

**AMENDMENT TO RULES COMMITTEE PRINT 119–****8****OFFERED BY MR. BIGGS OF ARIZONA**

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

1 **SEC. 10\_\_\_\_. 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) ADJUSTMENTS FOR FINANCIAL ACCOUNT-  
2 ABILITY.—

3 (1) IN GENERAL.—On March 2 of each fiscal  
4 year, the discretionary budget authority available for  
5 the Department of Defense (or a military depart-  
6 ment or Defense Agency covered by subsection  
7 (a)(2)) for such fiscal year shall be adjusted as pro-  
8 vided in paragraph (2).

9 (2) ADJUSTMENT.—If the Department of De-  
10 fense (or a military department or Defense Agency  
11 covered by subsection (a)(2)) has not submitted a fi-  
12 nancial statement for the previous fiscal year, or if  
13 such financial statement has not received either an  
14 unqualified or a qualified audit opinion by an inde-  
15 pendent external auditor, the discretionary budget  
16 authority available for the Department of Defense,  
17 the military department, or the Defense Agency (as  
18 the case may be) shall be reduced by .5 percent,  
19 with the reduction applied proportionately to each  
20 account (other than an account listed in subsection  
21 (d) or an account for which a waiver is made under  
22 subsection (d)).

23 (3) MINIMIZES NATIONAL SECURITY EF-  
24 FECTS.—Consistent with applicable laws, the Sec-  
25 retary of Defense may make any reduction under

1 paragraph (2) in a manner that minimizes any effect  
2 on national security.

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

7 (c) ACCOUNTS EXCLUDED.—The following accounts  
8 are excluded from any reductions referred to in subsection  
9 (b)(2):

10 (1) Military personnel, reserve personnel, and  
11 National Guard personnel accounts of the Depart-  
12 ment of Defense.

13 (2) The Defense Health Program account of  
14 the Department of Defense.

15 (d) WAIVER.—The President may waive subsection  
16 (b)(2) with respect to an account if the President certifies  
17 that applying the subsection to that account would harm  
18 national security or members of the Armed Forces who  
19 are deployed in combat zones.

20 (e) REPORT.—Not later than 60 days after the date  
21 on which an adjustment is made under subsection (b), the  
22 Director of the Office of Management and Budget shall  
23 submit to Congress a report that includes a description  
24 of the amount and account of each adjustment.

25 (f) DEFINITIONS.—In this section:

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

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

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

