

**SECTION-BY-SECTION ANALYSIS**  
**OF THE**  
**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO S. 627**

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ONE HUNDRED TWELFTH CONGRESS

PREPARED ON  
JULY 25, 2011

**SECTION 1. Short Title; Table of Contents**

This section provides a short title for the bill, the “Budget Control Act of 2011”. It also provides a table of contents.

**TITLE I—TEN-YEAR DISCRETIONARY CAPS WITH SEQUESTER**

***Sec. 101. Enforcing discretionary spending limits.***

This section amends section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish 10-year discretionary spending limits (caps) for fiscal years 2012 through 2021 that would reduce discretionary spending by \$1.2 trillion.

Subsection (a) enforces the discretionary spending caps through a sequestration process (across-the-board reductions) occurring 15 days after Congress adjourns at the end of a session and authorizes the President to exempt any military personnel accounts from sequestration provided that the savings are achieved through across-the-board reductions in the remainder of the Department of Defense (DOD) budget. Subsection (a) largely mirrors the Balanced Budget and Emergency Deficit Control Act of 1985 (also known as “Gramm-Rudman-Hollings”) providing guidance for part-year appropriations, a look-back sequester, and a within session sequestration if caps are exceeded. It also provides a timeline of Congressional

Budget Office (CBO) and Office of Management and Budget (OMB) estimates and explanation of differences.

Subsection (b) provides for adjustments to discretionary spending limits for emergency appropriations and appropriations for the global war on terrorism. It also provides adjustments for additional spending to combat waste, fraud, and abuse.

Subsection (c) establishes discretionary limits for FY 2012 through 2021. It sets separate discretionary limits for defense programs (function 050) for FY 2012 and FY 2013 that establishes funding range for defense programs.

***Sec. 102. Definitions.***

This section amends section 250 of the Balanced Budget and Emergency Deficit Control Act of 1985 to define terms used in the title, including emergencies.

***Sec. 103. Reports and Orders.***

This section provides updates to reports and orders required by section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

***Sec. 104 Expiration.***

This section repeals section 275 of the Balance Budget and Emergency Deficit Control Act of 1985 that has the effect of putting the discretionary enforcement sequester procedures in effect.

***Sec. 105. Conforming Amendments to the Congressional Budget and Impoundment Control Act of 1974.***

This section provides for conforming amendments to the Congressional Budget Act of 1974. Specifically, section 314 of that Act is amended to allow the Chairman of the House and Senate Budget Committees to make budgetary adjustments to reflect the adjustments in spending limits. It also provides for the budget treatment of emergency spending and a process by which members of the House can strike a designation for emergency funding.

***Sec. 106. Senate Budget Enforcement.***

A budget resolution usually is adopted through a concurrent resolution on the budget, which is a congressional enforcement mechanism. Section 106 enacts through law procedures that work in similar fashion to a budget resolution for fiscal year 2012, and under its terms expires if such a resolution were to be adopted (which it was not). The section makes

enforceable allocations (as under section 302(a) of the Congressional Budget Act of 1974) and aggregates (as under section 311 of that Act). The House has no similar provision.

## **TITLE II—VOTE ON THE BALANCED BUDGET AMENDMENT**

### ***Sec. 201. Vote on the Balanced Budget Amendment.***

This section requires a vote on passage of a joint resolution entitled “Joint resolution proposing a balanced budget amendment to the Constitution of the United States” between September 30 and December 31, 2011.

### ***Sec. 202. Consideration by the Other House.***

This section provides for expedited consideration by the House and Senate of the joint resolution of the other House. These provisions are largely similar to the expedited procedures used in title III.

## **TITLE III—DEBT CEILING DISAPPROVAL PROCESS**

### ***Sec. 301. Debt Ceiling Disapproval Process.***

This section adds a new section after 31 U.S.C. 3101 providing for modification of the debt ceiling by the President and a process for the Congress to disapprove of those modifications.

The new section provides that if the President submits a written certification to Congress by December 31, 2011 that the debt is within \$100 billion of the debt limit, the Secretary of the Treasury is authorized to borrow an additional \$900 billion, subject to the enactment of a joint resolution of disapproval. Upon submission of the certification, the debt limit is increased by \$400 billion.

The section authorizes the Congress to consider a joint resolution of disapproval subject to the procedures of this section. If Congress fails to enact the joint resolution, the debt limit is increased by an additional \$500 billion.

The section further authorizes the Secretary to borrow an additional amount equal to \$1.6 trillion, subject to Presidential certification and Congressional disapproval, if the amount of deficit reduction achieved pursuant to the creation of the joint committee in title IV of the bill is greater than \$1.6 trillion.

The section further mandates the content of the joint resolution of disapproval, limitations on when a joint resolution may be introduced, and expedited procedures for consideration of the joint resolution.

*Expedited procedures in the House:*

- The House must convene not later than the second calendar day after the receipt of a Presidential certification.
- Any committee to which the joint resolution has been referred must report it to the House not later than five calendar days after the receipt of the Presidential certification. If a committee fails to report the joint resolution within the time period, the committee is discharged from further consideration.
- Requires consideration of the joint resolution in the House not later than six calendar days after receipt of a presidential certification.
- All points of order against the joint resolution and its consideration are waived.
- No amendments to the joint resolution are in order.
- The joint resolution is debatable for two hours prior to a vote on passage.

*Expedited procedures in the Senate:*

- The Senate must convene not later than the second calendar day after the receipt of a Presidential certification.
- A motion to proceed to a joint resolution of disapproval of the initial \$900 billion increase to the debt limit is in order at any time during the period beginning the day after receipt of a Presidential certification and ending on September 14, 2011.
- A motion to proceed to a joint resolution of disapproval of the additional amount is in order at any time during the period beginning the day after receipt of a Presidential certification and ending on the 6th day after Congress has received a certification.
- All points of order against the joint resolution are waived.
- No amendments to the joint resolution are in order.
- Consideration of the joint resolution is limited to not more than 10 hours.

