OFFICER. There is now 4 minutes of debate on passage.

The Senator from Montana is recognized.

Mr. BAUCUS. Madam President, I think we all know where we are. I do not think anything else needs to be said. I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back? All time is yielded back.

The question is on the engrossment of the amendment and third reading of the joint resolution.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall the joint resolution pass?

Mr. INOUYE. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

Mr. KYL. The following Senator is necessarily absent: the Senator from Wyoming (Mr. ENZI).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 39, as follows:

[Rollcall Vote No. 14 Leg.]

YEAS—60

Akaka	Franken	Mikulski
Baucus	Gillibrand	Murray
Bayh	Hagan	Nelson (NE)
Begich	Harkin	Nelson (FL)
Bennet	Inouye	Pryor
Bingaman	Johnson	Reed
Boxer	Kaufman	Reid
Brown	Kerry	Rockefeller
Burris	Kirk	Sanders
Byrd	Klobuchar	Schumer
Cantwell	Kohl	Shaheen
Cardin	Landrieu	Specter
Carper	Lautenberg	Stabenow
Casey	Leahy	Tester
Conrad	Levin	Udall (CO)
Dodd	Lieberman	Udall (NM)
Dorgan	Lincoln	Warner
Durbin	McCaskill	Webb
Feingold	Menendez	Whitehouse
Feinstein	Merkley	Wyden

NAYS—39

Alexander	Collins	Hutchison
Barrasso	Corker	Inhofe
Bennett	Cornyn	Isakson
Bond	Crapo	Johanns
Brownback	DeMint	Kyl
Bunning	Ensign	LeMieux
Burr	Graham	Lugar
Chambliss	Grassley	McCain
Coburn	Gregg	McConnell
Cochran	Hatch	Murkowski
Risch	Shelby	Vitter
Roberts	Snowe	Voinovich
Sessions	Thune	Wicker

NOT VOTING—1

Enzi

The PRESIDING OFFICER. On this vote, the yeas are 60, the nays are 39. Under the previous order requiring 60 votes for the passage of this joint resolution, the joint resolution, as amended, is passed.

The joint resolution (H.J. Res. 45), as amended, was passed, as follows:

H.J. RES. 45

Resolved, That the resolution from the House of Representatives (H.J. Res. 45) entitled ''Joint resolution increasing the statutory limit on the public debt.'', do pass with the following amendment:

Strike all after the resolving clause and insert the following:

That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof $14,294,000,000,000.

TITLE I—STATUTORY PAY-AS-YOU-GO ACT OF 2010

SEC. 1. SHORT TITLE.

This title may be cited as the ''Statutory Pay-As-You-Go Act of 2010''.

SEC. 2. PURPOSE.

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

SEC. 3. DEFINITIONS AND APPLICATIONS.

As used in this title—

(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 title, except to the extent that they are specifically modified as follows:

(A) The term ''outyear'' means a fiscal year 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 amount by which PAYGO legislation changes outlays flowing from direct spending or revenues relative to the baseline and shall be determined on the basis of estimates prepared under section 4. Budgetary effects that increase outlays flowing from direct spending or decrease revenues are termed ''costs'' and budgetary effects that increase revenues or decrease outlays flowing from direct spending are termed ''savings''. Budgetary effects shall not include any costs associated with debt service.

(B) For purposes of these definitions, off-budget effects shall not be counted as budgetary effects.

(C) Solely for purposes of recording entries on a PAYGO scorecard, provisions in appropriation Acts are also considered to be budgetary effects for purposes of this title 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 title.

(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 or a PAYGO Act.

(8) The term ''timing shift'' refers to a delay of the date on which outlays flowing from 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) PAYGO ESTIMATES.—

(1) REQUIRED DESIGNATION IN PAYGO ACTS.—

(A) HOUSE OF REPRESENTATIVES.—To establish the budgetary effects of a PAYGO Act consistent with the determination made by the Chairman of the House Budget Committee, a PAYGO Act originated in or amended by the House of Representatives may include the following statement: ''The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled 'Budgetary Effects of PAYGO Legislation' for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.''.

