

# The Joint Select Committee

*A guide to the Budget Control Act and the  
“Super Congress”*

Representative Michael M. Honda (CA – 15)

# The Debt Limit

- Congress has always placed restrictions on federal debt.
- Before World War One, Congress often authorized borrowing for specified purposes (for example the construction of the Panama Canal).
- In 1917, Congress created the modern debt limit to limit spending on World War One.

# The Debt Limit

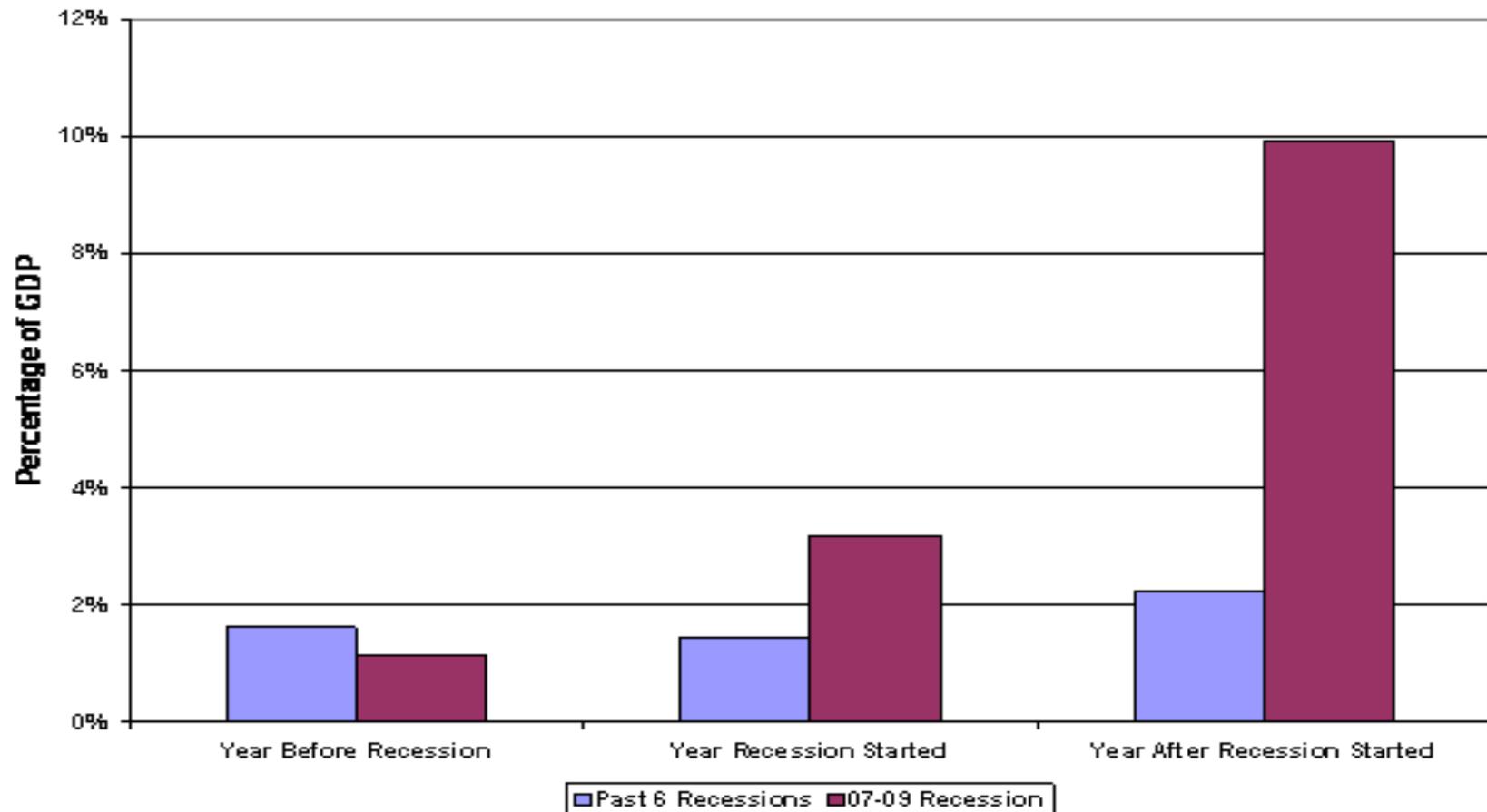
Republican Support for Increasing Debt Ceiling  
Ended with President Obama

