SUMMARY OF BUDGET CONTROL ACT OF 2011

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On the evening of August 1, 2011, the House of Representatives passed S. 365, the Budget Control Act of 2011 by a vote of 269 to 161. 174 Republicans and 95 Democrats voted "aye" and 66 Republicans and 95 Democrats voted against the bill. The Senate is expected to pass the legislation on August 2nd and the President has stated that he will promptly sign the bill into law.

The design of this memorandum is to describe the major features of the legislation as they relate to the extension of the debt limit and reduction of the federal budget deficit. S. 365 has four major titles.

- **Title I**. This title establishes ten-year discretionary spending limits for fiscal years 2012 through 2021 which are intended to reduce the deficit by $917 billion. The caps are enforced through a sequestration process similar to that used in the Gramm-Rudman-Hollings Act. Adjustments in discretionary spending limits are allowed for emergency appropriations, appropriations for the war on terrorism, funding for major disasters, and spending to combat waste, fraud and abuse. Separate discretionary limits are put in place for specified security programs for fiscal years 2012 through 2021 and for non-security programs for fiscal years 2012 and 2013.

- **Title II**. Title II requires a vote on passage of a resolution with the title "Joint resolution proposing a balanced budget amendment to the Constitution of the United States" between October 1, 2011 and December 31, 2011. The legislation sets out expedited procedures in both the House and Senate for consideration of the measure.

- **Title III**. This title authorizes the President to make modifications to the federal debt limit and delineates a mechanism by which Congress could disapprove of proposed changes to the limit. If the President certifies to Congress before December 31, 2011 that the federal debt is within $100 billion of the existing limit, the limit would be increased by $400 billion. If Congress does not enact a Resolution of Disapproval, the limit would be further increased by $500 billion. Title III also sets up a process by which the debt limit can be further extended by up to $1.5 trillion. If a balanced budget resolution is adopted by Congress and sent to the states for ratification, the limit may be extended to the full $1.5 trillion. If such a resolution is not transmitted to the states, but Congress enacts legislation proposed by the Joint Select Committee on Deficit Reduction (see Title IV) which secures deficit reduction in excess of $1.2 trillion, the debt limit may be increased by an amount equal to the deficit reduction but in no event more than $1.5 trillion. All proposed increases in the debt limit may be disapproved by Congress pursuant to specified procedures.

- **Title IV**. Title IV creates a Joint Select Committee on Deficit Reduction which has the "goal" of reducing the federal budget deficit by "at least" $1.5 trillion over the period 2012 through 2021. The title describes in detail the function and composition of the Joint

Committee as well as highly expedited procedures for actions by the Committee as well as Congressional consideration of the legislation proposed by the Committee. In short, the Joint Committee must issue a report and legislative language by November 23, 2011 and legislation proposed by the Joint Committee must be passed by December 23, 2011. If Congress fails to enact legislation originating with the Joint Committee by January 15, 2012 that secures an estimated $1.2 trillion in deficit reduction, the Budget Control Act mandates reductions in spending to compensate for any shortfall in the targeted savings. These automatic reductions would be distributed evenly over fiscal years 2013 through 2021. Half of the reductions would be achieved from non-defense spending and half from defense spending. Some spending would be exempt from the automatic reductions including Social Security and certain other retirement programs, Medicaid, and specified programs for low-income individuals. Medicare reductions would be limited to no more than two percent.

A more fulsome discussion of each of the titles is set out below.

Title I – Ten-Year Discretionary Caps with Sequester

Title I of this Act amends the Balanced Budget and Emergency Deficit Control Act of 1985 ('Gramm-Rudman-Hollings') to establish discretionary spending caps for Fiscal Years 2012 through 2021.

Enforcement Provisions

The Budget Control Act establishes discretionary spending caps which would be enforced by a sequestration process, resulting in across-the-board reductions in discretionary spending. Sequestration to eliminate any budget-year breach of the caps would occur within 15 calendar days after Congress adjourns to end a session.

In the event of a breach, accounts would be reduced by a dollar amount calculated by multiplying the enacted level of budget resources in the account eligible for sequester by the uniform percentage necessary to eliminate a breach within the category.

