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(Original Signature of Member)

112TH CONGRESS  
1ST SESSION

# H. R.

To cut, cap, and balance the Federal budget.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. CHAFFETZ (for himself, Mr. MULVANEY, and Mr. RIBBLE) introduced the following bill; which was referred to the Committee on

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# A BILL

To cut, cap, and balance the Federal budget.

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

3 **SECTION 1. SHORT TITLE.**

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

## TITLE I—CUT

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

8 **ACT.**

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

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

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

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

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

15 “(1) the chair of the House or Senate Com-  
16 mittee on the Budget may adjust the discretionary  
17 spending limits provided in this section for purposes  
18 of congressional enforcement, the budgetary aggre-  
19 gates in the concurrent resolution on the budget  
20 most recently adopted by the Senate and the House  
21 of Representatives, and allocations pursuant to sec-  
22 tion 302(a) of the Congressional Budget Act of  
23 1974, by the amount of new budget authority in  
24 that measure for that purpose and the outlays flow-  
25 ing therefrom; and

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

6           “(d) GLOBAL WAR ON TERRORISM.—If a bill or joint  
7           resolution is reported making appropriations for fiscal  
8           year 2012 that provides funding for the global war on ter-  
9           rorism, the allowable adjustments provided for in sub-  
10          section (c) for fiscal year 2012 shall not exceed  
11          \$126,544,000,000 in budget authority and the outlays  
12          flowing therefrom.

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

14          “(a) IN GENERAL.—It shall not be in order in the  
15          House of Representatives or the Senate to consider any  
16          bill, joint resolution, amendment, or conference report that  
17          includes any provision that would cause total direct spend-  
18          ing, except as excluded in subsection (b), to exceed the  
19          limits specified in subsection (c).

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

23                  “(1) Social Security, function 650.

24                  “(2) Medicare, function 570.

1           “(3) Veterans Benefits and Services, function  
2       700.

3           “(4) Net Interest, function 900.

4       “(c) LIMITS ON OTHER DIRECT SPENDING.—The  
5 total combined outlays for all direct spending not exempt-  
6 ed in subsection (b) for fiscal year 2012 shall not exceed  
7 \$680,730,000,000.”.

8       **SEC. 102. STATUTORY ENFORCEMENT OF SPENDING CAPS**  
9                               **THROUGH SEQUESTRATION.**

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

13       **“SEC. 318. ENFORCEMENT OF DISCRETIONARY AND DIRECT**  
14                               **SPENDING CAPS.**

15       “(a) IMPLEMENTATION.—The sequesters shall be im-  
16 plemented as follows:

17           “(1) DISCRETIONARY SPENDING IMPLEMENTA-  
18 TION.—For the discretionary limits in section 316 of  
19 the Congressional Budget Act of 1974, pursuant to  
20 section 251(a) of the Balanced Budget and Emer-  
21 gency Deficit Control Act of 1985 with each cat-  
22 egory sequestered separately.

23           “(2) DIRECT SPENDING IMPLEMENTATION.—  
24 (A) The sequestration to enforce this section for di-  
25 rect spending shall be implemented pursuant to sec-

1       tion 254 of the Balanced Budget and Emergency  
2       Deficit Control Act of 1985.

3           “(B) Section 255 of the Balanced Budget and  
4       Control Act of 1985 shall not apply to this section,  
5       except that payments for military personnel accounts  
6       (within subfunctional category 051), TRICARE for  
7       Life, Medicare (functional category 570), military  
8       retirement, social security (functional category 650),  
9       veterans (functional category 700), net interest  
10      (functional category 900), and discretionary appro-  
11      priations shall be exempt.

12      “(b) MODIFICATION OF PRESIDENTIAL ORDER.—

13           “(1) IN GENERAL.—At any time after the Di-  
14      rector of OMB issues a sequestration report under  
15      subsection (a) and section 319(c) the provisions of  
16      section 258A of the Balanced Budget and Emer-  
17      gency Deficit Control Act of 1985 shall apply to the  
18      consideration in the House of Representatives and  
19      the Senate of a bill or joint resolution to override the  
20      order if the bill or joint resolution, as enacted, would  
21      achieve the same level of reductions in new budget  
22      authority and outlays for the applicable fiscal year  
23      as set forth in the order.