(B) SENATE.—To establish the budgetary effects of a PAYGO Act consistent with the determination made by the Chairman of the Senate Budget Committee, a PAYGO Act originated in or amended by the Senate shall include the following statement: ''The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled 'Budgetary Effects of PAYGO Legislation' for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.''.

(C) CONFERENCE REPORTS AND AMENDMENTS BETWEEN THE HOUSES.—To establish the budgetary effects of the conference report on a PAYGO Act, or an amendment to an amendment between Houses on a PAYGO Act, which if estimated shall be estimated jointly by the Chairmen of the House and Senate Budget Committees, the conference report or amendment between the Houses shall include the following statement: ''The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled 'Budgetary Effects of PAYGO Legislation' for this Act, jointly submitted for printing in the Congressional Record by the Chairmen of the House and Senate Budget Committees, provided that such statement has been submitted prior to the vote on passage in the House acting first on this conference report or amendment between the Houses.''.

(2) DETERMINATION OF BUDGETARY EFFECTS OF PAYGO ACTS.—

(A) ORIGINAL LEGISLATION.—

(i) STATEMENT AND ESTIMATE.—Prior to a vote on passage of a PAYGO Act originated or amended by one House, the Chairman of the Budget Committee of that House may submit for printing in the Congressional Record a statement titled ''Budgetary Effects of PAYGO Legislation'' which shall include an estimate of the budgetary effects of that Act, if available prior to passage of the Act by that House and shall submit, if applicable, an identification of any current policy adjustments made pursuant to section 7 of this Act. The timely submission of such a statement, in conjunction with the appropriate designation made pursuant to paragraph (1)(A) or (1)(B), as applicable, shall establish the budgetary effects of the PAYGO Act for the purposes of this Act.

(ii) EFFECT.—The latest statement submitted by the Chairman of the Budget Committee of that House prior to passage shall supersede any prior statements submitted in the Congressional Record and shall be valid only if the PAYGO Act is not further amended by either House.

(iii) FAILURE TO SUBMIT ESTIMATE.—If—

(I) the estimate required by clause (i) has not been submitted prior to passage by that House;

(II) such estimate has been submitted but is no longer valid due to a subsequent amendment to the PAYGO Act; or

(III) the designation required pursuant to this subsection has not been made;

the budgetary effects of the PAYGO Act shall be determined under subsection (d)(3), provided that this clause shall not apply if a valid designation is subsequently included in that PAYGO Act pursuant to paragraph (1)(C) and a statement is submitted pursuant to subparagraph (B).

(B) CONFERENCE REPORTS AND AMENDMENTS BETWEEN HOUSES.—

(i) IN GENERAL.—Prior to the adoption of a report of a committee of conference on a PAYGO Act in either House, or disposition of an amendment to an amendment between Houses on a PAYGO Act, the Chairmen of the Budget Committees of the House and Senate may jointly submit for printing in the Congressional Record a statement titled ''Budgetary Effects of PAYGO Legislation'' which shall include an estimate of the budgetary effects of that Act if available prior to passage of the Act by the House acting first on the legislation and shall submit, if applicable, an identification of any current policy adjustments made pursuant to section 7 of this title. The timely submission of such a statement, in conjunction with the appropriate designation made pursuant to paragraph (1)(C), shall establish the budgetary effects of the PAYGO Act for the purposes of this Act.

(ii) FAILURE TO SUBMIT ESTIMATE.—If such estimate has not been submitted prior to the adoption of a report of a committee of conference by either House, or if the designation required pursuant to this subsection has not been made, the budgetary effects of the PAYGO Act shall be determined under subsection (d)(3).

(3) PROCEDURE IN THE SENATE.—In the Senate, upon submission of a statement titled ''Budgetary Effects of PAYGO Legislation'' by the Chairman of the Senate Budget Committee for printing in the Congressional Record, the Legislative Clerk shall read the statement.

