Section 1. Short title and table of contents.

Subsection 1(a) provides that the short title of this Act is “Bipartisan Budget Act of 2013”.

Subsection 1(b) sets forth the table of contents for the Act.

Title I—Budget Enforcement

Subtitle A—Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985.

Sec. 101. Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985.

The limits on discretionary spending are established in section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). The limits are subdivided in each fiscal year into two categories: revised security category and revised nonsecurity category. The revised security category is defined to be the National Defense budget function (Function 050) which includes funding for the Department of Defense, the nuclear weapons-related work of the Department of Energy, the intelligence community, and the national security elements of the Departments of Commerce, Justice, Homeland Security, and several independent agencies. The Department of Defense (including the intelligence community) usually receives approximately 95.5 percent of the budget authority in this function. The revised nonsecurity category is all discretionary spending not contained in the revised security category.

Subsection 101(a) amends section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 to increase the limits on discretionary spending for fiscal years 2014 and 2015. The revised levels for each category are shown in Table 1. The section also restates for clarity the current law caps for fiscal years 2016-2021.

Table 1. Caps on Discretionary Budget Authority

	Revised Security		Revised Nonsecurity	
	2014	2015	2014	2015
Current Law	$498,082,000,000	$512,046,000,000	$469,391,000,000	$483,130,000,000
Proposed Cap	$520,464,000,000	$521,272,000,000	$491,773,000,000	$492,356,000,000

In addition to the limits on discretionary spending, the BCA also includes a sequester of mandatory, or direct, spending, the size of which interacts with the discretionary spending levels. Subsection 101(b) provides for the implementation of this sequester of mandatory spending as if the amendments in subsection 101(a) had not been made. In other words, it is the intent of this Act that the President implement the sequester of mandatory spending that was ordered on April 10, 2013(as corrected on May 20, 2013) and the one that will be ordered in the Sequestration Preview Report for Fiscal Year 2015 as if the amendments in subsection 101(a) had not been made.

Subsection 101(c) reduces spending by $28 billion by requiring the President to sequester the same percentage of mandatory budgetary resources in 2022 and 2023 as will be sequestered in 2021.

Subsection 101(d) makes various conforming changes.

Subtitle B—Establishing a Congressional Budget

Sec. 111. Fiscal year 2014 budget resolution.

Subsection 111(a) establishes a congressional budget for fiscal year 2014.

Subsection 111(b) provides that the chairs of the House and Senate Committees on the Budget shall each submit for publication in the Congressional Record allocations of budgetary resources for each congressional committee and aggregate spending and revenue levels that will be enforceable as if included in a conference agreement on a budget resolution. Consistent with the disparate practices in the House and Senate, the Chairman of the Senate Committee on the Budget shall also publish levels of revenues and outlays for Social Security.

The submissions pursuant to this section are to be consistent with the discretionary spending limits established in the Act and the Congressional Budget Office's May 2013 baseline adjusted for legislation enacted subsequent to the publication of that baseline and adjusted for the budgetary effects of this Act, as applicable to the various parts of the submissions.

In addition, subsection 111(c) provides that in the House, the Chairman of the Budget Committee may reduce the aggregates, allocations, and other budgetary levels included in the statement required to be submitted pursuant to this section for the subsequent enactment of any additional deficit-reducing legislation during the 113th Congress.

Sec. 112. Limitation on advance appropriations in the Senate.

Section 112 provides a supermajority point of order in the Senate against appropriations in 2014 bills that would first become effective in any year after 2014, and against appropriations in 2015 bills that would first become effective in any year after 2015. It does not apply against appropriations for veterans' medical services, medical support and compliance, or medical facilities, or the Corporation for Public Broadcasting. Additionally, there is an exemption for each of 2015 and 2016 of up to $28.852 billion for programs identified in the Congressional Record. Those programs will be:

- Labor, Health and Human Services, and Education Appropriations Act:
  - Employment and Training Administration
  - Job Corps
  - Education for the Disadvantaged
  - School Improvement
  - Special Education
  - Career, Technical, and Adult Education
- Financial Services and General Government:
  - Payment to Postal Service
- Transportation, Housing and Urban Development:
  - Tenant-based Rental Assistance
  - Project-based Rental Assistance

Subsection 112(b) provides that the provisions of subsection (a) shall expire if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the Senate and the House.

Sec. 113. Rule of construction in the House of Representatives.

Section 113 establishes that H. Con. Res. 25, as deemed in force by H. Res. 243, remains in force to the extent that its budgetary levels have not been superseded by this subtitle or further action of the House. Items that remain in force include, but are not limited to, the recommended levels contained in Title III, the reserve funds in Title IV, the estimates of direct spending in Title V, the budget enforcement matters in Title VI, and the policy statements in title VII of H. Con. Res. 25.