The legislation provides for several additional enforcement mechanisms for a breach of discretionary spending caps: (1) Partial-year sequestration: If an act is in effect making or continuing appropriations for a part of a fiscal year for any budget account, then the dollar amount described above would be (a) subtracted from the annualized amount otherwise available by law in that account under that or a subsequent partial year appropriation; and (b) following enactment of a full-year appropriation for that account, subtracted from the amount otherwise provided by the full-year appropriation for that account; (2) Look-back sequestration: If, after June 30th, an appropriation for the current fiscal year causes a breach within a category for that year, the discretionary spending cap for that category in the subsequent fiscal year shall be reduced by the amount of that breach; and (3) Within-session sequestration: If an appropriation for a fiscal year in progress is enacted (following Congressional adjournment for that budget year and before July 1st of the fiscal year) that causes a breach within a category for that year, a sequestration to eliminate that breach will be triggered 15 days later.

The President is authorized to exempt military personnel accounts from sequestration provided that the savings are achieved through further reduction in the remainder of the Department of Defense budget.

It is not in order in the House or Senate to consider any measure that would cause the discretionary spending limits set forth in the Budget Control Act to be exceeded.

CBO and OMB Reporting

The Budget Control Act directs the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) to provide estimates and report to Congress following enactment of discretionary appropriations as follows: (1) CBO estimates: Following Congressional enactment of any discretionary appropriation, CBO shall provide OMB with an estimate of the amount of discretionary new budget authority and outlays for the current year, if any, and the budget year provided by that legislation; (2) OMB estimates and explanation of differences: Not later than 7 calendar days following enactment of any discretionary appropriation, OMB shall provide a report to Congress containing the CBO estimate of the legislation, an OMB estimate of the amount of discretionary new budget authority and outlays for the current year, and an explanation of any difference between the two estimates; (3) Assumptions and guidelines: Provides that OMB estimates shall be made using current economic and technical assumptions, and that OMB and CBO shall prepare estimates in conformance with scorekeeping guidelines determined after consultation among the House and Senate Budget Committees; and (4) Annual appropriations: Amounts provided by annual appropriations shall include any discretionary appropriations for the current year and the budget year in accounts for which funding is provided in that legislation that is a result of previously enacted legislation.

The legislation requires CBO to submit a sequestration preview report 5 days prior to the submission of the President's budget. On the date of the President's budget submission, OMB is required to submit a sequestration preview report.

CBO and OMB are directed to submit a sequestration update report in August, followed by a final CBO sequestration report 10 days following the end of the Congressional session. OMB is required to present a final sequestration report 15 days following the end of the Congressional session, which will accompany the Presidential sequestration order.

Adjustments to Discretionary Spending Limits

The President's budget submission shall include adjustments to discretionary spending limits for the budget year and each out-year to account for changes in concepts and definitions. These changes shall be made only after consultation with the House and Senate Committees on Appropriations and Budget. This must include written communications, which will provide the Committees the opportunity to comment before the changes are finalized.

When submitting a sequestration report for a fiscal year, the Budget Control Act requires OMB to include adjustments to discretionary spending limits for the fiscal year and each succeeding year. Subsequent budgets submitted by the President must also include these adjustments.

If Congress and the President designate spending as an emergency requirement or as overseas contingency operations/Global War on Terrorism, the Act provides for an allowable adjustment of the total of such appropriation in discretionary accounts, as applicable.

For bills or joint resolutions making appropriations for a fiscal year, additional adjustments for Fiscal Years 2012-2021 are allowed as follows:

1) Continuing disability reviews under the Social Security Act (and for the cost of conducting redeterminations of eligibility), gradually increasing from a cap of $623 million in additional new budget authority in FY 2012 to a cap of $1.309 billion in additional new budget authority in FY 2021;

2) Health care fraud and abuse control, gradually increasing from a cap of $270 million in additional new budget authority in FY 2012 to a cap of $496 million in additional new budget authority in FY 2021;

3) Disaster funding: For spending designated as being for disaster relief in statute, the adjustment should not exceed (a) the average funding provided for disaster relief over the previous 10 years, excluding the highest and lowest years, and (b) the total amount for years when the enacted new discretionary budget authority designated for disaster relief was less than the average in subclause (a), or the difference between the enacted amount and the allowable adjustment as calculated for that fiscal year.

