

**AMENDMENT TO RULES COMMITTEE PRINT 115-**

**23**

**OFFERED BY MR. BIGGS OF ARIZONA**

At the end of subtitle A of title X, add the following  
new section:

1 **SEC. 1004. DEPARTMENT OF DEFENSE SPENDING REDUC-**  
2 **TIONS IN ABSENCE OF SUBMITTED FINAN-**  
3 **CIAL STATEMENTS OR FAILURE TO ACHIEVE**  
4 **UNQUALIFIED OR QUALIFIED INDEPENDENT**  
5 **AUDIT OPINION.**

6 (a) **APPLICABILITY.—**

7 (1) **IN GENERAL.—**Subject to paragraph (2),  
8 this section applies to the Department of Defense,  
9 including military departments and Defense Agen-  
10 cies thereof.

11 (2) **SEPARATE APPLICABILITY.—**If a military  
12 department or Defense Agency is identified by the  
13 Director of the Office of Management and Budget as  
14 required to have its own audited financial statement  
15 under section 3515 of title 31, United States Code,  
16 that military department and Defense Agency shall  
17 be treated separately from the Department of De-  
18 fense for purposes of application of this section.

1 (b) DEFINITIONS.—In this section:

2 (1) The terms “financial statement” and “ex-  
3 ternal independent auditor” have the meanings given  
4 those terms in section 3521(e) of title 31, United  
5 States Code.

6 (2) The term “qualified”, with respect to the  
7 audit status of a financial statement, includes the  
8 characterization modified.

9 (3) The term “unqualified”, with respect to the  
10 audit status of a financial statement, includes the  
11 characterizations clean and unmodified.

12 (c) ADJUSTMENTS FOR FINANCIAL ACCOUNT-  
13 ABILITY.—

14 (1) IN GENERAL.—On March 2 of each fiscal  
15 year, the discretionary budget authority available for  
16 the Department of Defense (or a military depart-  
17 ment or Defense Agency covered by subsection  
18 (a)(2)) for such fiscal year shall be adjusted as pro-  
19 vided in paragraph (2).

20 (2) ADJUSTMENT.—If the Department of De-  
21 fense (or a military department or Defense Agency  
22 covered by subsection (a)(2)) has not submitted a fi-  
23 nancial statement for the previous fiscal year, or if  
24 such financial statement has not received either an  
25 unqualified or a qualified audit opinion by an inde-

1       pendent external auditor, the discretionary budget  
2       authority available for the Department of Defense,  
3       the military department, or the Defense Agency (as  
4       the case may be) shall be reduced by .5 percent,  
5       with the reduction applied proportionately to each  
6       account (other than an account listed in subsection  
7       (d) or an account for which a waiver is made under  
8       subsection (e)).

9           (3) MINIMIZES NATIONAL SECURITY IM-  
10       PACTS.—Consistent with applicable laws, the Sec-  
11       retary of Defense may make any reduction under  
12       paragraph (2) in a manner that minimizes any effect  
13       on national security.

14           (4) DEFICIT REDUCTION.—An amount equal to  
15       the total amount of any reduction under paragraph  
16       (2) shall be retained in the general fund of the  
17       Treasury for the purposes of deficit reduction.

18       (d) ACCOUNTS EXCLUDED.—The following accounts  
19       are excluded from any reductions referred to in subsection  
20       (c)(2):

21           (1) Military personnel, reserve personnel, and  
22       National Guard personnel accounts of the Depart-  
23       ment of Defense.

24           (2) The Defense Health Program account of  
25       the Department of Defense.

1           (e) WAIVER.—The President may waive subsection  
2 (c)(2) with respect to an account if the President certifies  
3 that applying the subsection to that account would harm  
4 national security or members of the Armed Forces who  
5 are deployed in combat zones.

6           (f) REPORT.—Not later than 60 days after an adjust-  
7 ment under subsection (c), the Director of the Office of  
8 Management and Budget shall submit to Congress a re-  
9 port describing the amount and account of each adjust-  
10 ment.