Sec. 114. Additional Senate budget enforcement.

Subsection 114(a) provides for the elimination of any balances on the Senate pay-as-you-go scorecard following enactment of this Act and again for purposes of budget year 2015.

Subsection 114(b) provides for the continuance in effect of certain provisions of the fiscal year 2010 budget resolution relating to the budgetary treatment of certain discretionary expenses of certain off-budget programs; the application and effect of changes in allocations and aggregates; and adjustments to reflect changes in concepts and definitions.

Subsection 114(c) establishes in the Senate only a deficit neutral reserve fund to replace sequestration.

Subsection 114(d) places into effect certain deficit-neutral reserve funds included in S. Con. Res. 8 (113th Congress). Those provisions are listed in table 2.

Table 2. Deficit-Neutral Reserve Funds in the Senate (Section numbers reference S. Con. Res. 8 (113th Congress).)
Sec. 302. Deficit-neutral reserve funds to promote employment and job growth.
Sec. 303. Deficit-neutral reserve funds to assist working families and children.
Sec. 304. Deficit-neutral reserve funds for early childhood education.
Sec. 305. Deficit-neutral reserve fund for tax relief.
Sec. 306. Reserve fund for tax reform.
Sec. 307. Deficit-neutral reserve fund to invest in clean energy and preserve the environment.
Sec. 308. Deficit-neutral reserve fund for investments in America's infrastructure.
Sec. 309. Deficit-neutral reserve fund for America's servicemembers and veterans.
Sec. 310. Deficit-neutral reserve fund for higher education.
Sec. 311. Deficit-neutral reserve funds for health care.
Sec. 312. Deficit-neutral reserve fund for investments in our Nation's counties and schools.
Sec. 313. Deficit-neutral reserve fund for a farm bill.
Sec. 314. Deficit-neutral reserve fund for investments in water infrastructure and resources.
Sec. 315. Deficit-neutral reserve fund for pension reform.
Sec. 316. Deficit-neutral reserve fund for housing finance reform.
Sec. 317. Deficit-neutral reserve fund for national security.
Sec. 318. Deficit-neutral reserve fund for overseas contingency operations.
Sec. 319. Deficit-neutral reserve fund for terrorism risk insurance.

Table 2. Deficit-Neutral Reserve Funds in the Senate (continued)

Sec. 320. Deficit-neutral reserve fund for postal reform.
Sec. 322. Deficit-neutral reserve fund to improve Federal benefit processing.
Sec. 323. Deficit-neutral reserve fund for legislation to improve voter registration and the voting experience in Federal elections.
Sec. 324. Deficit-reduction reserve fund to promote corporate tax fairness.
Sec. 325. Deficit-neutral reserve fund for improving Federal forest management.
Sec. 326. Deficit-neutral reserve fund for financial transparency.
Sec. 327. Deficit-neutral reserve fund to promote manufacturing in the United States.
Sec. 328. Deficit-reduction reserve fund for report elimination or modification.
Sec. 329. Deficit-neutral reserve fund for the minimum wage.
Sec. 330. Deficit-neutral reserve fund to improve health outcomes and lower costs for children in Medicaid.
Sec. 331. Deficit-neutral reserve fund to improve Federal workforce development, job training, and reemployment programs.
Sec. 332. Deficit-neutral reserve fund for repeal of medical device tax.
Sec. 333. Deficit-neutral reserve fund prohibiting Medicare vouchers.
Sec. 334. Deficit-neutral reserve fund for equal pay for equal work.
Sec. 335. Deficit-neutral reserve fund relating to women's health care.
Sec. 338. Deficit-neutral reserve fund to allow States to enforce State and local use tax laws.
Sec. 339. Deficit-neutral reserve fund relating to the definition of full-time employee.
Sec. 340. Deficit-neutral reserve fund relating to the labeling of genetically engineered fish.
Sec. 341. Deficit-neutral reserve fund for the families of America's servicemembers and veterans.
Sec. 344. Deficit-neutral reserve fund for disabled veterans and their survivors.
Sec. 348. Deficit-neutral reserve fund relating to authorizing children eligible for health care under laws administered by Secretary of Veterans Affairs to retain such eligibility until age 26.
Sec. 349. Deficit-neutral reserve fund for State and local law enforcement.
Sec. 350. Deficit-neutral reserve fund to establish a national network for manufacturing innovation.
Sec. 353. Deficit-neutral reserve fund to ensure no financial institution is above the law regardless of size.
Sec. 354. Deficit-neutral reserve fund relating to helping homeowners and small businesses mitigate against flood loss.
Sec. 356. Deficit-neutral reserve fund for BARDA and the BioShield Special Reserve Fund.
Sec. 361. Deficit-neutral reserve fund for export promotion.
Sec. 363. Deficit-neutral reserve fund to increase the capacity of agencies to ensure effective contract management and contract oversight.
Sec. 364. Deficit-neutral reserve fund for investments in air traffic control services.
Sec. 365. Deficit-neutral reserve fund to address prescription drug abuse in the United States.
Sec. 366. Deficit-neutral reserve fund to support rural schools and districts.
Sec. 367. Deficit-neutral reserve fund to strengthen enforcement of free trade agreement provisions relating to textile and apparel articles.
Sec. 368. Deficit-neutral reserve fund to assist low-income seniors.
Sec. 369. Reserve fund to end offshore tax abuses by large corporations.
Sec. 371. Deficit-neutral reserve fund relating to increasing funding for the inland waterways