4) Section 105 of this legislation amends the Congressional Budget Act of 1974 to enable the Chairmen of the House and Senate Budget Committees, following the reporting of a bill or joint resolution, to make appropriate budgetary adjustments to reflect the adjustments in spending limits.

Discretionary Spending Limits

Title I, subsection c of the Budget Control Act establishes the following caps for security and non-security discretionary spending for Fiscal Years 2012-2013, and a cap for all discretionary spending for Fiscal Years 2014-2021 as follows:

- FY 2012: $684 billion in new budget authority for the security category; $359 billion in new budget authority for the nonsecurity category

- FY 2013: $686 billion in new budget authority for the security category; $361 billion in new budget authority for the nonsecurity category.

- FY 2014: $1,066 billion in new budget authority for the discretionary category
- FY 2015: $1,086 billion in new budget authority for the discretionary category
- FY 2016: $1,107 billion in new budget authority for the discretionary category
- FY 2017: $1,131 billion in new budget authority for the discretionary category
- FY 2018: $1,156 billion in new budget authority for the discretionary category
- FY 2019: $1,182 billion in new budget authority for the discretionary category
- FY 2020: $1,208 billion in new budget authority for the discretionary category
- FY 2021: $1,234 billion in new budget authority for the discretionary category

Spending Definitions

The 'security category' is defined to include discretionary appropriations associated with agency budgets for the Department of Defense, Department of Homeland Security, Department of Veterans' Affairs, the National Nuclear Security Administration, the intelligence community management account, and all budget accounts in budget function 150 (State Department and International Assistance). The term 'non-security category' is defined as all discretionary appropriations not included in the security category.

The term "emergency" is defined as an unanticipated situation that "requires new budget authority and outlays for the prevention or mitigation of, or response to, the loss of life or property, or a threat to national security." The legislation also sets forth a definition for an "unanticipated" situation.

Emergency Spending

If there is a provision with an emergency designation in reported legislation which contains new budget authority and outlays or reducing revenue, a proposal to strike this designation shall be excluded from an evaluation of budgetary effects. This section also makes in order an amendment offered that proposes to reduce each amount appropriated by the pending measure that is not required to be appropriated.

Senate Budget Enforcement

The Budget Control Act deems a budget passed in the Senate for the purposes of enforcing budget points of order and Committee allocations. Following enactment of this legislation, the Senate Budget Committee Chairman is directed to file for the Committee on

Appropriations the committee allocations for Fiscal Years 2011 and 2012 consistent with the discretionary spending caps established in this legislation.

Title II-Vote on the Balanced Budget Amendment

Between September 30, 2011 and December 31, 2011, the House and Senate will be required to vote on a joint resolution "proposing a balanced budget amendment to the Constitution of the United States." Article V of the Constitution prescribes two means by which the Constitution may be amended, and the method contemplated by Title II would require both houses of Congress to pass the amendment by two-thirds majorities and then three-quarters of the states would have to ratify the amendment. In recognition of the fact that procedure varies with respect to consideration of Constitutional amendments, Section 202 of the Budget Control Act sets the parameter of the procedures that will be used. If the Senate passed the resolution first, then, when received from the Senate, the resolution would be referred to the House Judiciary Committee. If this Committee does not favorably report the resolution within five days, then a Member may move to discharge the bill, thus bringing it to the floor. Once on the floor, the motion will be considered as if the previous question has been ordered, a parliamentary procedure that ends debate and prevents the offering of amendments and bars the use of other procedural devices. Then, 20 minutes of debate shall occur on the motion to discharge, and if a simple majority votes "yes" then consideration of the resolution would begin. In the event the Judiciary Committee favorably reports out the resolution in the allotted five days, then the resolution would be brought to the floor, and a Member could immediately move the previous question without the usual initial steps. Regardless of the means by which the resolution comes to the House floor, all points of order would be waived, only two hours of debate would be allowed on passage of the resolution, and only one motion to limit debate may be offered.