24           “(2) POINT OF ORDER.—In the House of Rep-  
25      resentatives or Senate, it shall not be in order to

1 consider a bill or joint resolution which waives,  
2 modifies, or in any way alters a sequestration order  
3 unless the chair of the House or Senate Committee  
4 on the Budget certifies that the measure achieves  
5 the same levels of reductions in new budget author-  
6 ity and outlays for the applicable year as set forth  
7 in the order.”.

## 8 **TITLE II—CAP**

### 9 **SEC. 201. LIMIT ON TOTAL SPENDING.**

10 (a) DEFINITIONS.—Section 250(c) of the Balanced  
11 Budget and Emergency Deficit Control Act of 1985 is  
12 amended by striking paragraph (4), redesignating the suc-  
13 ceeding paragraphs accordingly, and adding the following  
14 new paragraph:

15 “(19) The term ‘GDP’, for any fiscal year,  
16 means the gross domestic product during such fiscal  
17 year consistent with Department of Commerce defi-  
18 nitions.”.

19 (b) CAPS.—The Congressional Budget Act of 1974  
20 is amended by inserting after section 318 the following  
21 new section:

### 22 **“SEC. 319. ENFORCING GDP OUTLAY LIMITS.**

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

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

3           “(2) 21.7 percent for fiscal year 2013; 20.8  
4           percent for fiscal year 2014; 20.2 percent for fiscal  
5           year 2015; 20.1 percent for fiscal year 2016; 19.9  
6           percent for fiscal year 2017; 19.7 percent for fiscal  
7           year 2018; 19.9 percent for fiscal year 2019; 19.9  
8           percent for fiscal year 2020; and 19.9 percent for  
9           fiscal year 2021.

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

11           “(1) DETERMINING THE GDP OUTLAY LIMIT.—

12           The Office of Management and Budget shall estab-  
13           lish in the President’s budget the GDP outlay limit  
14           for the budget year.

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

18          “(c) SEQUESTRATION.—The sequestration to enforce  
19           this section shall be implemented pursuant to section 254  
20           of the Balanced Budget and Emergency Deficit Control  
21           Act of 1985.

22          “(d) EXEMPT PROGRAMS.—Section 255 of the Bal-  
23           anced Budget and Control Act of 1985 shall not apply  
24           to this section, except that payments for military per-  
25           sonnel accounts (within subfunctional category 051),

1 TRICARE for Life, Medicare (functional category 570),  
2 military retirement, social security (functional category  
3 650), veterans (functional category 700), and net interest  
4 (functional category 900) shall be exempt.”.

5 **SEC. 202. ENFORCEMENT PROCEDURES UNDER THE CON-**  
6 **GRESSIONAL BUDGET ACT OF 1974.**

7 (a) ENFORCEMENT.—Title III of the Congressional  
8 Budget Act of 1974 is amended by adding after section  
9 319 the following new section:

10 **“SEC. 320. ENFORCEMENT PROCEDURES.**

11 “It shall not be in order in the House of Representa-  
12 tives or the Senate to consider any bill, joint resolution,  
13 amendment, or conference report that would cause the  
14 most recently reported current GDP outlay limits set forth  
15 in section 319 of the Congressional Budget Act of 1974  
16 to be exceeded.”.

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

“Sec. 316. Discretionary spending limits.

“Sec. 317. Certain direct spending limits.

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

“Sec. 319. Enforcing GDP outlay limits.

“Sec. 320. Enforcement procedures.”.



1                   **TITLE III—BALANCE**  
2   **SEC. 301. REQUIREMENT THAT A BALANCED BUDGET**  
3                   **AMENDMENT BE SUBMITTED TO STATES.**

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

17           (b) AMENDMENT TO TITLE 31.—Effective on the  
18 date the Archivist of the United States transmits to the  
19 States H. J. Res 1 in the form reported, S. J. Res. 10  
20 in the form introduced, or H. J. Res. 56 in the form intro-  
21 duced, a balanced budget amendment to the Constitution,  
22 or a similar amendment if it requires that total outlays  
23 not exceed total receipts, contains a spending limitation  
24 as a percentage of GDP, and requires tax increases be  
25 approved by a two-thirds vote in both Houses of Congress

1 for their ratification, section 3101(b) of title 31, United  
2 States Code, is amended by striking the dollar limitation  
3 contained in such subsection and inserting  
4 \$16,700,000,000,000.