system.

Table 2. Deficit-Neutral Reserve Funds in the Senate (continued)
Sec. 376. Deficit-neutral reserve fund to authorize provision of per diem payments for provision of services to dependents of homeless veterans under laws administered by Secretary of Veterans Affairs.
Sec. 378. Deficit-neutral reserve fund to phase-in any changes to individual or corporate tax systems.
Sec. 379. Deficit-neutral reserve fund relating to increases in aid for tribal education programs under the Constitution of the United States.
Sec. 383. Deficit-neutral reserve fund to increase funding for Federal investments in biomedical research.

Subsection 114(e) provides that subsections (a)(2), (c), and (d) shall expire if a budget resolution conference report is adopted by the Senate and the House.

Sec. 115. Authority for fiscal year 2015 budget resolution in the House of Representatives.
Subsection 115(a) establishes in the House a congressional budget for fiscal year 2015 in the event that a budget resolution conference report is not adopted.

Subsection 115(b) provides that the chair of the House Committee on the Budget shall submit after April 15 and no later than May 15, 2014 for publication in the Congressional Record allocations of budgetary resources for each congressional committee and aggregate spending and revenue levels that will be enforceable as if included in a conference agreement on a budget resolution.

Subsection 115(c) provides that the submission pursuant to subsection (b) may also include for fiscal year 2015, provisions for the matters contained in title IV (reserve funds) and in sections 603(a), 605(a), and 609 of H. Con. Res. 25 (113th Congress), as adopted by the House, updated to cover the new budget window, including updated amounts for section 601.

Subsection 115(d) provides for an allocation of budgetary resources to the Appropriations Committee no later than May 15, 2014.

Subsection 115(e) provides that the Chairman of the House Budget Committee may reduce the aggregates, allocations, and other budgetary levels included in the statement required to be submitted pursuant to subsection (b) for the subsequent enactment of any additional, deficit-reducing legislation during the 113th Congress or as otherwise necessary.

Subsection 115(f) provides that the provisions of subsections (a), (b), (c), (d), and (e) shall no longer apply if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the House and the Senate.

Sec. 116. Authority for fiscal year 2015 budget resolution in the Senate.
Subsection 116(a) establishes in the Senate a congressional budget for fiscal year 2015.

Subsection 116(b) provides that the chair of the Senate Committee on the Budget shall submit after April 15 and no later than May 15, 2014 for publication in the Congressional Record allocations of budgetary resources for each congressional committee, aggregate spending and revenue levels, and levels of revenues and outlays for Social Security that will be enforceable as if included in a conference agreement on a budget resolution.

Subsection 116(c) provides that the submission pursuant to subsection (b) may also include reserve funds for fiscal year 2015 that are the same as those included in section 114(c) and (d) updated to cover the new budget window.

Subsection 116(d) provides that the filing referred to in subsection (b) for fiscal year 2014 shall supersede the statement referred to in section 111(b).

Subsection 116(e) provides that this section shall expire if a concurrent resolution on the budget for fiscal year 2015 is agreed to by the Senate and the House.

Sec. 117. Exclusion of savings from PAYGO scorecards.

Subsection 117(a) provides that the budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010 (Public Law 111-139).

Subsection 117(b) provides that the budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for the purposes of section 201 of S. Con. Res. 21 (110th Congress).

Sec. 118. Exercise of rulemaking powers.

This section states that the provisions of this subtitle are enacted as an exercise of the rulemaking power of each house of Congress and that each house retains its constitutional right to change such rules as they relate to that house.

Subtitle C—Technical Corrections

Sec. 121. Technical corrections to the Balanced Budget and Emergency Deficit Control Act of 1985.

This section corrects technical and grammatical errors in the Balanced Budget and Emergency Deficit Control Act of 1985.

Sec. 122. Technical corrections to the Congressional Budget Act of 1974.

This section corrects technical and grammatical errors in the Congressional Budget Act of 1974.

