

AMENDMENT TO
RULES COMMITTEE PRINT 117-54
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) 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.