If the House passes the resolution first, the appropriate Committee of the Senate shall receive the resolution for consideration and if the Committee fails to report out this resolution favorably in five days, then it would be discharged and placed on a Senate calendar for floor action. All debate and motions would be limited to 20 hours, far short of the two legislative days and 30 hours of post-vote debate afforded in the event that cloture is invoked. Moreover, almost all of the normal motions that can delay consideration of a bill would be waived (e.g. motions to proceed to other bills or motions to limit debate). Consequently, once the joint resolution comes to the floor, the Senate would have to commence and continue consideration of the measure. Finally, there is a seven day deadline for a final Senate vote if the Committee of jurisdiction reports out the resolution and the Senate agrees to the motion to proceed.

Title III- Debt Ceiling Disapproval Process

The Budget Control Act delineates how the next raise in the debt ceiling would work. First, by December 31, 2011, the President must submit a written certification that the debt of the U.S. is within $100 billion of the limit and "and that further borrowing is required to meet existing commitments." Once this certification is submitted, the debt limit will be automatically increased by $400 billion and an additional $500 billion in borrowing authority shall be granted subject to Congress passing a resolution expressing its disapproval. In regards to the first debt limit increase, if the joint resolution of disapproval clears Congress and the President, by any of the three possible paths, then the Office of Management and Budget (OMB) would be tasked with cutting spending by $400 billion.

For the second portion of the debt limit increase, the President must once again submit written certification that the U.S. is within $100 billion of reaching the statutorily prescribed debt limit and that further borrowing is required to meet existing conditions. Again, subject to Congress passing a resolution of disapproval, the debt limit would be increased by $1.2 trillion unless two other occurrences have come to pass: (1) the debt limit would be increased by $1.5 trillion if the balanced budget amendment contemplated in Title II passes both houses of Congress and is submitted to the States for ratification; or (2) if the Joint Committee created under the Budget Control Act (see next section of this memorandum) produces legislation achieving savings greater than $1.2 trillion, then a corresponding increase in the debt limit is allowed up to $1.5 trillion.

For the first raising of the debt ceiling (i.e. the $500 billion), Congress will have 50 calendar days to pass a resolution of disapproval (requiring a simple majority vote in each chamber). In the second instance, Congress would have only 15 calendar days to pass a resolution disapproving the $1.2 trillion to $1.5 trillion debt ceiling increase and expedited procedures for doing so are provided for. Section 301 details the contents of the resolution and like the balanced budget amendment details the procedural means that both houses must use. In the House, Committees of jurisdiction shall have only five calendar days to act upon the resolution and failing to do so will trigger a discharge of the resolution to the floor. On the sixth day, the House may take up the resolution with all points of order being waived, the previous question being moved and all motions to reconsider being obviated. Two hours of debate will then be allowed and all points of order are waived, allowing for an expedited vote.

In the Senate, both of the joint resolutions allowing the raise in debt limit would be protected from the filibuster. For the first raising of the debt limit, on the day after Congress receives the President's certification, the Senate may move to proceed to the resolution, which shall not be debatable and numerous ordinary points of order and parliamentary tactics would not be allowed. Consideration of the resolution will not be allowed for more than ten hours, and a motion to limit debate may be offered but motions to postpone debate, to proceed to other business or recommit to Committee shall not be allowed. Moreover, any of the Chair's rulings on procedure shall not be subject to debate as this is a procedural tactic used to stall or derail debate on a matter. Once the Majority Leader has received the President's certification for the $1.2 trillion debt limit increase, the Senate will convene within two calendar days if it has been adjourned or recessed. Then the resolution would be placed directly on the appropriate Senate calendar, bypassing the Committees of jurisdiction.

If one chamber receives the joint resolution of disapproval before having voted on its own resolution, then the chamber receiving the resolution shall not refer the measure to

Committee. Rather, the received resolution will be held and substituted for the not-yet-voted upon resolution before the vote on passage, a procedural sleight of hand that allows the second chamber to avoid the amendment process.

If Congress fails to pass the joint resolution of disapproval, then the debt limit increase will go into effect. If Congress passes the joint resolution, then the President can sign it, allow it to become law without his signature, or veto the resolution. If a veto occurs, then each chamber would have to vote to override the veto by 2/3 majorities within the 50 day period started when the President submits the first certification for a debt limit increase (i.e. the $500 billion) or the 15 day window for the second (i.e. the $1.2 trillion).