TITLE II—PREVENTION OF WASTE, FRAUD, AND ABUSE

Sec. 201. Improving the collection of unemployment insurance overpayments.

Many states use the Treasury Offset Program (TOP) to recover Unemployment Insurance (UI) debts stemming from overpayments due to fraud or failure to report earnings. However, other states are not using this tool. Section 201 amends the Social Security Act to require states to use TOP to recover the specified UI debts. States are required to provide due process opportunities for individuals to challenge the validity of the debt, before seeking to recover the funds through TOP. This section would ensure that all States will participate in TOP and recover UI debts.

Sec. 202. Strengthening Medicaid Third-Party Liability.

By law, Medicaid is the payer of last resort for medical treatment. Section 202 would affirm Medicaid's position as the payer of last resort by strengthening third-party liability to improve states' and providers' abilities to receive payments for beneficiary services, as appropriate.

Subsection 202(a) allows states to delay payment of costs for prenatal and preventive pediatric claims when third parties are responsible and allows states to collect medical child support where health insurance is available from a non-custodial parent. This authorization is limited to the extent that beneficiary access to care is not negatively impacted.

Subsection 202(b) allows Medicaid to recover costs from beneficiary liability settlements.

Subsection 202(c) provides that these amendments shall take effect on October 1, 2014.

Sec. 203. Restriction on access to the death master file.

The Death Master File (DMF) is a list of deceased individuals maintained by the Social Security Administration (SSA). The DMF contains the full name, Social Security Number, date of birth, and date of death for listed decedents, and it is updated weekly. This information is distributed through the Department of Commerce and is widely available on many websites for free or for a nominal fee.

Section 203 would establish a program under which the Secretary of Commerce restricts access to the information contained on the DMF for a three-year period beginning on the date of the individual's death, except to persons who are certified under a program to be established by the Secretary of Commerce. Under the program, persons who have a fraud prevention interest or other legitimate need for the information and agree to maintain the information under safeguards similar to those required of Federal agencies that receive return information, as described in section 6103(p)(4) of title 26 of the United States Code, may apply for certification. The Secretary of Commerce reviews the eligibility of applicants, examines safeguards for protecting the information and conducts audits of certified entities to assure compliance with safeguards.

As part of implementation of the required program, the Secretary of Commerce is required to establish and collect user fees sufficient to recover all costs associated with the certification program. The Secretary of Commerce is required to report both the total fees collected and the total costs of administering the certification program. The required report is to be submitted annually to both the Senate Committee on Finance and the House Committee on Ways and Means.

A penalty of $1,000 for each disclosure or misuse of the information is imposed on any persons who improperly disclose the DMF information. A certified person in receipt of DMF information is responsible for any subsequent disclosure of such information. Even if the initial disclosure to a third party is appropriate, if that third party subsequently improperly discloses the information, the certified person is deemed to have also improperly disclosed the information. Thus, in a case in which the improper disclosure is made by a third party who received the information from a certified person, both the certified person and the person who improperly disclosed the information are subject to the penalty. The penalty may not exceed $250,000 per person for any calendar year, except in the case of willful disclosure. In such cases, the penalty is not limited.

The provision also brings the DMF within the scope of the exemptions available under the Freedom of Information Act to ensure that Federal agencies do not disclose the information about deceased individuals maintained by SSA or contained in the DMF, except to recipients who are certified persons.

Section 203 would be effective 90 days after the date of enactment, except for the FOIA exemption, which would be effective upon date of enactment.

Sec. 204. Identification of inmates requesting or receiving improper payments.

The Social Security Administration's (SSA) Prisoner Update Processing System (PUPS) contains all identifying information requested by the SSA and supplied by a reporting source, including the individual's name, Social Security number, date of birth, sex, date of conviction, date of confinement, inmate status code, and such other information as may be supplied or acquired by SSA during the suspension or reinstatement of retirement, survivors, or disability insurance benefits. PUPS contains Federal, State, and local prisoner data.

Subsection 204(a) expands the information the prisons are required to report to SSA to include release dates, making the system more valuable to users.

Subsection 204(b) authorizes the Commissioner of Social Security to transfer PUPS data to the Department of the Treasury on a regular basis, where it will be maintained for use by other Federal agencies. The PUPS data will help prevent prisoners from illegally receiving payments, such as unemployment compensation from the Department of Labor, and identify individuals who are filing fraudulent tax returns. This subsection also authorizes the use of PUPS data for research conducted by Federal and state agencies.

Subsection 204(c) updates the authorizing legislation for the Do Not Pay Initiative to include a requirement for agencies to query PUPS prior to certifying a Federal payment or award.

TITLE III—NATURAL RESOURCES

Sec. 301. Ultra-deepwater and unconventional natural gas and other petroleum resources.