Year	Debt Ceiling (Trillions)	Senate GOP Votes
2010	\$14.29	0
2009	\$12.39	1
2009	\$12.10	2
2008	\$11.32	33
2008	\$10.62	34
2007	\$9.82	26
2006	\$8.97	51
2004	\$8.18	50
2003	\$7.38	50
2002	\$6.40	31
1997	\$5.95	55

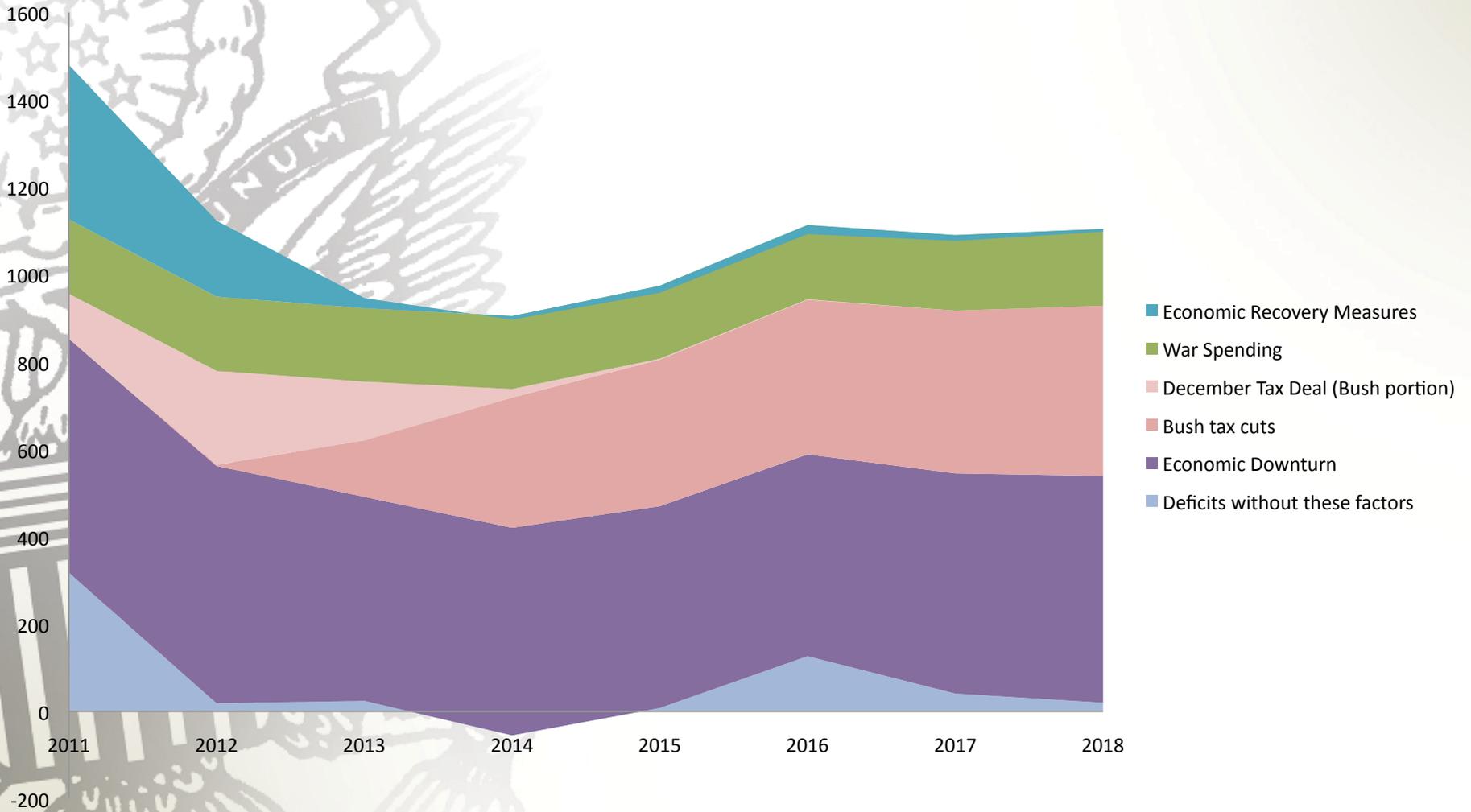
■ Dem. President  
■ GOP President

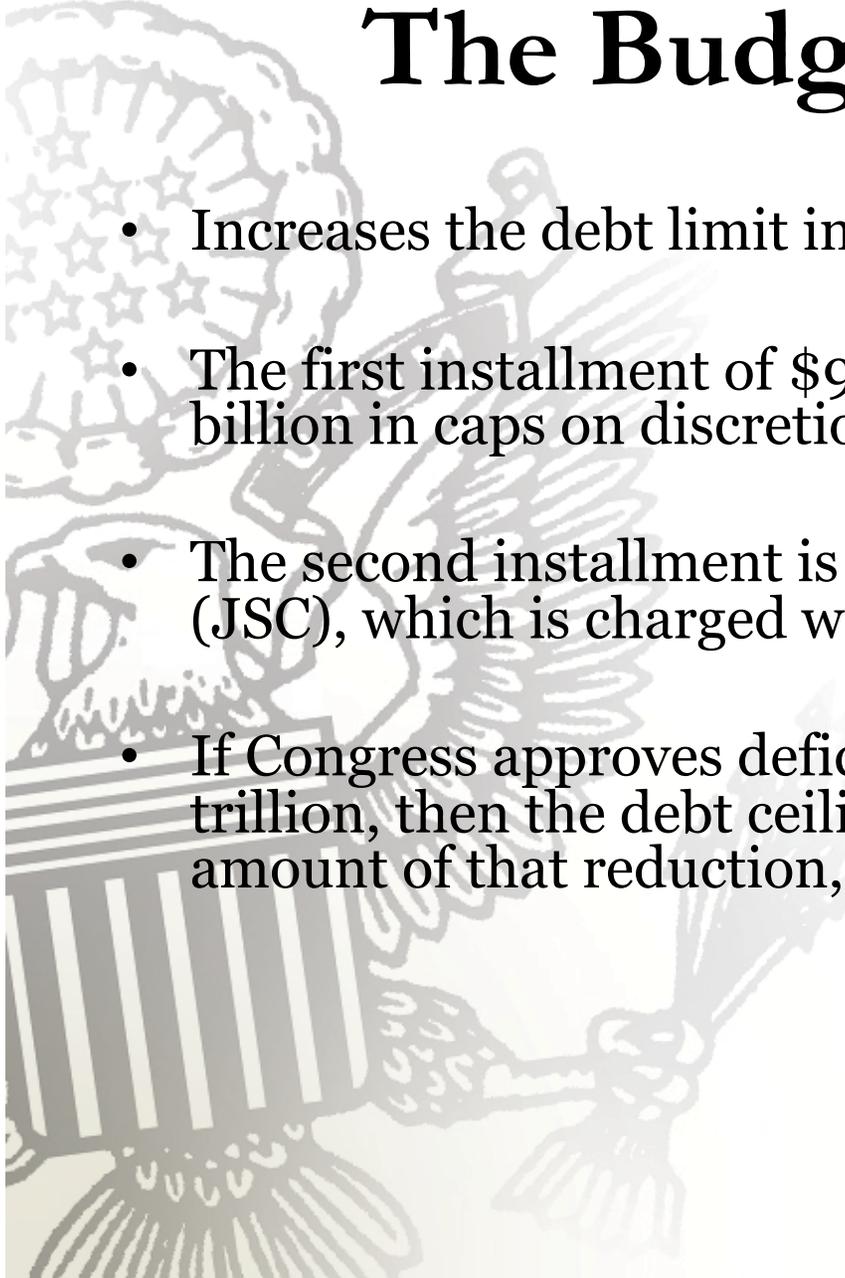
- Raising the debt limit is a routine activity of the Federal Government.
- The debt limit has been raised 62 times since 1962
- The measure typically enjoys bipartisan support

# What drives our deficits over the next decade?



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# The Budget Control Act

- Increases the debt limit in two installments
- The first installment of \$900 billion is directly tied to \$900 billion in caps on discretionary savings
- The second installment is linked to the Joint Select Committee (JSC), which is charged with finding \$1.5 trillion in savings
- If Congress approves deficit reduction of more than \$1.2 trillion, then the debt ceiling would be increased by the amount of that reduction, up to \$1.5 trillion