If Congress and the President fail to achieve the $1.2 trillion in savings, then Congress going forward would be subject to enumerated discretionary spending caps (e.g. $546 billion for security spending and $501 billion for non-security spending in FY 2013) through FY 2021. In the event that Congress and the President achieve some portion of the required $1.2 trillion in savings, then a sequestration process would be triggered to deliver the balance. For example, if the Committee delivers savings of $800 billion that Congress passes and the President signs into law, then the mechanism created in these provisions would result in another $400 billion in cuts over the ten year window. The Budget Control Act details a formula that OMB would use to determine the necessary spending cuts to achieve these additional savings, half of which would come from defense spending and half from the rest of discretionary and direct spending (e.g. Medicare and other programs not subject to the annual appropriations process for funding). However, the definition of "security spending" would be tightened to include only the Department of Defense (whereas some Department of Energy and Department of Homeland Security funding are currently considered security spending). Fifteen days after the end of a Congressional session, OMB would identify the sequestrations and the President would order these sequestrations made. It is important to note that the total permissible annual reduction to Medicare is 2 percent and any shortfalls caused by this cap would be borne by the other non-security spending categories.

Title IV – Joint Select Committee on Deficit Reduction

Title IV of the Budget Control Act of 2011 establishes a "Joint Select Committee on Deficit Reduction" and charges it to produce a report and legislative language that would reduce the deficit by "at least" $1.5 trillion over the period of fiscal years 2012 to 2021. The adoption of the report and proposed legislative language by the Joint Committee will require a majority vote of the twelve members of the committee, the vote to take place no later than November 23, 2011. The resulting legislation would not be subject to amendment and would enjoy greatly expedited consideration in both the House and the Senate, with votes on final passage taking place no later than December 23, 2011.

Membership

The Joint Committee will be comprised of 12 Members, with the Senate Majority Leader, Senate Minority Leader, Speaker of the House, and House Minority Leader each appointing three members from the membership of their respective bodies. The appointments must be made no later than 14 calendar days after the enactment of the Budget Control Act. The Majority Leader of the Senate and the Speaker of the House will each appoint a Co-Chair of the Joint Committee, such appointments also to be made within 14 days of enactment. The members shall be appointed for the life of the Joint Committee which terminates on January 31, 2012. The Co-Chairs, acting jointly, shall hire the staff director of the Joint Committee and shall approve actual and necessary expenses of the Committee.

Operation

The Joint Committee is required to hold its first meeting not later than 45 days after the enactment of the Budget Control Act. The presence of seven members of the Joint Committee will represent a quorum for the purposes of voting, meeting, and holding hearings. Proxy voting will not be allowed. The Joint Committee is empowered to hold hearings, require the attendance of witnesses and production of documents, take testimony, receive evidence, and administer oaths as the Committee deems advisable. Public announcements of hearings dates are to be made 7 days in advance unless the Co-Chairs determine that there is good cause for an earlier hearing date. Upon written request of the Co-Chairs, a Federal agency is required to furnish technical assistance to the Joint Committee.

Any committee of the House or the Senate would have until October 14, 2011 to transmit to the Joint Committee "its recommendations for changes in the law to reduce the deficit" consistent with the mandate of the Joint Committee. Not later than November 23, 2011, the Joint Committee is required to vote on "a report that contains the findings, conclusions, and recommendations of the joint committee and the estimate of the Congressional Budget Office" and "proposed legislative language to carry out such recommendations…which shall include a statement of the deficit reduction achieved by the legislation over the period of fiscal years 2012 to 2021."

The Congressional Budget Office will be responsible for providing estimates of the budgetary impact of the proposed legislative language for fiscal years 2012 to 2021 and also for furnishing estimations for periods beyond 2021. The Joint Committee is barred from voting on any version of the report, recommendations, or legislative language unless the CBO's estimates have been available for consideration for all Members of the Joint Committee for at least 48 hours.

If the report and legislative language are approved by a majority of the members of the Joint Committee, they will be submitted to the President, the Vice President, the Speaker of the House, and the Majority and Minority Leaders of both the House and the Senate. Upon the approval or disapproval of the report and the legislative language, they will be made available to the public, along with a record of the vote.

Expedited Consideration in the House and Senate

If legislative language is approved by the Joint Committee, it will be introduced in the House and Senate (by request) by the respective Majority Leader or his designee on the next legislative day of each chamber. Any committees to which the bills are referred are required to report them, without amendment, to their respective chambers no later than December 9, 2011. The bills will not be subject to amendment on the floors of either chamber and will be subject to greatly expedited consideration in both bodies. The vote on passage is required to take place in both chambers no later than December 23, 2011.

In the House

If any committee to which the Joint Committee bill is referred does not report the bill to the House without amendment by December 9, 2011, a motion to discharge the bill from that committee will be in order and disposition of that motion will also be subject to accelerated procedures. After the last committee has reported the bill, or the bill has been discharged, the bill will be considered for passage on the House floor. The Joint Committee bill will be considered as read, all points of order against the bill and against its consideration will be considered waived, and the previous question shall be considered as ordered without intervening motion. Two hours of debate equally divided and controlled by the proponent and an opponent will be available. Final passage will require a simple majority, and a motion to reconsider the vote on passage will not be in order. The vote on passage of the Joint Committee bill shall occur no later than December 23, 2011.

In the Senate

A Joint Committee bill introduced in the Senate will be jointly referred to the committee or committees of jurisdiction "which committees shall report the bill without any revision and with a favorable recommendation, an unfavorable recommendation, or without recommendation" by December 9, 2011. If any committee fails to report the bill by that date, that committee will be automatically discharged from consideration of the bill and it would be placed on the appropriate calendar. After the bill is reported or discharged from all committees to which it was referred, the Senate Majority Leader (or if after two days, any Member of the Senate) will be able to offer a non-debatable motion to proceed to the bill, thereby requiring only 51 votes to consider the bill. The motion to proceed will also not be subject to a motion to postpone or a motion to reconsider. All points of order against the Joint Committee bill and its consideration will be waived. Debate on the bill and all debatable motions will be limited to 30 hours which would be equally divided between the Majority and Minority Leaders or their designees, with a vote on passage occurring immediately following the conclusion of the debate. An amendment to the Joint Committee bill, a motion to postpone, a motion to proceed to consideration of other business, or a motion to recommit the Joint Committee legislation shall not be in order. The vote on final passage of the Joint Committee bill shall also occur not later than December 23, 2011.

Automatic Reductions if Joint Committee Legislation Not Enacted into Law

As described above, the Budget Control Act directs that the Joint Committee produce legislation which has the goal of reducing the federal deficit by "at least" $1.5 trillion between 2012 and 2021. If Congress fails to enact legislation which secures an estimated $1.2 trillion in deficit reduction (including an allowance for interest savings) by January 15, 2012, the Budget Control Act mandates reductions in discretionary and direct spending to compensate for any shortfall in the targeted savings. These automatic reductions would be distributed evenly over fiscal years 2013 through 2021. Half of the reductions would be achieved from non-defense spending and half from defense spending.

In 2013, necessary reductions in discretionary spending would be achieved by decreasing the budgeted funding for defense and non-defense accounts by the percentages necessary to secure the reduction mandated for that year. Reductions in other years (2014-2021) would be obtained by decreases in the limits on discretionary authority for each of those years.

The procedures contained in the Statutory Pay-As-You-Go Act of 2010 are to be used by the Office of Management and Budget for needed reductions in direct spending. Specifically, sections 255 and 256 of the Balanced Budget and Emergency Deficit Control Act, as amended by the PAYGO Act, provide that programs subject to the needed automatic reductions would be decreased by a uniform percentage adequate to accomplish the overall savings required for the year in question. Medicare reductions would be limited to no more than two percent. Some spending would be exempt from the automatic reductions including Social Security and certain other retirement programs, veterans' programs, Medicaid, and specified programs for low-income individuals.

BUDGET CONTROL ACT OF 2011 TIMELINE

Title I – Ten Year Discretionary Cap with Sequester

- Within 15 days from Congressional Adjournment: This requires a sequestration (across-the-board cuts) to eliminate any budget year breaches. This allows an exception for military personnel spending and provides guidance for: (1) part year appropriations (reduced based upon an annualized amount); (2) look-backs (if, after June 30, an appropriation for the fiscal year in progress is enacted that causes a breach within a category for that year, the discretionary spending limits for that category for the next fiscal year shall be reduced by the amount or amounts of that breach); and (3) within-session sequestration (if an appropriation for a fiscal year in progress is enacted that causes a breach within a category for that year, 15 days later there shall be a sequestration to eliminate that breach).