The ultra-deepwater and unconventional natural gas and other petroleum resources program, which was created by the Energy Policy Act of 2005, is a public-private partnership that was designed to develop technologies to increase America's domestic oil and gas production and reduce U.S. dependency on foreign imports. The program utilizes a non-profit consortium to manage the research, established two federal advisory committees, and receives $50 million per year of funding. Section 301 repeals the ultra-deepwater oil and gas research and development program and rescinds the program's remaining funds.

Sec. 302. Amendment to the Mineral Leasing Act.

Since 2010, states receiving significant payments from mineral development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated. The states pay their share of the administrative costs in the form of a 2 percent deduction of monies paid to the states by the federal government. This deduction is scheduled to expire at the end fiscal year 2014. Section 302 makes this deduction permanent.

Sec. 303. Approval of agreement with Mexico.

Section 303 approves the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico signed in February 2012 on how to explore, develop, and share revenue from hydrocarbon reservoirs that cross the international maritime boundary between the United States and Mexico in the Gulf of Mexico. Each country's legislative body is required to approve the agreement and Mexico ratified the agreement in April 2012.

Sec. 304. Amendment to the Outer Continental Shelf Lands Act.

Section 304 provides permanent authority for the Secretary of the Interior to implement the terms of any transboundary hydrocarbon agreement for the management of transboundary hydrocarbon reservoirs entered into by the President and approved by Congress. It requires any such agreement to be submitted to Congress within 180 days of any such agreement being completed. This section also allows the Secretary of the Interior to implement the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico. The Obama Administration signed the Agreement with Mexico in 2012 to develop energy resources bridging our international maritime boundary and that Agreement makes provision for the sharing of royalties on transboundary reservoirs, and also has very specific requirements on maintaining data confidentiality.

Sec. 305. Federal oil and gas royalty prepayment cap.

Subsection 305(a) clarifies current law by providing that if a federal lease holder pays more in royalties than the amount due, then the Secretary of the Interior shall not pay interest on any amount in excess of 110 percent of the amount due. Overpayments below the threshold shall continue to receive interest payments as under current law and underpayments shall continue to be subject to penalties as under current law. Subsection 305(b) provides that this provision is effective on July 1, 2014.

Sec. 306. Strategic Petroleum Reserve.

Subsection 306(a) prohibits the Secretary of Energy from acquiring crude oil received by the United States as payment of royalties on production from federal lands due from private sector energy producers – a practice commonly referred to as royalty-in-kind payments – for the purpose of filling the Strategic Petroleum Reserve. This section also makes a technical correction by prohibiting the Secretary of Energy from acquiring crude oil produced by the federal government on federal land for the purpose of filling the Strategic Petroleum Reserve, as this practice no longer occurs. The practical effect of this section is to require that any crude oil acquired by the Secretary of Energy for purposes of filling the Strategic Petroleum Reserve is acquired using funds from the "SPR Petroleum Account" or funds appropriated by Congress.

Subsection 306(b) permanently rescinds any unobligated funds remaining in the "SPR Petroleum Account" as of the date of enactment of this legislation. This section has no bearing on any future funds deposited into the account. All future funds deposited into the account will remain available to the Secretary of Energy, until expended, to fill the Strategic Petroleum Reserve. Funds currently in the account were deposited as a result of the 30.64 million barrels released from the Strategic Petroleum Reserve and sold in July and August of 2011.

TITLE IV—FEDERAL CIVILIAN AND MILITARY RETIREMENT

Sec. 401. Increase in contributions to Federal Employees' Retirement System for new employees.

Under current law, the typical revised annuity federal employee who participates in the Federal Employee Retirement System (FERS) is required to pay 3.1 percentage points of pay into the Civil Service Retirement and Disability Fund (CSRDF). Depending on the type of service, different employees are required to pay different amounts. Law enforcement officers, nuclear materials couriers and customs and border protection officers pay 3.4 percentage points.

Subsection 401(a) creates a new category of employees that would be considered further revised annuity employees.

Subsection 401(b) would require that newly hired employees who participate in the FERS contribute an additional 1.3 percentage points of pay beginning January 1, 2014, for a total of 4.4 percentage points into the CRSDF. Other categories of employees would pay 4.7 percentage points.

Subsection 401(c) would require that employing agencies continue their contributions at the current level in order to pay down the deficit in the CSRDF, which at the close of fiscal year 2011 was $761 billion. Once the unfunded liability is eliminated, agency contributions would be determined on the basis of ensuring the full normal cost of the retirement benefit is paid into the CSRDF on an accrual basis.

Subsection 401(d) would ensure that certain (Members of Congress and Congressional employees) further revised annuity employees would continue to accrue benefits at the same rate as revised annuity employees.