(4) JURISDICTION OF THE BUDGET COMMITTEES.—For the purposes of enforcing section 306 of the Congressional Budget Act of 1974, a designation made pursuant to paragraph (1)(A), (1)(B), or (1)(C), that includes only the language specifically prescribed therein, shall not be considered a matter within the jurisdiction of either the Senate or House Committees on the Budget.

(b) CBO PAYGO ESTIMATES.—

(1) IN GENERAL.—

(A) ESTIMATES.—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.—

''(A) The Chairs of the Committees on the Budget of the House and Senate, as applicable, shall request from the Director of the Congressional Budget Office an estimate of the budgetary effects of PAYGO legislation.

''(B) Estimates shall be prepared using baseline estimates supplied by the Congressional Budget Office, consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.

''(C) The Director shall not count timing shifts, as that term is defined at section 3(8) of the Statutory Pay-As-You-Go Act of 2010, in estimates of the budgetary effects of PAYGO Legislation.''.

(B) SIDEHEADING.—The side heading of section 308(a) of the Congressional Budget Act of 1974 is amended by striking ''Reports on''.

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

''(d) Scorekeeping Guidelines.—Estimates under this section shall be provided in accordance with the scorekeeping guidelines determined under section 252(d)(5) of the Balanced Budget and Emergency Deficit Control Act of 1985.''.

(c) CURRENT POLICY ADJUSTMENTS FOR CERTAIN LEGISLATION.—

(1) IN GENERAL.—For any provision of legislation that meets the criteria in subsection (c), (d), (e) or (f) of section 7, the Chairs of the Committees on the Budget of the House and Senate, as applicable, shall request that CBO adjust the estimate of budgetary effects of that legislation pursuant to paragraph (2) for the purposes of this title. A single piece of legislation may contain provisions that meet criteria in more than one of the subsections referred to in the preceding sentence. CBO shall adjust estimates for legislation designated under subsection (a) and estimated under subsection (b). OMB shall adjust estimates for legislation estimated under subsection (d)(3).

(2) ADJUSTMENTS.—

(A) ESTIMATES.—CBO or OMB, as applicable, shall exclude from the estimate of budgetary effects any budgetary effects of a provision that meets the criteria in subsection (c), (d), (e) or (f) of section 7, to the extent that those budgetary effects, when combined with all other excluded budgetary effects 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.

(B) BASELINE.—Any estimate made pursuant to subparagraph (A) shall be prepared using baseline estimates supplied by the Congressional Budget Office, consistent with section 257 of the BBEDCA. CBO estimates of legislation adjusted for current policy 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 costs of provisions within subsection (c), (d), or (e) of section 7, as applicable, and in the case of paragraph (1) of section 7(f), within any of the subparagraphs (A) through (L) of such paragraph, as applicable.

(3) LIMITATION ON AVAILABILITY OF EXCESS SAVINGS.—

(A) PROHIBITION ON USE OF EXCESS SAVING FOR INELIGIBLE POLICIES.—To the extent the adjustment for current policy of any provision estimated under this subsection exceeds the estimated budgetary effects of that provision, these excess savings shall not be available to offset the costs of any provisions not otherwise eligible for a current policy adjustment under section 7, and shall not be counted on the PAYGO scorecards established pursuant to subsections (d)(4) and (d)(5).

(B) PROHIBITION ON USE OF EXCESS SAVINGS ACROSS BUDGET AREAS.—For provisions eligible for a current policy adjustment under subsections (c) through (f) of section 7, to the extent the adjustment for current policy of any provision exceeds the estimated budgetary effects of that same provision, the excess savings shall be available only to offset the costs of other provisions that qualify for a current policy adjustment in that same subsection. Each paragraph in section 7(f)(1) shall be considered a separate subsection for purposes of this section.

(4) FURTHER GUIDANCE ON ESTIMATING BUDGETARY EFFECTS.—Estimates of budgetary effects under this subsection shall be consistent with the guidance provided at section 7(h).

(5) INCLUSION OF STATEMENT.—For PAYGO legislation adjusted pursuant to section 7, the Chairman of the House or Senate Budget Committee, as applicable, shall include in any statement titled ''Budgetary Effects of PAYGO Legislation'', submitted for that legislation pursuant to section 4, an explanation of the current policy designation and adjustments.