# The Budget Control Act

- If the additional deficit reduction is not agreed to by December 23, the second debt limit increase will be \$1.2 trillion
- The increase in the debt ceiling will be accompanied by equal across-the-board cuts in both defense and non-defense spending starting in 2013
- If there is no deficit reduction, the cuts will total about \$109 billion per year
- If the JSC process achieves less than \$1.2 trillion in savings, the difference will be made up by across-the-board cuts split evenly between defense and non-defense

# Discretionary Spending Levels Under the Budget Control Act

	In Billions of Dollars			BCA v.
	BCA	2011	House GOP	House GOP
<b>2012</b>				
Security	684	689	695	-11
Nonsecurity	359	361	325	34
<b>Total</b>	<b>1,043</b>	<b>1,050</b>	<b>1,019</b>	<b>24</b>
<b>2013</b>				
Security	686	689	719	-33
Nonsecurity	361	361	308	53
<b>Total</b>	<b>1,047</b>	<b>1,050</b>	<b>1,028</b>	<b>19</b>

*The Budget Control Act preserves \$43 billion in discretionary cuts compared to the Republican Budget*

# Additional Deficit Reduction

## Sequester



# Additional Provisions of the Budget Control Act

- **Balanced Budget Amendment** – The House and Senate must vote on a constitutional amendment by December 31
- **Pell Grants** – Preserves the current maximum award (\$5,550) for the next two years by eliminating subsidized interest for students currently in graduate school and eliminating repayment incentives for Direct Loans

# The Joint Select Committee (JSC)

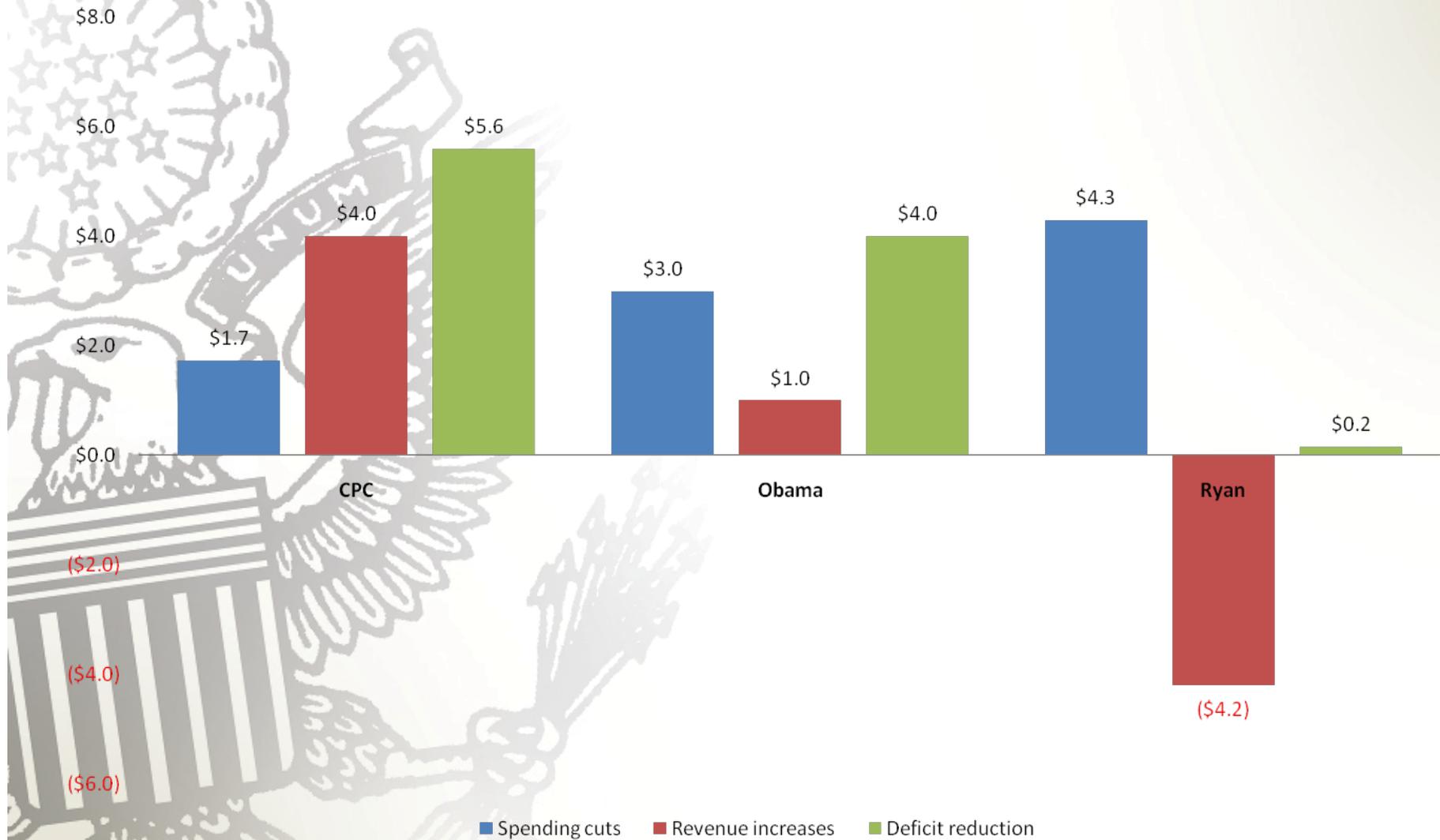
- 12 Members
- 6 House / 6 Senate
- 5 Members of the Tax Writing Committees
- 4 Members of the Budget Committee
- 3 Members of Leadership