Sec. 402. Foreign Service Pension System.

Under current law, the typical federal employee who participates in the Foreign Service Retirement and Disability System is required to pay 3.65 percentage points of pay into the Foreign Service Pension System.

Subsection 402(a) creates a new category of foreign service employees that would be considered further revised annuity employees.

Section 402(b) would require that newly hired employees who participate in the Foreign Service Retirement and Disability System and the Foreign Service Pension System contribute an additional 1.3 percentage points of pay.

Subsection 402(c) would require that employing agencies continue their contributions at the current level in order to pay down the deficit in the FRSDF. Once the unfunded liability is eliminated, agency contributions would be determined on the basis of ensuring the full normal cost of the retirement benefit is paid into the FSRDF on an accrual basis.

Sec. 403. Annual adjustment of retired pay and retainer pay amounts for retired members of the Armed Forces under age 62.

Generally, service members who have completed 20 years of service, regardless of age, are eligible for non-disability retirement with immediate commencement of retired pay. For most retirees, pay is a percentage of the highest 36 months of the service member's Basic Pay. A service member who retires after 20 years of service receives 50 percent of his or her High-36 month Basic Pay with the percentage increasing in 2.5 percent increments for each year above 20. Because service members can retire well before the normal retirement age in the private sector, most service members begin a second career after leaving the military. Section 403 would provide for an annual cost of living adjustment (COLA) of inflation (measured by the Consumer Price Index) less one percentage point for adjustments starting on December 1, 2015 until the retiree reaches age 62. There would be no alteration to the 2014 COLA. At age 62, the retired pay would be adjusted as if the COLA had been the full CPI adjustment in all previous years. Annual COLAs for service members after age 62 would be at the full CPI.

This provision does not change the cost of living adjustments for participants in the REDUX retirement system.

TITLE V—HIGHER EDUCATION

Sec. 501. Default reduction program.

When guaranty agencies rehabilitate defaulted loans from the Federal Family Education Loan (FFEL) program, they may charge borrowers 18.5 percent of the outstanding principal and interest owed on the loan at the time of sale and they may retain 18.5 percent of a federal default reinsurance payment. Section 501 would lower the maximum borrower collection fee to 16 percent and would require the agency to return 100 percent of the federal default reinsurance payment, beginning on July 1, 2014. Moreover, it would enable guaranty agencies to transfer rehabilitated loans to the Department of Education if they are unable to find a FFEL lender to purchase the loan. These steps would make the compensation earned by guaranty agencies comparable to the compensation earned by the Department of Education's private sector contractors that rehabilitate defaulted FFEL and Direct Loan program loans held by the Department. It would also lower costs to borrowers as collection fees are typically added to the loan balance when rehabilitated.

Sec. 502. Elimination of nonprofit servicing contracts.

In 2010, as part of the Health Care and Education Reconciliation Act (HCERA), Congress eliminated the guaranteed student loan program. Anticipating the need for increased student loan servicing capacity, in 2009, the Department of Education awarded performance-based contracts to four entities to service its portfolio of federal student loans, including those made under the Direct Loan program. During debate of HCERA, Congress established a special carve-out for non-profit firms to service student loans. The law required the Department to award at least 100,000 borrower loan accounts to each eligible non-profit servicer, and the law set aside mandatory funding for this purpose. In contrast, the for-profit servicers selected by the Department of Education on a performance basis were, and continue to be, paid with discretionary dollars. Section 502 eliminates the carve-out for non-profit servicers and requires them to be paid with discretionary dollars.

TITLE VI—TRANSPORTATION

Sec. 601. Aviation security service fees.

Prior to September 11, 2001, airlines paid for and carried out passenger and baggage security screening. With the formation of the Transportation Security Administration (TSA) came a mandate to substantially increase and coordinate aviation security procedures, and TSA screeners were deployed to airports across the country. To offset the cost of aviation security operations, the Aviation and Transportation Security Act instituted aviation passenger security fees, which were to cover the costs of security operations including technology, salaries and benefits of screeners, the air marshals program, Federal Security Managers, capital improvements, and other functions. TSA receives approximately $2 billion a year in offsetting collections under current law through air carrier and aviation passenger security fees. These fees cover about 30 percent of the agency's aviation security costs.

The aviation passenger security fee was initially established and currently remains a per enplanement charge of $2.50 per enplanement with a maximum one-way trip fee of $5.00 (a passenger taking a non-stop flight pays a total of $2.50, while a passenger with at least one connecting flight pays $5.00).

Section 601 simplifies the fee structure to a flat, $5.60 fee per one-way trip, regardless of the number of enplanements. It also eliminates the Aviation Infrastructure Security Fee (ASIF) charged to air carriers. This fee structure would allow TSA to offset approximately 43 percent of its aviation security costs.