(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 section 308 of the Congressional Budget Act of 1974, 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 pursuant to subsection (a).

(3) OMB PAYGO ESTIMATES.—If a PAYGO Act does not contain a valid reference to its budgetary effects consistent with subsection (a), OMB shall estimate the budgetary effects of that legislation upon its enactment. The OMB estimate shall be based on the approaches to scorekeeping set forth in section 308 of the Congressional Budget Act of 1974, as amended by this title, and subsection (g)(4), and shall use the same economic and technical assumptions as used in the most recent budget submitted by the President under section 1105(a) of title 31 of the United States Code.

(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.

(6) COMMUNITY LIVING ASSISTANCE SERVICES AND SUPPORTS ACT.—Neither scorecard maintained by OMB pursuant to this subsection shall include net savings from any provisions of legislation titled ''Community Living Assistance Services and Supports Act'', which establishes a Federal insurance program for long-term care, if such legislation is enacted into law, or amended, subsequent to the date of enactment of this title.

(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.

(g) EMERGENCY LEGISLATION.—

(1) DESIGNATION IN STATUTE.—If a provision of direct spending or revenue legislation in a PAYGO Act is enacted as an emergency requirement that the Congress so designates in statute pursuant to this section, the amounts of new budget authority, outlays, and revenue in all fiscal years resulting from that provision shall be treated as an emergency requirement for the purposes of this Act.

(2) DESIGNATION IN THE HOUSE OF REPRESENTATIVES.—If a PAYGO Act includes a provision expressly designated as an emergency for the purposes of this title, the Chair shall put the question of consideration with respect thereto.

(3) POINT OF ORDER IN THE SENATE.—

(A) IN GENERAL.—When the Senate is considering a PAYGO Act, if a point of order is made by a Senator against an emergency designation in that measure, that provision making such a designation shall be stricken from the measure and may not be offered as an amendment from the floor.

(B) SUPERMAJORITY WAIVER AND APPEALS.—

(i) WAIVER.—Subparagraph (A) may be waived or suspended in the Senate only by an affirmative vote of three-fifths of the Members, duly chosen and sworn.

(ii) APPEALS.—Appeals in the Senate from the decisions of the Chair relating to any provision of this subsection shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this subsection.

(C) DEFINITION OF AN EMERGENCY DESIGNATION.—For purposes of subparagraph (A), a provision shall be considered an emergency designation if it designates any item as an emergency requirement pursuant to this subsection.

(D) FORM OF THE POINT OF ORDER.—A point of order under subparagraph (A) may be raised by a Senator as provided in section 313 (e) of the Congressional Budget Act of 1974.

(E) CONFERENCE REPORTS.—When the Senate is considering a conference report on, or an amendment between the Houses in relation to, a PAYGO Act, upon a point of order being made by any Senator pursuant to this section, and such point of order being sustained, such material contained in such conference report shall be deemed stricken, and the Senate shall proceed to consider the question of whether the Senate shall recede from its amendment and concur with a further amendment, or concur in the House amendment with a further amendment, as the case may be, which further amendment shall consist of only that portion of the conference report or House amendment, as the case may be, not so stricken. Any such motion in the Senate shall be debatable. In any case in which such point of order is sustained against a conference report (or Senate amendment derived from such conference report by operation of this subsection), no further amendment shall be in order.

(4) EFFECT OF DESIGNATION ON SCORING.—If a provision is designated as an emergency requirement under this Act, CBO or OMB, as applicable, shall not include the budgetary effects of such a provision in its estimate of the budgetary effects of that PAYGO legislation.

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 Federal 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) designated under section 4(g), information about any sequestration if required by subsection (b), and other data and explanations that enhance public understanding of this title 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 transmit the order and the report 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.—

(1) IN GENERAL.—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.

(2) PROGRAMS AND ACTIVITIES IN UNIFIED BUDGET ONLY.—Subject to the exemptions set forth in section 11, OMB shall determine the uniform percentage required under paragraph (1) with respect to programs and activities contained in the unified budget only.

