



Budget Control Act Timetable and Summary

August 2, 2011

- Upon enactment, new statutory caps on discretionary spending are set in law for the next ten fiscal years (FY 2012-FY 2021) that result in an aggregate reduction in discretionary spending of [\\$840 billion in Budget Authority compared to CBO's adjusted March 2011 baseline](#). For FY 12, the aggregate total of \$1.043 trillion is \$7 billion below the final FY 11 Continuing Resolution level. The FY 13 level of \$1.047 trillion is \$3 billion below FY 11.

Because the Act established for FY 12 and FY 13 separate caps for “security” spending (which is newly defined in the Act) and nonsecurity spending (firewalls), the cut to security spending in FY 11 is roughly \$4 billion, while the cut to nonsecurity is roughly \$3 billion.

- As soon as practicable, the Chair of the Senate Budget Committee must report allocations for FY 11 and FY 12 to the Appropriations Committee based on the new discretionary caps set forth in the Act and for FY 11, FY 12, FY 12-16 and FY 12-21 for other Senate committees consistent with the March 2011 CBO baseline.
- Not later than 14 days after enactment (August 16): The House Speaker, House Minority Leader, Senate Majority Leader and Senate Minority Leader each appoint three members to the Joint Select Committee on Deficit Reduction (the Joint Committee). Also by that date the Speaker of the House and the Senate

Majority Leader each must name a co-chair of the Joint Committee from among the Committee members.

- The co-chairs are authorized to hire a staff director.
- Not later than 45 days after enactment (September 16): The Joint Committee shall hold its first meeting.
 - The Co-Chairs must provide an agenda to joint committee members at least 48 hours in advance of any meeting. [Note: the Act does not require that meetings of the joint committee be open to the public,]
 - The Joint Committee may hold hearings. It must announce not less than 7 days in advance the date, time place and subject matter of any hearing.
 - Written statements of any witness must be submitted at least 2 days before the hearing.
- Between 10/1/11 and 12/31/11: Both the House and Senate must vote on a Balanced Budget Constitutional Amendment. [The details of such amendment are not specified.]
- Not later than 10/14/11: House and Senate Committees may submit to the Joint Committee recommendations for deficit reduction.
- Not later than 11/23/11: The Joint Committee shall vote on a report including findings, conclusions, recommendations, a CBO estimate and legislative language designed to achieve at least \$1.5 trillion in deficit reduction over the period FY 2012 - FY 2021.
 - Any CBO estimates must be available at least 48 hours prior to a vote of the Committee.
- Not later than 12/2/11: If the Joint Committee approves a report and legislative language by a majority vote of at least seven members, it must submit the report and the legislative language to the President, the House and the Senate.
- Not later than 12/9/11: Any standing House committee to which the Joint Committee's report has been referred must report it without amendment. By this same date any Senate Committee to which the joint Committee's report has been referred must report it without amendment with either a favorable, unfavorable or no recommendation to the Senate.

- Not later than 12/23/11: Both the House and Senate must vote up or down without amendment on the report of the Joint Committee.
- Not later than 12/31/11: If the President submits a certification to Congress that the debt is within \$100 billion of the debt limit the Secretary of the Treasury is authorized to issue an additional \$900 billion of debt. The first \$400 billion occurs automatically upon the submission of the certification. The additional \$500 billion is subject to a resolution of disapproval. Congress may pass a resolution of disapproval within 50 calendar days. If the resolution of disapproval passes both the House and Senate, the President can veto it; Congress can attempt a veto override.
- After the debt limit is increased by \$900 billion, if the President submits a certification to Congress that the debt is within \$100 billion of the debt limit the Secretary of the Treasury is authorized to issue an additional \$1.2 trillion of debt. This amount will be increased to \$1.5 trillion if a balanced budget amendment to the Constitution has passed both the House and Senate and been submitted to the states. If the joint select committee bill is enacted which achieves a reduction in the deficit greater than \$1.2 trillion, the borrowing authority will be increased by that amount up to \$1.5 trillion. Congress may pass a resolution of disapproval within 15 days after this request to raise the debt ceiling. (See below for process if at least \$1.2 trillion of deficit reduction is not enacted.)
- Not later than 4/15/12: The Chair of the Senate Budget Committee must report allocations for FY 12 and FY 13 to the Appropriations Committee based on the new discretionary caps set forth in the Act and for FY 12, FY 13, FY 13-17 and FY 13-22 for other Senate committees consistent with the March 2012 CBO baseline.
- 7/1/12: The in-school interest exemption for graduate and professional students' loans is eliminated for new loans incurred on or after this date. In addition the Secretary of Education's authority to provide incentives for on-time repayment of loans is terminated on this date.
- 1/2/13: If Congress has not adopted the joint committee's report to reduce the deficit by at least \$1.2 trillion, sequestration of both defense and non-exempt domestic programs will occur as calculated by OMB and ordered by the President.

If Congress adopts deficit reduction of less than \$1.2 trillion, the sequester shall

make up the difference. If the total \$1.2 trillion must be accomplished by a sequester, the actual dollar amount of the sequester will be \$984 billion (the rest occurring through reduced interest payments).

The sequester will be equally divided for each of nine years (FY 13-21), so the yearly dollar reduction of the sequester will be \$109.3 billion, with 50% of that amount sequestered from defense accounts in Function 050 and the other 50% from non-exempt domestic discretionary and mandatory spending programs, with a limitation of no more than a 2% reduction to Medicare by reducing provider payments.

The list of exempt programs is contained in [Section 255 of Balanced Budget and Emergency Deficit Control Act \(BBEDCA\)](#) and special rules are contained in Section 256. Both of those sections have been amended by the [Statutory Pay-As-You-Go Act of 2010](#).

The sequester shall result in a uniform percentage reduction for each defense account and a separate uniform reduction to each non exempt, except that the percentage reduction for Medicare provider payments shall not exceed 2 percent.

The exact percentage cuts will not be known until the time of the sequester calculations, because it will be based on the final FY 12 spending levels. However, it is projected that the cut to defense spending will be 8.4% and the cut to non-exempt, domestic programs (other than Medicare) will be 6.7 %.

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