Section 601(a) repeals the Aviation Security Infrastructure Fee that is currently imposed on air carriers, effective October 1, 2014.

Section 601(b) restructures the aviation passenger security fee to make it a $5.60 per one-way trip charge, which is $.60 above the current maximum fee.

Section 601(c) provides that receipts in excess of the $250,000,000 deposited annually into the Aviation Security Capital Fund shall be deposited in the general fund of the Treasury to partially defray the cost to the taxpayer of providing these services.

Section 601(d) provides that the fee structure shall be changed effective July 1, 2014.

Section 601(e) provides that nothing in this section effects the availability of funds in the Checkpoint Screening Security Fund.

Sec. 602. Transportation cost reimbursement.

U.S. agencies are required to transport 50 percent of equipment, materials, and commodities shipped to foreign countries on vessels registered in the U.S., which is generally more expensive than foreign flag shipping. Food aid sent by the Department of Agriculture (USDA) and the U.S. Agency for International Development (USAID) to foreign countries is not exempt from this requirement, making this international assistance more costly than it would otherwise be. When shipping expenses for food aid exceed 20 percent of total program cost (the value of commodities plus shipping expenses) in a given fiscal year, the Maritime Administration (MARAD) must reimburse USDA and USAID by the dollar amount above 20 percent. Section 602 would eliminate the reimbursements from MARAD.

Sec. 603. Sterile areas at airports.

The Transportation Security Administration (TSA) screens airline passengers when they enter the secured boarding area (officially, "sterile area") of all airports and monitors passengers as they exit from the secured boarding area at some airports. Funding for this activity is provided in part by security fees charged to passengers and air carriers. Earlier this year, TSA announced that, beginning in January 2014, all airport operators will be responsible for monitoring all passengers as they leave sterile areas. This responsibility would impose new cost on some airports. Section 603 would require TSA to continue monitoring airport exit lanes at airports currently receiving this service.

TITLE VII—MISCELLANEOUS PROVISIONS

Sec. 701. Extension of customs user fees.

Section 701 would extend the user fees collected by the Department of Homeland Security's Bureau of Customs and Border Protection (CBP) through 2023. There are nine different conveyance and passenger user fees and a merchandise processing fee collected by the CBP. The conveyance and passenger user fees were first established by the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985. Under current law, customs user fees will expire after 2021.

Sec. 702. Limitation on allowable government contractor compensation costs.

Since the 1990s, federal law has placed a limit on the amount of contractor employees' compensation costs that is allowed to be charged on federal government contracts. Compensation costs can include many elements, such as salary, bonuses, stock options, and employer contributions to pension plans, although under federal law and the Federal Acquisition Regulation (FAR), contractors are only allowed to charge some elements of compensation to federal government contracts. This cap, currently set at $952,308, has increased in real terms by 95 percent since this approach was first used in 1998. The current formula by the Office of Federal Procurement Policy is flawed, as it has resulted in an escalation of $611,658, or nearly 180 percent (in nominal terms), in the 15 years since the compensation cap was established in law.

Subsection 702(a) would amend section 4304(a)(16) of title 41 United States Code, and section 2324(e)(1)(P) of title 10, United States Code, to replace the current statutory benchmark compensation formula used to determine the amount of contractor compensation that is considered an allowable cost for a federal contract, with a cap of $487,000. It also would limit additional changes to this level to the U.S. Bureau of Labor Statistics Employment Cost Index for all workers. This subsection also provides for one or more narrowly targeted exceptions for scientists, engineers, or other specialists upon a determination that such exceptions are needed to ensure that the executive agency has continued access to needed skills and capabilities.

Subsection 702(b) repeals the existing authority for the Office of Management and Budget to annually determine the allowable compensation costs.

Subsection 702(c) provides that the limitation in subsection (a) shall apply only to contracts entered into on or after 180 days after the enactment of this Act.

Subsection 702(d) provides for the Director of the Office of Management and Budget to report annually to Congress on the use of the statutory exceptions to the limitation in subsection (a).

Subsection 702(e) provides for a report from the Secretary of Defense and the Director of the Office of Management and Budget on alternative benchmarks and industry standards for compensation.

Sec. 703. Pension Benefit Guaranty Corporation premium rate increases.

The Pension Benefit Guaranty Corporation (PBGC) consists of two insurance programs for multiemployers and single employers, which protect the defined-benefit pensions of nearly 44 million participants. Since fiscal year 2002, PBGC has ended each fiscal year with a deficit. PBGC currently faces a $36 billion deficit, which may leave the corporation incapable of fulfilling its insurance obligations, resulting in cuts to benefits or a transfer from the General Fund of the Treasury.