(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. ADJUSTMENT FOR CURRENT POLICIES.

(a) PURPOSE.—The purpose of this section is to provide for adjustments of estimates of budgetary effects of PAYGO legislation for legislation affecting 4 areas of the budget—

(1) payments made under section 1848 of the Social Security Act (referred to in this section as ''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 2 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); and

(D) the income tax rates on ordinary income that apply to individuals with adjusted gross incomes greater than $200,000 for a single filer and $250,000 for joint filers.

(b) DURATION.—This section shall remain in effect through December 31, 2011.

(c) MEDICARE PAYMENTS TO PHYSICIANS.—

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

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

(A) estimated net outlays attributable to the payment rates and related parameters in accordance with subsections (d) and (f) of section 1848 of the Social Security Act (as scheduled on December 31, 2009, to be in effect); and

(B) what those net outlays would have been if—

(i) the nominal payment rates and related parameters in effect for 2009 had been in effect through December 31, 2014, without change; and

(ii) thereafter, the nominal payment rates and related parameters described in subparagraph (A) had applied and the assumption described in clause (i) had never applied.

(3) LIMITATION.—If the provisions in the legislation that cause it to meet the criteria in paragraph (1) cover a time period that ends before December 31, 2014, subject to the maximum adjustment provided for under paragraph (2), the amount of each current policy adjustment made pursuant to this section shall be limited to the difference between—

(A) estimated net outlays attributable to the payment rates and related parameters specified in that section of the Social Security Act (as scheduled on December 31, 2009, to be in effect for the period of time covered by the relevant provisions of the eligible legislation); 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, without change, for the same period of time covered by the relevant provisions of the eligible legislation as under subparagraph (A).

(d) 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 title.

(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 December 31, 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 through December 31, 2011, with nominal exemption amounts indexed for inflation after 2009 consistent with subsection (g).

(3) LIMITATION.—If the provisions in the legislation that cause it to meet the criteria in paragraph (1) cover a time period that ends before December 31, 2011, subject to the maximum adjustment provided for under paragraph (2), the amount of each current policy adjustment made pursuant to this section shall be limited to the difference between—

(A) total revenues projected to be collected under the Internal Revenue Code of 1986 (as scheduled on December 31, 2009, to be in effect for the period of time covered by the relevant provisions of the eligible legislation); and

(B) what those revenues would have been if the estate and gift tax law rates, nominal exemption amounts, and related parameters in effect for 2009, with nominal exemption amounts indexed for inflation after 2009 consistent with subsection (g), had been in effect for the same period of time covered by the relevant provisions of the eligible legislation as under subparagraph (A).

(4) DURATION OF POLICY ADJUSTMENT.—Adjustments made pursuant to this subsection are available for policies affecting the estate and gift tax through only December 31, 2011. Any adjustments shall include budgetary effects in all years from these policy changes.

(e) AMT RELIEF.—

(1) CRITERIA.—Legislation that includes provisions extending AMT relief shall trigger the current policy adjustment required by this title.

(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 December 31, 2009, to be in effect); and

(B) what those revenue collections would have been if, on the date of enactment of legislation meeting the criteria in paragraph (1), AMT law had instead been amended by making commensurate adjustments in the exemption amounts for joint and single filers in such a manner that the number of taxpayers with AMT liability or lost credits that occur as a result of the AMT would not be estimated to exceed the number of taxpayers affected by the AMT in tax year 2008 in any year for which relief is provided, through December 31, 2011.

(3) LIMITATION.—If the provisions in the legislation that cause it to meet the criteria in paragraph (1) cover a time period that ends before December 31, 2011, subject to the maximum adjustment provided for under paragraph (2), the amount of each current policy adjustment made pursuant to this section shall be limited to the difference between—

(A) total revenues projected to be collected under the Internal Revenue Code of 1986 (as scheduled on December 31, 2009, to be in effect for the period of time covered by the relevant provisions of the eligible legislation); and

(B) what those revenues would have been if, on the date of enactment of legislation meeting the criteria in paragraph (1), AMT law had instead been amended by making commensurate adjustments in the exemption amounts for joint and single filers in such a manner that the number of taxpayers with AMT liability or lost credits that occur as a result of the AMT would not be estimated to exceed the number of AMT taxpayers in tax year 2008 for the same period of time covered by the relevant provisions of the eligible legislation as under subparagraph (A).

