

114TH CONGRESS  
2D SESSION

# H. R. 5637

To prevent a fiscal crisis by enacting legislation to balance the Federal budget through reductions of discretionary and mandatory spending.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 6, 2016

Mr. SANFORD (for himself, Mr. PALMER, Mr. DUNCAN of South Carolina, Mr. MULVANEY, Mr. MEADOWS, Mr. DESJARLAIS, Mr. LABRADOR, Mr. GOSAR, Mr. RIBBLE, and Mr. GOHMERT) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To prevent a fiscal crisis by enacting legislation to balance the Federal budget through reductions of discretionary and mandatory spending.

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 “One Percent Spending  
5 Reduction Act of 2016”.

6 **SEC. 2. CONGRESSIONAL FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds the following:

1           (1) The fiscal crisis faced by the Federal Gov-  
2           ernment demands immediate action.

3           (2) The dramatic growth in spending and debt  
4           in recent years threatens the economic and national  
5           security of the United States:

6                 (A) Federal spending has grown from 18  
7                 percent of gross domestic product in 2001 to  
8                 nearly 21 percent of gross domestic product in  
9                 2015.

10                (B) Total Federal debt exceeds  
11                \$19,000,000,000,000 and is projected to in-  
12                crease each year over the next 10 years.

13                (C) Without action, the Federal Govern-  
14                ment will continue to run massive deficits in the  
15                next decade and total Federal debt will rise to  
16                \$29,000,000,000,000 by 2026.

17                (D) Interest payments on this debt will  
18                soon rise to the point where balancing the  
19                budget as a matter of policy is beyond the reach  
20                of Congress.

21           (3) Absent reform, the growth of Social Secu-  
22           rity, Medicare, Medicaid, and other health-related  
23           spending will overwhelm all other Federal programs  
24           and consume all projected tax revenues.

1 (b) PURPOSE.—The purpose of this Act is to address  
2 the fiscal crisis by—

3 (1) acting quickly to balance the Federal budg-  
4 et and eliminate the parade of deficits and bal-  
5 looning interest payments;

6 (2) achieving balance by reducing spending 1  
7 percent per year until spending equals projected  
8 long-term revenues; and

9 (3) reforming entitlement programs to ensure  
10 long-term fiscal stability and balance.

11 **SEC. 3. ESTABLISHMENT AND ENFORCEMENT OF SPEND-**  
12 **ING CAPS.**

13 (a) OUTLAY CAPS.—The Balanced Budget and  
14 Emergency Deficit Control Act of 1985 (2 U.S.C. 900 et  
15 seq.) is amended by inserting after section 253 the fol-  
16 lowing:

17 **“SEC. 253A. ESTABLISHING OUTLAY CAPS.**

18 “(a) OUTLAY CAPS.—In this section, the term ‘outlay  
19 cap’ means:

20 “(1) FISCAL YEAR 2017.—For fiscal year 2017,  
21 total outlays (less net interest payments) shall be  
22 not more than \$3,645,000,000,000, less 1 percent.

23 “(2) FISCAL YEAR 2018.—For fiscal year 2018,  
24 total outlays (less net interest payments) shall be

1 not more than the amount computed under para-  
2 graph (1), less 1 percent.

3 “(3) FISCAL YEAR 2019.—For fiscal year 2019,  
4 total outlays (less net interest payments) shall be  
5 not more than the amount computed under para-  
6 graph (2), less 1 percent.

7 “(4) FISCAL YEAR 2020.—For fiscal year 2020,  
8 total outlays (less net interest payments) shall be  
9 not more than the amount computed under para-  
10 graph (3), less 1 percent.

11 “(5) FISCAL YEAR 2021.—For fiscal year 2021,  
12 total outlays (less net interest payments) shall be  
13 not more than the amount computed under para-  
14 graph (4), less 1 percent.

15 “(6) FISCAL YEAR 2022 AND SUBSEQUENT FIS-  
16 CAL YEARS.—

17 “(A) IN GENERAL.—For fiscal year 2022  
18 and each fiscal year thereafter, total outlays  
19 shall be not more than 18 percent of the gross  
20 domestic product for that fiscal year, as esti-  
21 mated by the Office of Management and Budg-  
22 et prior to March of the previous fiscal year.

23 “(B) LIMITATION.—Notwithstanding sub-  
24 paragraph (A), for any fiscal year beginning  
25 with fiscal year 2023, total projected outlays

1           may not be less than total projected outlays for  
2           the preceding fiscal year.

3           “(b) SEQUESTRATION.—

4           “(1) IN GENERAL.—

5                   “(A) EXCESS SPENDING.—Not later than  
6                   45 calendar days after the beginning of a fiscal  
7                   year, the Office of Management and Budget  
8                   shall prepare and the President shall order a  
9                   sequestration to eliminate any excess outlay  
10                  amount.

11                  “(B) DEFINITIONS.—

12                          “(i) FISCAL YEARS 2017 THROUGH  
13                          2021.—For each of fiscal years 2017  
14                          through 2021 and for purposes of this sub-  
15                          section, the term ‘excess outlay amount’  
16                          means the amount by which total projected  
17                          Federal outlays (less net interest pay-  
18                          ments) for a fiscal year exceeds the outlay  
19                          cap for that fiscal year.

20                          “(ii) FISCAL YEAR 2022 AND SUBSE-  
21                          QUENT FISCAL YEARS.—For fiscal year  
22                          2022 and each fiscal year thereafter and  
23                          for purposes of this subsection, the term  
24                          ‘excess outlay amount’ means the amount  
25                          by which total projected Federal outlays

1           for a fiscal year exceeds the outlay cap for  
2           that fiscal year.