Each sponsor of a pension plan that is insured by PBGC pays annual premiums. PBGC collects three types of premiums: (1) a flat-rate, per participant premium, (2) a variable-rate premium, based on the dollar amount of a plan's underfunding, and (3) a per-participant premium, payable for three years after a DB pension plan terminates. Under current law, the flat-rate premium of $42 per participant will increase to $49 in 2014 and increase with the growth in wages thereafter. Plans that do not have enough assets set aside to pay 100 percent of the promised benefits are considered underfunded. The sponsors of underfunded defined-benefit plans pay the variable-rate annual premium of $9 per $1,000 of underfunding. Beginning in 2014, the variable-rate premium will be indexed to increases in the average wage index. Plans that terminate their defined-benefit pension plans under certain conditions are liable for a termination premium of $1,250 per plan participant per year for three years.

Section 703 would increase both flat-rate premiums and variable-rate premiums to reduce the deficit of the PBGC.

Subsection 703(a) would increase the flat-rate premium to $57 for plan year 2015 and to $64 for plan year 2016. Subsection 703(b) provides that flat-rate premiums would then be indexed to the growth in wages thereafter.

Subsection 703(c) would increase the variable-rate premium by $5 in plan year 2015 and an additional $5 in plan year 2016. Subsection 703(d) provides for conforming changes to ensure that the variable-rate premiums would then be indexed to the growth in wages thereafter.

Subsection 703(d) would increase the variable-rate premium cap to $500 beginning for plan years beginning after 2015.

Subsection 703(e) provides for these provisions to be effective for plan years beginning after December 31, 2013.

Sec. 704. Cancellation of unobligated balances.

The Department of Justice (DOJ) Asset Forfeiture Fund was established by the Comprehensive Crime Control Act of 1984 (Public Law 98-473) to seize and collect the proceeds of criminal activities. The fund uses the proceeds of forfeited assets – through a permanent, indefinite appropriation – to cover the costs of carrying out forfeiture activities. Annual Fund receipts are usually in excess of program needs, resulting in a large unobligated balance from year to year. A renewed emphasis on fraud and financial crime cases resulted in average annual outlays of nearly $1.5 billion since 2007, with collections during that time ranging from $1.7 billion in 2007 to $4.2 billion in 2012. Unobligated balances in the fund are currently about $868 million. Subsection 704(a) would permanently cancel $693 million of this balance.

The Treasury Forfeiture Fund (TFF) supports participating Treasury Department and Homeland Security (DHS) agencies in the use of asset forfeiture to disrupt and dismantle criminal enterprises and deter criminal activity. The focus of the TFF program is customs enforcement, whereas the Department of Justice Asset Forfeiture Fund specifically combats money laundering and fraud. The TFF collects cash and the proceeds of property forfeited pursuant to customs laws. TFF funds are available to cover costs related to seizures and forfeitures and certain other law enforcement activities. Annual TFF receipts are usually in excess of program needs, resulting in a large unobligated balance from year to year. Program outlays have been about 70 percent of program receipts and collections over the past 5 years. Unobligated balances in the fund are currently about $888 million. Subsection 704(b) would permanently cancel $867 million of this balance.

Sec. 705. Conservation planning technical assistance user fees.

The Department of Agriculture's Natural Resources Conservation Service (NRCS) provides technical assistance for the development of individualized, site-specific conservation plans and the establishment of measures to conserve soil and water, including farm irrigation, flood prevention, and agricultural pollution control. The technical assistance provided to agricultural landowners and operators varies depending upon the complexity of the soil or water conservation resource concern.

Subsection 705(a) would authorize NRCS to prescribe and collect fees of up to $150 per conservation plan to cover some of the costs of providing technical assistance for completing a conservation plan for a producer or landowner. This section would authorize the Secretary of Agriculture to waive fees for assistance provided to members of historically underserved groups, such as beginning farmers or ranchers, limited resource farmers or ranchers, and socially disadvantaged farmers or ranchers. Fees also could be waived by the Secretary for assistance provided to USDA program participants seeking to maintain payment eligibility under Section 1212 of the Food Security Act of 1985, or to comply with local, state, or Federal regulatory requirements.

Subsection 705(b) provides for the establishment of a Conservation Technical Assistance Fund to receive the fees authorized in subsection (a). Monies deposited in the fund are available only pursuant to future appropriations.

Sec. 706. Self plus one coverage.

The law governing the Federal Employees Health Benefits Program (FEHBP), as originally enacted in 1959, only allows for employees to enroll as individuals ("self only") or as a family ("self and family"). Section 706 would modernize the FEHBP to include a "self plus one" enrollment tier. This section would align the FEHB Program with the commercial market and serve to spread costs across different enrollment types.