THE FAMILY BUDGET PROTECTION ACT

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A Simple and Legally Binding Budget

- Converts the concurrent budget resolution into a joint budget resolution that is signed by the President and has the force of law. This budget will force the President and Congress to commit to the same budget before spending any money that year.
- Simplifies the current budget by replacing the 20 budget functions with a one-page budget, establishing spending levels for only four broad spending categories: mandatory spending, non-defense and defense discretionary spending, and a new "rainy day" fund for emergencies.
- Abolishes the practice of designating spending as "emergencies" to avoid spending safeguards. True emergencies will now be budgeted for with the rainy day fund, and all spending from that fund must be defined as sudden, urgent, unforeseen, and temporary. Emergencies that exhaust the rainy day fund will be able to overcome the supermajority point of order lying against it.
- Allows for biennial budgeting in the future **IF** the President and Congress agree during their negotiations to extend funding over a two-year fiscal period. This option could only be exercised for the start of the 110th Congress and thereafter.
- Provides government shutdown protection by providing an automatic continuing resolution in the event that an agreement is not reached on spending levels by the legal deadline. In order to maintain the "must pass" nature of spending bills and disfavor inaction, federal agencies will receive 1% less in funding each quarter the government operates under the continuing resolution.
- Raises the bar for points of order to require a two-thirds supermajority vote, in both the House and the Senate, to sanction over-budget spending and spending in violation of the caps.
- Provides "point of order protection" from rules that are reported to waive any applicable points of order. This protection ensures that points of order can actually be raised as intended against spending that violates the budget and/or the spending caps.
- Modifies the Byrd Rule in the Senate from imposing a ten-year limit on tax cuts.
- Defines an omnibus appropriation measure as any bill that contains more than one regular appropriations bills and creates a point of order against the addition of any spending measure that is not under the jurisdiction of the 13 appropriations subcommittees.

Putting a Lid on Federal Spending

- Limits growth in entitlement spending to the current inflationary adjustment for each program and the growth in population. This entitlement cap will be protected by a point of order and enforced with an across-the-board sequester if breached.
- Sets discretionary caps that allow spending to grow for inflation – with a firewall separating defense, nondefense, and emergency spending. The caps will be protected by a point of order and enforced by a sequester in the amount of any excess.
- Creates "Family Budget Protection Accounts" that allow Congress to target spending during the appropriations and direct spending process and redirect that spending for family tax relief or deficit reduction at the end of the fiscal year.
- Redraws and expands the list of exempt programs that are eligible for a sequester. This will

prevent a small share of total mandatory outlays from being unfairly targeted. However, certain priority programs could only face up to a two percent reduction. These so-called "2% programs" include voluntary Medicare programs (Parts B, C, and D), Medicaid, veterans, military, and federal retiree benefits, as well as certain low-income programs. In addition, the President could exempt any defense or homeland security account if necessary for national security purposes.

- Earned entitlements, such as Social Security and Medicare part A, are exempt from sequestration.
- Freezes advance appropriations at their FY04 level. This will prevent proponents of further spending from shifting spending into the future to avoid spending safeguards.

Combating Waste, Fraud, and Abuse

- Sunsets every voluntary entitlement program and all discretionary programs in FY08 and FY09 to allow for a thorough cost-benefit analysis as to whether they still merit federal funding. No benefits that individuals earn through time spent in the work force (e.g. Social Security, Medicare Part A, federal retiree benefits, etc.) or earn through service (e.g. veterans benefits) would face a sunset. This "sunshine" process will be repeated every ten years after each census.
- Freezes the funding of programs where authorization has lapsed (including those that are sunset). These funding restrictions will be enforced by a point of order.
- Initiates enhanced rescission for the President to propose the elimination of wasteful spending identified in any appropriations bill. The President's proposal would be transmitted to Congress and provided expedited consideration through the legislative process.
- Sets up a commission to submit recommendations on how to eliminate waste, fraud, and abuse. The commission's recommendation would be either approved or rejected by Congress as a package, eliminating votes on changes to individual programs. Unlike past proposals, it will include defense and entitlement spending in its assessment.

Truth in Accounting

- Eliminates baseline budgeting, which allows proponents of spending to call scaled-back increases a "cut." The budget will use real dollars to compare the prior year's actual spending with proposed new spending.
- Require agencies to fund the full government share of the accruing costs of pensions, retired pay, and retiree health benefits, as they are earned by all federal civilian and military employees. Such accrual funding will not change any retiree's benefits.
- Separates intragovernmental debt from overall public debt calculations.
- Begins the process of budgeting for the long-term liabilities of certain business-related federal insurance programs through risk-assumed budgeting. Social insurance programs, such as Social Security and Medicare, will be specifically exempt.