(4) DURATION OF POLICY ADJUSTMENT.—Adjustments made pursuant to this subsection are available for policies affecting the AMT through only December 31, 2011. Any adjustments shall include budgetary effects in all years from these policy changes.

(f) PERMANENT EXTENSION OF MIDDLE-CLASS TAX CUTS.—

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

(A) The 10 percent bracket as in effect for tax year 2010, as provided for under section 101(a) of EGTRRA and any later amendments through December 31, 2009.

(B) The child tax credit as in effect for tax year 2010, as provided for under section 201 of EGTRRA and any later amendments through December 31, 2009.

(C) Tax benefits for married couples as in effect for tax year 2010, as provided for under title III of EGTRRA and any later amendments through December 31, 2009.

(D) The adoption credit as in effect in tax year 2010, as provided for under section 202 of EGTRRA and any later amendments through December 31, 2009.

(E) The dependent care credit as in effect in tax year 2010, as provided for under section 204 of EGTRRA and any later amendments through December 31, 2009.

(F) The employer-provided child care credit as in effect in tax year 2010, as provided for under section 205 of EGTRRA and any later amendments through December 31, 2009.

(G) The education tax benefits as in effect in tax year 2010, as provided for under title IV of EGTRRA and any later amendments through December 31, 2009.

(H) The 25 and 28 percent brackets as in effect for tax year 2010, as provided for under section 101(a) of EGTRRA and any later amendments through December 31, 2009.

(I) The 33 percent bracket as in effect for tax year 2010, as provided for under section 101(a) of EGTRRA and any later amendment through December 31, 2009, affecting taxpayers with adjusted gross income of $200,000 or less for single filers and $250,000 or less for joint filers in tax year 2010, with these income levels indexed for inflation in each subsequent year consistent with subsection (g).

(J) The rates on income derived from capital gains and qualified dividends as in effect for tax year 2010, as provided for under sections 301 and 302 of JGTRRA and any later amendment through December 31, 2009, affecting taxpayers with adjusted gross income of $200,000 or less for single filers and $250,000 for joint filers with these income levels indexed for inflation in each subsequent year consistent with subsection (g).

(K) The phaseout of personal exemptions and the overall limitation on itemized deductions as in effect for tax year 2010, as provided for under sections 102 and 103 of EGTRRA of 2001, respectively, and any later amendment through December 31, 2009, affecting taxpayer with adjusted gross income of $200,000 or less for single filers and $250,000 for joint filers, with these income levels indexed for inflation in each subsequent year consistent with subsection (g).

(L) The increase in the limitations on expensing depreciable business assets for small businesses under section 179(b) of the Internal Revenue Code of 1986 as in effect in tax year 2010, as provided under section 202 of JGTRRA and any later amendment through December 31, 2009.

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

(A) total revenues projected to be collected and outlays to be paid under the Internal Revenue Code of 1986 (as scheduled on December 31, 2009, to be in effect); and

(B) what those revenue collections and outlay payments would have been if, on the date of enactment of legislation meeting the criteria in paragraph (1), the provisions identified in paragraph (1) were made permanent.

(3) LIMITATION.—If the provisions in the legislation that cause it to meet the criteria in paragraph (1) are not permanent, subject to the maximum adjustment provided for under paragraph (2), the amount of each current policy adjustment made pursuant to this section shall be limited to the difference between—

(A) total revenues projected to be collected and outlays to be paid under the Internal Revenue Code of 1986 (as scheduled on December 31, 2009, to be in effect for the period of time covered by the relevant provisions of the eligible legislation); and

(B) what those revenue collections and outlay payments would have been if, on the date of enactment of legislation meeting the criteria in paragraph (1), the provisions identified in paragraph (1) had been in effect, without change, for the same period of time covered by the relevant provisions of the eligible legislation as under subparagraph (A).

