By the authority vested in me as President of the United States by the Constitution and the laws of the United States of America, including section 1105 of title 31, United States Code, it is hereby ordered as follows:

**Section 1.** Purpose. The purpose of this order is to create a mechanism to monitor total costs of direct spending programs, and, in the event that actual or projected costs exceed targeted levels, to require that the budget address adjustments in direct spending.

**Sec. 2.** Establishment of Direct Spending Targets.

(a) In General. The initial direct spending targets for each of fiscal years 1994 through 1997 shall equal total outlays for all direct spending except net interest and deposit insurance as determined by the Director of the Office of Management and Budget (Director) under subsection (b).

(b) Initial Report by Director. (1) Not later than 30 days after the date of enactment of the Omnibus Budget Reconciliation Act of 1993 (OBRA), the Director shall submit a report to the Congress setting forth projected direct spending targets for each of fiscal years 1994 through 1997.

(2) The Director's projections shall be based on legislation enacted as of 5 days before the report is submitted under paragraph (1). To the extent feasible, the Director shall use the same economic and technical assumptions used in preparing the concurrent resolution on the budget for fiscal year 1994 (H.Con.Res. 64).

(c) Adjustments. Direct spending targets shall be subsequently adjusted by the Director under Section 6.

**Sec. 3.** Annual Review of Direct Spending and Receipts by President. As part of each budget submitted under section 1105(a) of title 31, United States Code, the Director shall provide an annual review of direct spending and receipts, which shall include (1) information supporting the adjustment of direct spending targets pursuant to Section 6, (2) information on total outlays for programs covered by the direct spending targets, including actual outlays for the prior fiscal year and projected outlays for the current fiscal year and the 5 succeeding fiscal years, and (3) information on the major categories of Federal receipts, including a comparison between the levels of those receipts and the levels projected as of the date of enactment of OBRA.

**Sec. 4.** Special Direct Spending Message by President.

(a) Trigger. In the event that the information submitted under Section 3 indicates—

(1) that actual outlays for direct spending in the prior fiscal year exceeded the applicable direct spending target, or

(2) that outlays for direct spending for the current or budget year are projected to exceed the applicable direct spending targets, the Director shall include in the budget a special direct spending message meeting the requirements of subsection (b) of this Section.

(b) Contents. (1) The special direct spending message shall include:

(A) An explanation of any adjustments to the direct spending targets pursuant to Section 6.

(B) An analysis of the variance in direct spending over the adjusted direct spending targets.
(C) The President’s recommendations for addressing the direct spending overages, if any, in the prior, current, or budget year.

(2) The recommendations may consist of any of the following:

(A) Proposed legislative changes to reduce outlays, increase revenues, or both, in order to recoup or eliminate the overage for the prior, current, and budget years in the current year, the budget year, and the 4 out-years.

(B) Proposed legislative changes to reduce outlays, increase revenues, or both, in order to recoup or eliminate part of the overage for the prior, current, and budget year in the current year, the budget year, and the 4 out-years, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, only some of the overage should be recouped or eliminated by outlay reductions or revenue increases, or both.

(C) A proposal to make no legislative changes to recoup or eliminate any overage, accompanied by a finding by the President that, because of economic conditions or for other specified reasons, no legislative changes are warranted.

(3) Any proposed legislative change under paragraph (2) to reduce outlays may include reductions in direct spending or in the discretionary spending limits under section 601 of the Congressional Budget Act of 1974.

Sec. 5. Proposed Special Direct Spending Resolution. If the President recommends reductions consistent with subsection 4(b)(2)(A) or (B), the special direct spending message shall include the text of a special direct spending resolution implementing the President’s recommendations through reconciliation directives instructing the appropriate committees of the House of Representatives and Senate to determine and recommend changes in laws within their jurisdictions to reduce outlays or increase revenues by specified amounts. If the President recommends no reductions pursuant to Section 4(b)(2)(C), the special direct spending message shall include the text of a special resolution concurring in the President’s recommendation of no legislative action.

Sec 6. Adjustments to Direct Spending Targets.

(a) Required Annual Adjustments. Prior to the submission of the President’s budget for each of fiscal years 1995 through 1997, the Director shall adjust the direct spending targets in accordance with this Section. Any such adjustments shall be reflected in the targets used in the report under Section 3 and message (if any) under Section 4.

(b) Adjustment for Increases in Beneficiaries. (1) The Director shall adjust the direct spending targets for increases (if any) in actual or projected numbers of beneficiaries under direct spending programs for which the number of beneficiaries is a variable in determining costs.

(2) The adjustment shall be made by—

(A) computing, for each program under paragraph (1), the percentage change between (i) the annual average number of beneficiaries under that program (including actual numbers of beneficiaries for the prior fiscal year and projections for the budget and subsequent fiscal years) to be used in the President’s budget with which the adjustments will be submitted, and (ii) the annual average number of beneficiaries used in the adjustments made by the Director in the previous year (or, in the case of adjustments made in 1994, the annual average number of beneficiaries used in the Director’s initial report under Section 2(b));

(B) applying the percentages computed under subparagraph (A) to the projected levels of outlays for each program consistent with the direct spending targets in effect immediately prior to the adjustment; and

(C) adding the results of the calculations required by subparagraph (B) to the direct spending targets in effect immediately prior to the adjustment.
(3) No adjustment shall be made for any program for a fiscal year in which the percentage increase computed under paragraph (2)(A) is less than or equal to zero.

(c) Adjustments for Revenue Legislation. The Director shall adjust the targets as follows:

(1) they shall be increased by the amount of any increase in receipts; or

(2) they shall be decreased by the amount of any decrease in receipts, resulting from receipts legislation enacted after the date of enactment of OBRA, except legislation enacted in response to the message transmitted under Section 4.

(d) Adjustments To Reflect Congressional Decisions. Upon enactment of a reconciliation bill enacted in response to a message submitted under Section 4, the Director shall adjust direct spending targets for the current year, the budget year, and each outyear through 1997 by—

(1) increasing the target for the current year and the budget year by the amount stated for that year in that reconciliation bill (but if a separate vote was required by Congressional rules, only if that vote has occurred); and

(2) decreasing the target for the current, budget, and outyears through 1997 by the amount of reductions in direct spending enacted in that reconciliation bill.

(e) Designated Emergencies. The Director shall adjust the targets to reflect the costs of legislation that is designated as an emergency by Congress and the President under section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Sec. 7. Relationship to Balanced Budget and Emergency Deficit Control Act. Recommendations pursuant to Section 4 shall include a provision specifying that reductions in outlays or increases in receipts resulting from that legislation shall not be taken into account for purposes of any budget enforcement procedures under the Balanced Budget and Emergency Deficit Control Act of 1985.

Sec. 8. Estimating Margin. For any fiscal year for which the overage is less than one-half of 1 percent of the direct spending target for that year, the procedures set forth in Section 4 shall not apply.

Sec. 9. Means-Tested Programs. In making recommendations under Section 4, the Director shall seriously consider all other alternatives before proposing reductions in means-tested programs.

Sec. 10. Effective Date. This order shall take effect upon enactment of OBRA. This order shall apply to direct spending targets for fiscal years 1994 through 1997 and shall expire at the end of fiscal year 1997.

THE WHITE HOUSE,
August 4, 1993.