3           “(2) SEQUESTRATION.—

4           “(A) CBO PREVIEW REPORT.—On August  
5           15 of each year, the Congressional Budget Of-  
6           fice shall issue a sequestration preview report  
7           as described in section 254(c)(4).

8           “(B) OMB PREVIEW REPORT.—On August  
9           20 of each year, the Office of Management and  
10          Budget shall issue a sequestration preview re-  
11          port as described in section 254(c)(4).

12          “(C) FINAL REPORT.—On October 31 of  
13          each year, the Office of Management and Budg-  
14          et shall issue a final sequestration report as de-  
15          scribed in section 254(f)(3), which shall be ac-  
16          companied by a Presidential order detailing uni-  
17          form spending reductions equal to the excess  
18          outlay amount.

19          “(D) PROCESS.—The reductions shall gen-  
20          erally follow the process set forth in sections  
21          253 and 254, except as provided in this section.

22          “(3) CONGRESSIONAL ACTION.—If the August  
23          20 report by the Office of Management and Budget  
24          projects a sequestration, the Committee on the  
25          Budget of the Senate and the Committee on the

1 Budget of the House of Representatives may report  
2 a resolution directing committees of their House to  
3 change the existing law to achieve the spending re-  
4 ductions outlined in the August 20 report necessary  
5 to meet the outlay limits.

6 “(c) NO EXEMPT PROGRAMS.—Section 255 and sec-  
7 tion 256 shall not apply to this section or any sequestra-  
8 tion order issued under this section, except that payments  
9 for net interest (budget function 900) shall be exempt  
10 from the spending reductions under sequestration.

11 “(d) LOOK BACK.—If, after November 14, a bill re-  
12 sulting in outlays for the fiscal year in progress is enacted  
13 that causes excess outlays, the excess outlay amount for  
14 the next fiscal year shall be increased by the amount or  
15 amounts of that breach.”.

16 (b) CONFORMING AMENDMENTS TO BBEDCA.—

17 (1) SEQUESTRATION PREVIEW REPORTS.—Sec-  
18 tion 254(c)(4) of the Balanced Budget and Emer-  
19 gency Deficit Control Act of 1985 (2 U.S.C.  
20 904(c)(4)) is amended to read as follows:

21 “(4) OUTLAY CAP SEQUESTRATION REPORTS.—  
22 The preview reports shall set forth for the budget  
23 year estimates for the following:

1           “(A)(i) For each of budget years 2017  
2 through 2021, total projected outlays (less net  
3 interest payments), less one percent.

4           “(ii) For budget year 2022 and each sub-  
5 sequent budget year, the estimated gross do-  
6 mestic product for that budget year.

7           “(B) The amount of reductions required  
8 under section 253A.

9           “(C) The sequestration percentage nec-  
10 essary to achieve the required reduction under  
11 section 253A.”.

12           (2) FINAL SEQUESTRATION REPORTS.—Section  
13 254(f)(3) of the Balanced Budget and Emergency  
14 Deficit Control Act of 1985 (2 U.S.C. 904(f)(3)) is  
15 amended to read as follows:

16           “(3) OUTLAY CAPS SEQUESTRATION RE-  
17 PORTS.—The final reports shall contain all the infor-  
18 mation required in the outlay cap sequestration pre-  
19 view reports. In addition, these reports shall contain,  
20 for the budget year, for each account to be seques-  
21 tered, estimates of the baseline level of sequestrable  
22 budgetary resources and resulting outlays and the  
23 amount of budgetary sources to be sequestered and  
24 result in outlay reductions. The reports shall also  
25 contain estimates of the effects on outlays on the se-



1       questionation of each outyear for direct spending pro-  
2       grams.”.

3       (c) ENFORCEMENT.—Title III of the Congressional  
4 Budget Act of 1974 (2 U.S.C. 631 et seq.) is amended  
5 by adding after section 315 the following:

6 **“SEC. 316. ENFORCEMENT PROCEDURES.**

7       “(a) OUTLAY CAPS.—It shall not be in order in the  
8 House of Representatives or the Senate to consider any  
9 bill, joint resolution, amendment, amendment between the  
10 Houses, or conference report that includes any provision  
11 that would cause the most recently reported, current out-  
12 lay cap set forth in section 253A of the Balanced Budget  
13 and Emergency Deficit Control Act of 1985 to be  
14 breached or increased.

15       “(b) WAIVER OR SUSPENSION.—

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

20               “(2) IN THE HOUSE.—The provisions of this  
21 section may be waived or suspended in the House of  
22 Representatives only by a rule or order proposing  
23 only to waive such provisions by an affirmative vote  
24 of two-thirds of the Members, duly chosen and  
25 sworn.

1 “(c) POINT OF ORDER PROTECTION.—In the House,  
2 it shall not be in order to consider a rule or order that  
3 waives the application of paragraph (2) of subsection (b).

4 “(d) MOTION TO SUSPEND.—It shall not be in order  
5 for the Speaker to entertain a motion to suspend the appli-  
6 cation of this section under clause 1 of rule XV.”.

7 **SEC. 4. CONFORMING AMENDMENTS.**

8 The table of contents set forth in—

9 (1) section 1(b) of the Congressional Budget  
10 and Impoundment Control Act of 1974 is amended  
11 by inserting after the item relating to section 315  
12 the following new item:

“Sec. 316. Enforcement procedures.”;

13 and

14 (2) section 250(a) of the Balanced Budget and  
15 Emergency Deficit Control Act of 1985 is amended  
16 by inserting after the item relating to section 253  
17 the following new item:

“Sec. 253A. Establishing outlay caps.”.

18 **SEC. 5. EFFECTIVE DATE.**

19 This Act and the amendments made by this Act shall  
20 apply to fiscal year 2017 and each fiscal year thereafter,  
21 including any reports and calculations required for imple-  
22 mentation in fiscal year 2017.

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