(g) INDEXING FOR INFLATION.—Indexed amounts are assumed to increase in each 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) of such section.

(h) GUIDANCE ON ESTIMATES AND CURRENT POLICY ADJUSTMENTS.—

(1) MIDDLE CLASS TAX CUTS.—For purposes of estimates made pursuant to subsection (f)—

(A) each of the income tax provisions shall be estimated as though the AMT had remained at current law as scheduled on December 31, 2009 to be in effect; and

(B) if more than 1 of the income tax provisions is included in a single piece of legislation, those provisions shall be estimated in the order in which they appear.

(2) AMT.—For purposes of estimates made pursuant to subsection (e), changes to the AMT shall be estimated as if, on the date of enactment of legislation meeting the criteria in subsection (e)(1), all of the income tax provisions identified in subsection (f)(1) were made permanent.

SEC. 8. APPLICATION OF BBEDCA.

For purposes of this title—

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

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

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

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

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

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

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

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

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 (42 U.S.C. 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 programs 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).

''Farm Credit Administration Operating Expenses Fund (78–4131–0–3–351).

''Farm Credit System Insurance Corporation, Farm Credit Insurance Fund (78–4171–0–3–351).

''Federal Deposit Insurance Corporation, Deposit Insurance Fund (51–4596–0–4–373).

''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 Home Loan Mortgage Corporation (Freddie Mac).

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

''Federal National Mortgage Corporation (Fannie Mae).

''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).

''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) ADDITIONAL EXCLUDED 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:

''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).

''(j) SPLIT TREATMENT PROGRAMS.—Each of the following programs shall be exempt from any order under this part to the extent that the budgetary resources of such programs are subject to obligation limitations in appropriations bills:

''Federal-Aid Highways (69–8083–0–7–401).

''Highway Traffic Safety Grants (69–8020–0–7–401).

''Operations and Research NHTSA and National Driver Register (69–8016–0–7–401).

''Motor Carrier Safety Operations and Programs (69–8159–0–7–401).

''Motor Carrier Safety Grants (69–8158–0–7–401).

''Formula and Bus Grants (69–8350–0–7–401).

''Grants-In-Aid for Airports (69–8106–0–7–402).''.

SEC. 12. DETERMINATIONS AND POINTS OF ORDER.

Nothing in this title shall be construed as limiting the authority of the chairmen of the Committees on the Budget of the House and Senate under section 312 of the Congressional Budget Act of 1974. CBO may consult with the Chairmen of the House and Senate Budget Committees to resolve any ambiguities in this title.

SEC. 13. LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.

(a) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any bill or resolution pursuant to any expedited procedure to consider the recommendations of a Task Force for Responsible Fiscal Action or other commission that contains recommendations with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act, or the taxes received under subchapter A of chapter 9; the taxes imposed by subchapter E of chapter 1; and the taxes collected under section 86 of part II of subchapter B of chapter 1 of the Internal Revenue Code.

(b) WAIVER.—This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(c) APPEALS.—An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

TITLE II—ELIMINATION OF DUPLICATIVE AND WASTEFUL SPENDING

SEC. 21. IDENTIFICATION, CONSOLIDATION, AND ELIMINATION OF DUPLICATIVE GOVERNMENT PROGRAMS.

The Comptroller General of the Government Accountability Office shall conduct routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and governmentwide and report annually to Congress on the findings, including the cost of such duplication and with recommendations for consolidation and elimination to reduce duplication identifying specific rescissions.

Mr. REID. I move to reconsider the vote and to lay that on the table.

The motion to lay on the table was agreed to.

STATUTORY PAY-AS-YOU-GO ACT OF 2010

Mr. CONRAD. Madam President, today the Senate passed the Statutory Pay-As-You-Go Act of 2010 as an amendment to H.J. Res. 45. As chairman of the Senate Budget Committee, I ask that the following section-by-section analysis of that act be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows: