Summary of the Budget Control Act of 2011

Cutting Discretionary Spending:

- Reduces discretionary spending by $1.2 trillion over ten years (as compared to CBO's January adjusted baseline).
- Cuts next year's discretionary spending by $7 billion in budget authority (and $27 billion in outlays) below the level enacted in the final 2011 CR, for a total discretionary budget of $1,043 billion in budget authority.
- Keeps total discretionary spending below Fiscal Year 2011 levels for Fiscal Year 2013 by setting spending at $1,047 billion in budget authority.

Capping Discretionary Spending:

- Discretionary spending is capped each year for the next decade. If the spending caps are exceeded there is an across the board cut (known as a sequester) of discretionary spending (with a permissible exemption for military pay) to eliminate the excess spending.
- The discretionary caps are codified in law and can only be changed by enactment of future legislation.

Eliminating Waste Fraud and Abuse:

- The bill includes program integrity cap adjustments to ensure adequate funding of programs to reduce waste, fraud, and abuse in health care and SSI.
- These program integrity initiatives will generate additional savings in mandatory programs.
- Similar program integrity adjustments were a successful part of the 1997 Balanced Budget Agreement.

Emergency Spending Reform:

- Provides a definition of emergency spending that specifies that the spending must be for the prevention or response to the loss of life or property or a threat to national security that is unanticipated and temporary.
- Requires the President and Congress to concur on the designation of any spending as an emergency.
- For the first time, affirmatively provides Members of the House with the opportunity to offer an amendment during consideration of an appropriations bill to strike an emergency designation (thus subjecting the spending to the overall cap) and, if they wish, to offset the emergency spending with an across-the-board cut to other programs in the bill.

Joint Select Committee on Deficit Reduction

- Creates a 12-member Committee tasked with developing recommendations to reduce the deficit by $1.8 Trillion over 10 years.
- The Speaker, House Minority Leader, Senate Majority Leader, and Senate Minority Leader will each appoint 3 members.
- The Committee is required to report by November 23, 2011.
- Each House is required to consider the Joint Committee's recommendations by December 23, 2011. In the Senate, the bill is not subject to filibuster.

Balanced Budget Amendment

- Requires each Chamber to consider balanced budget amendments to the Constitution between October 1st and the end of the year.
- Should an Amendment achieve the necessary 2/3rds in either chamber, the remaining chamber would be required to consider that Amendment.

Pell Grant and Student Loan Reforms:

- Reduces mandatory spending on student loans by eliminating the interest subsidy for graduate studies (elimination of interest subsidies was part of the House-passed Balanced Budget Act of 1995, though it never became law) and eliminating the subsidies for on-time repayments. These provisions will save taxpayers approximately $22 billion.

- Redirects $17 billion in the student loan savings to reduce the Pell Grant shortfall for 2012 and 2013, helping maintain the maximum Pell Grant award for eligible students.

- Dedicates approximately $5 billion to deficit reduction.

Debt Limit Increase:

- Upon enactment of the cuts contained in this bill, the President can exercise authority to increase the debt limit by $900 billion (of which $400 billion is available immediately). This authority is subject to disapproval in Congress. If a disapproval is enacted, the $400 billion increase is paid for through an across the board spending cut.

- If the recommendations of the Joint Committee to reduce the deficit are enacted, the President may exercise authority to again increase the debt limit by up to $1.6 trillion. This authority is also subject to disapproval in Congress.

- In all cases, the debt limit increase is smaller than the total reduction in spending.