

The Debt Ceiling Bill and Summary

Dear Constituents - to review the Deficit Reduction Bill ([click here](#)). Below is a summary of the bill and its highlights. Please feel free to contact my office at 202-225-5006 if you have any questions or concerns. You can also follow me on facebook at Rep. Danny K. Davis.

Below is a description of the debt ceiling package:

The first part of the plan includes approximately \$1.2 trillion of deficit reduction through the establishment of ten-year discretionary caps. In the first two years, there would be a firewall separating security and non-security spending. Total discretionary spending in Fiscal Year 2012 and 2013 will be limited to \$1.043 trillion and \$1.047 trillion, respectively, about \$7 billion and \$3 billion below Fiscal Year 2011. The security savings would represent roughly \$5 billion of the total \$10 billion in reductions over this two year period.

The plan provides for debt ceiling increases in two stages. The President may request a \$900 billion increase now, of which \$400 billion is immediately available. This \$900 billion is subject to a resolution of disapproval in both the House and Senate. The disapproval measure would be subject to Presidential Veto. Once the debt comes within \$100 billion of the debt ceiling, the President may ask for at least an additional \$1.2 trillion, which could rise to \$1.5 trillion if a Balanced Budget Amendment is sent to the states or the Joint Committee process described below enacts more than \$1.5 trillion in savings. This increase is also subject to a resolution of disapproval.

The legislation creates a Joint Committee tasked with achieving \$1.5 trillion in deficit reduction. A joint, bipartisan committee, made up of 12 members (6 from each Chamber, equally divided between Democrats and Republicans, and appointed by the Majority and Minority Leaders in each Chamber), will be tasked with developing legislation to achieve at least \$1.5 trillion in future deficit reduction by Thanksgiving. The committee's legislation, which can include entitlements and revenues, will be guaranteed an up-or-down vote in both chambers, without amendments, by December 23. If the Committee's recommendations achieve at least \$1.5 trillion and are enacted by Congress, the debt ceiling will be raised by \$1.5 trillion. If the committee's bill is enacted and produces between \$1.2 trillion and \$1.5 trillion, the debt limit will be raised dollar-for-dollar. If the committee fails to produce a bill, its bill is not enacted, or it produces less than \$1.2 trillion, the debt limit will increase by \$1.2 trillion. Regardless of the amount of the debt limit increase, it would be subject to a disapproval vote which would, in turn, be subject to a Presidential Veto.

If the Joint Committee fails to come to a majority agreement on recommendations that achieve at least \$1.2 trillion, or Congress fails to enact recommendations that produce at least that amount, sequestration is triggered, forcing across-the-board spending cuts. 50 percent of those cuts forced by sequestration would apply to defense spending in function 050. The other 50 percent would come from non-defense discretionary and mandatory spending with exemptions for many low-income programs. Social security, Medicaid, veterans' benefits, and other essential benefits are exempt from cuts. Medicare savings are not totally exempt, but would be capped at 2% and are limited to Medicare providers only - the sequester would not cut benefits.

Finally, as part of this legislation, both the House and Senate will vote on a balanced budget constitutional amendment before the end of the year. The plan does not make the debt limit increase contingent on passage of the amendment. Nor does it prevent a vote on an alternative version of the balanced budget amendment.