- Not later than 7 calendar days after the date of enactment of any discretionary appropriation, OMB shall provide a report to the House and Senate containing the CBO estimate of that legislation, an OMB estimate of the amount of discretionary new budget authority and outlays for the current year, if any, and the budget year provided by that legislation, and an explanation of any difference between the two estimates.

- As soon as enactment but not later than April 15, 2012, Senate Budget Committee Chair is to file committee allocations aggregate spending levels, Social Security revenues, and discretionary spending levels for FY 2011 through FY 2021. In addition, the Senate Budget Committee Chair is directed to reduce direct spending and revenue for any fiscal year to zero.

- 5 Days before the President's Budget Submission, CBO is required to submit a sequestration preview report.

- On the date of the President's Budget Submission, OMB is required to submit a sequestration preview report.

- August 15th of a budget year: CBO is directed to submit a sequestration update report.

- August 20th of a budget year: OMB is directed to submit a sequestration update report.

- 10 days following the end of Congressional Session: CBO is required to present a final sequestration report.

- 15 days following the end of Congressional Session: OMB is required to present a final sequestration report, which will accompany the Presidential Sequestration Order.

<u>Title II – Balanced Budget Amendment</u>

- Between October 1, 2011 and December 31, 2011, the House and Senate shall vote on passage of a "joint resolution proposing a balanced budget amendment"

<u>Title III- Debt Ceiling Disapproval Process (Deadlines)</u>

- December 31, 2011: The President may submit a written certification to Congress for $900 billion in further borrowings if the U.S. is within $100 billion of its debt limit. Note that the debt ceiling may not be raised if a Joint Resolution of Disapproval is approved within 50 days of a President's initial request or within 15 days of additional requests.

- Procedures for Joint Disapproval Resolution: In the House, Committees are discharged from consideration of a joint resolution should a committee not approve such a resolution within 5 days of the President's certification being introduced in the

House. After introduction of the joint resolution, the House is to consider it within 6 days. In the Senate, the joint resolution may be considered at any time following the receipt of the President's certification through September 14, 2011. For additional certifications, the Senate has up to 6 days to consider it. Within 50 days of a joint resolution being enacted, there shall be a sequestration undertaken to reduce spending by $400 billion.

- January 15, 2012: If a bill providing for a $1.2 trillion in deficit reduction is not approved, there are set plans for discretionary spending and appropriations for FY 2013 to FY 2021.

- January 2, 2013: This is the date for the first implementation of discretionary spending reductions. For FY 2013, OMB shall calculate and the President shall order a sequestration for discretionary spending. In addition, on the dates of submission of the FY 2014 through FY 2021 sequestration reports, OMB is to reduce the discretionary spending limit. OMB is also to allocate half of the total reduction to discretionary appropriations and direct spending accounts (50% defense, 50% non-defense).

<u>Title IV - Joint Select Committee on Deficit Reduction</u>

- Within 14 days after enactment (on or around August 16), the Joint Committee Members shall be appointed.

- Within 45 days after enactment (on or around September 16), Joint Committee is to hold its first meeting and provide seven days' notice of a hearing (with 48 hours' notice required for the hearing's agenda).

- October 14, 2011: House and Senate Committees are to provide recommendations on deficit reduction to Joint Select Committee on Deficit Reduction ("Joint Committee").

- November 23, 2011: The Joint Committee shall vote on: (1) the report of its recommendations; (2) the Congressional Budget Office report; and (3) proposed legislative language.

- December 2, 2011: If the report and legislative language are approved by the Joint Committee, then they are to be submitted to the President, Vice President, House Speaker, and Congressional leaders.

- December 9, 2011: House Committees are to report legislative text without amendment to the full House, while Senate Committees are to report legislative text without amendment to the full Senate.

- December 23, 2011: House passage of legislative text, Senate passage of legislative text.

- January 31, 2012: The Joint Committee shall terminate.

Note that should either the bill not be approved by the Joint Committee by November 23, 2011 or not be approved by both the Senate and House by December 23, 2011, then this expedited process shall end.

Should you have any questions concerning this summary or desire any additional information, please contact George G. Olsen, Williams & Jensen, PLLC at ggolsen@wms-jen.com.