# Timeline for the JSC

- **October 14:** Each of the 36 congressional committees transmits recommendations to the JSC
- **November 23:** The JSC reports its recommendations
- **December 2:** If a majority of the 12 committee members approve, the report legislative language goes to the President, the House, and the Senate
- **Jan 15, 2012:** If Congress has not approved additional deficit reduction of at least \$1.2 trillion, the debt ceiling is increased with sequestration to begin in 2013
- **January 2013:** Sequestration begins

# My Proposal

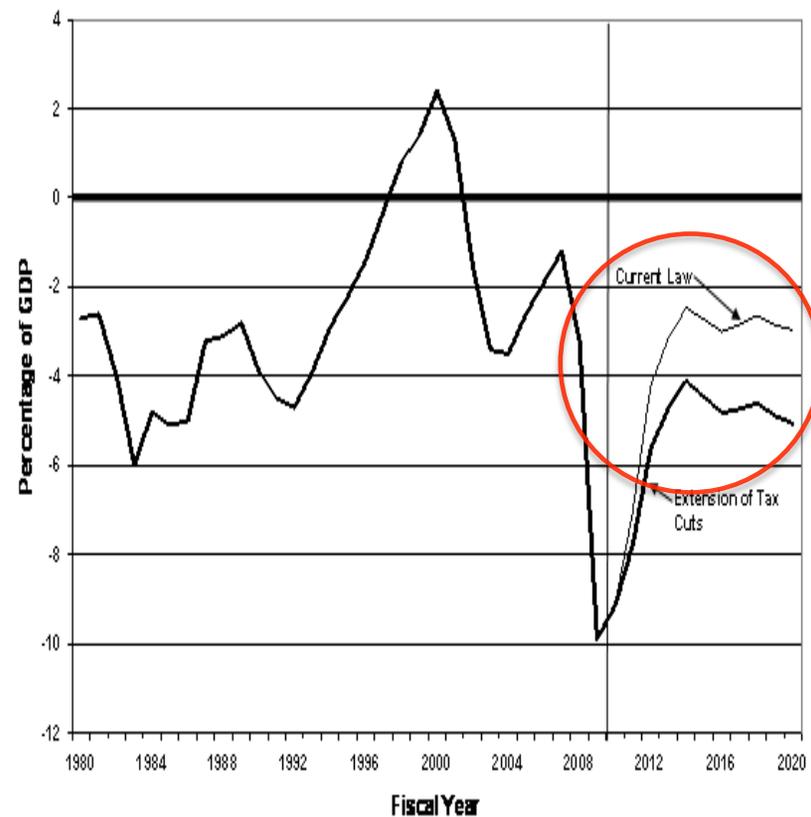


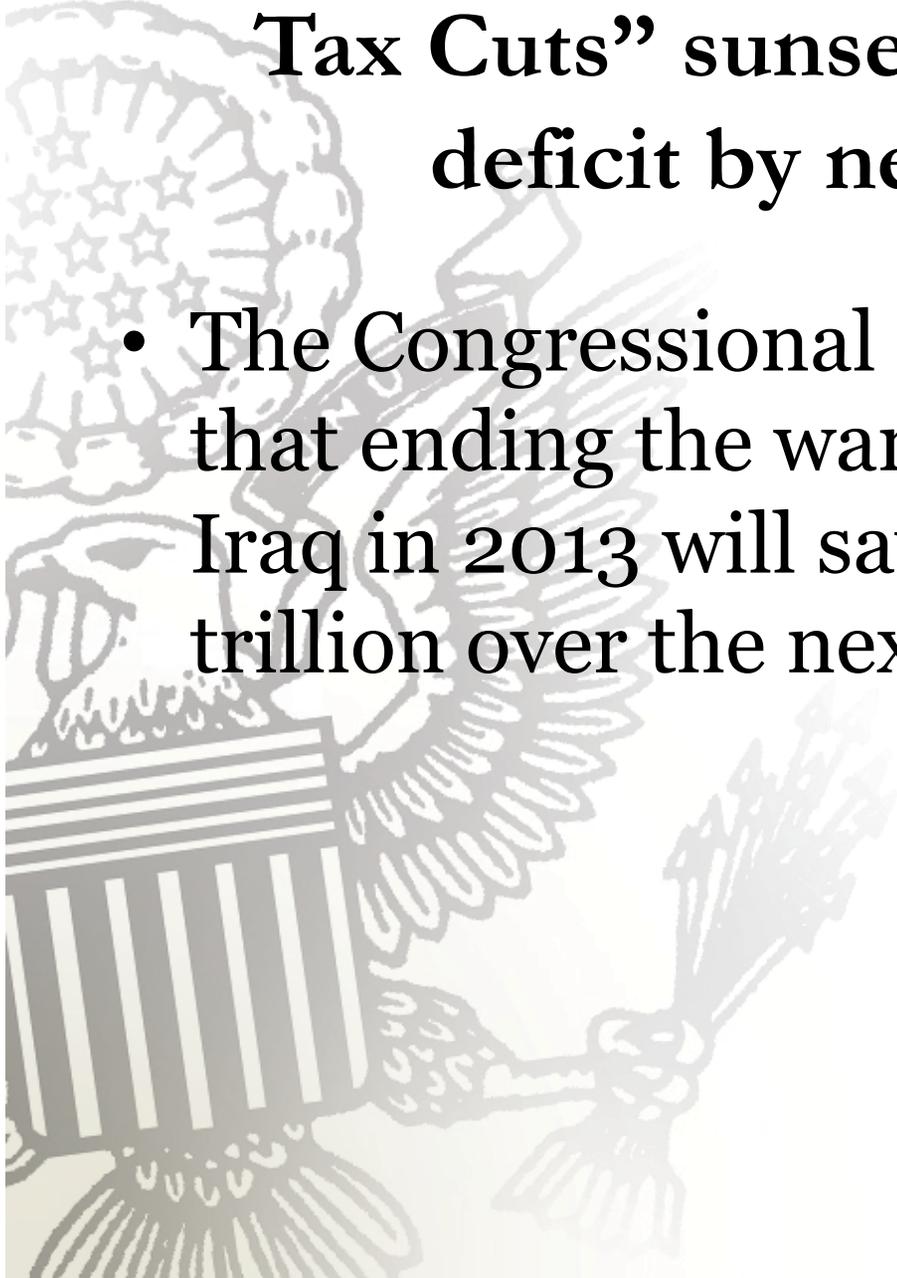
# The President's Deficit Reduction Proposal

- \$1.2 trillion from the discretionary cuts enacted in the Budget Control Act
- \$580 billion in cuts and reforms to a wide range of mandatory programs
- \$1.1 trillion from the drawdown of troops in Afghanistan and transition from a military to a civilian-led mission in Iraq
- \$1.5 trillion from tax reform
- \$430 billion in additional interest savings

# Ending the Wars and Letting the “Bush Tax Cuts” sunset would reduce the deficit by nearly \$5 trillion

- According to the nonpartisan Congressional Budget Office, permanently extending the Bush Tax Cuts would increase the deficit by \$3.3 trillion over the next ten years





# Ending the Wars and Letting the “Bush Tax Cuts” sunset would reduce the deficit by nearly \$5 trillion

- The Congressional Budget Office estimates that ending the wars in Afghanistan and Iraq in 2013 will save approximately \$1.4 trillion over the next decade.