Paragraph (5) provides that if the President vetoes a resolution of disapproval and the Congress overrides the veto, the debt limit is not increased.

Paragraph (6) provides that if the Congress overrides the President's veto, the Office of Management and Budget is directed to sequester pro rata amounts from certain accounts equal to the initial \$400 billion provided in this section.

#### **TITLE IV—JOINT SELECT COMMITTEE ON DEFICIT REDUCTION**

##### ***Sec. 401. Establishment of Joint Committee.***

Subsection (a) defines terms used in the title. Specifically, it defines the term “joint committee” as the Joint Select Committee on Deficit Reduction and “joint committee bill” as the bill containing the legislative recommendations of the joint committee.

Subsection (b) provides for the establishment of the joint committee. Paragraph (1) establishes the joint committee, and paragraph (2) sets forth the goal of reducing the deficit by \$1.8 trillion over the period of 2012 through 2021.

Paragraph (3) establishes the duties of the joint committee. The joint committee is required to provide recommendations (including legislative language) that will significantly improve both the short- and long-term fiscal imbalance of the Federal Government.

The joint committee must also consider any recommendations from House and Senate committees with respect to changes in law necessary to meet the goal of the joint committee. Those committees may report their recommendations to the joint committee by October 14, 2011.

By November 23, 2011, the joint committee is required to vote on a report which contains the findings, conclusions, and recommendations of the joint committee, as well as the estimates provided by the Congressional Budget Office (CBO) and legislative language in support of those recommendations, which must also contain a statement of the deficit reduction achieved over fiscal years 2012 through 2021. A majority of the members of the joint committee must approve the report and accompanying legislative language. The text of the report and accompanying legislative language must be made public promptly after the vote on adoption of those matters.

The legislation also provides for any member of the joint committee to file additional, supplemental, or minority views

within 3 calendar days if that member provides notice of his or her intention at the time of final vote on adoption of the report and legislative language. The report and accompanying legislative language must be transmitted to the President, Vice President, the Speaker of the House, and the majority and minority leaders of the House and Senate by December 2, 2011.

The joint committee is to be comprised of 12 members appointed by the majority and minority leaders of the Senate, and the Speaker and minority leader of the House, who each must appoint three members. The Speaker and the majority leader of the Senate must each appoint one member to serve as Co-Chair from among the members of the joint committee. The members of the joint committee and the Co-Chairs must be appointed within 14 calendar days after enactment of this bill. Members are appointed for the life of the joint committee, and a vacancy must be filled in the same manner as the original appointment.

The Co-Chairs must jointly hire a staff director for the joint committee. It is also authorized to incur expenses in the same manner as the Joint Economic Committee and any actual and necessary expenses approved by the co-chairs are authorized to be disbursed by the Senate, subject to Senate rules and regulations.

Seven members of the joint committee constitute a quorum for purposes of voting, meeting, and holding hearings.

With respect to voting, proxy voting is prohibited and the joint committee is enjoined from voting on the report, recommendations, or legislative language unless an estimate from the CBO is available to the members of the joint committee for at least 48 hours prior. In its analysis, CBO are required to estimate the effect of interest payments on the debt, and CBO is also directed to estimate the budgetary effects of the legislative language beyond 2021.

The joint committee must hold its first meeting not later than 45 days after the date of enactment of this legislation and the Co-Chairs must provide an agenda at least 48 hours prior to each meeting.

The joint committee is authorized to hold hearings, require attendance of witnesses and production of documents, take testimony, receive evidence, and administer oaths as the committee deems advisable. It may also sit and act whenever necessary.

Hearings must be announced at least 7 days in advance, unless the Co-Chairs determine that there is good cause to hold a hearing earlier. Witnesses appearing before the joint committee must file a written statement of proposed testimony at least

2 days prior to appearance, unless waived by the Co-Chairs.

Federal agencies must provide technical assistance to the joint committee on the written request of the Co-Chairs.

Subsection (c)(1) addresses the staff of the joint committee. The Co-Chairs are authorized to appoint and set the compensation of staff as they deem necessary, and within the guidelines and rules for Senate employees. Paragraph (2) provides that the members of the joint committee will be bound by the rules and ethical requirements of the House in which they serve, while staff of the joint committee are governed by the Senate ethics rules.

***Sec. 402. Expedited Consideration of Joint Committee Recommendations.***

Subsection (a) provides for introduction of the joint committee's legislative recommendations. If approved by the joint committee, the legislative language accompanying their recommendations must be introduced on the next session or legislative day in the House or Senate, respectively. The measure is to be introduced (by request) in the Senate and House by the majority leader of each body or a designee.

Subsection (b) provides for expedited consideration in the House. Each committee receiving a referral of the joint committee bill must report that bill without amendment not later than December 9, 2011. If a committee fails to report the bill prior to that date, a member may offer a motion to discharge the bill. That motion is debatable for 20 minutes, equally divided and controlled between the proponent and an opponent and a motion to reconsider the vote disposing of the motion is not available. The motion to discharge is not available after the last committee reports the bill or the House has considered a prior motion to discharge.

If the motion is adopted or after the last committee reports the joint committee bill, a motion to proceed to the consideration of the bill is in order. The motion to proceed is not debatable, and a motion to reconsider the vote disposing of the motion to proceed is not available.

If the House proceeds to consideration of the joint committee bill, all points of order against the bill and its consideration are waived, and it is considered as read. The joint committee bill is debatable for 2 hours, equally divided and controlled by the proponent and an opponent. One motion to limit debate is available, while a motion to reconsider the vote disposing of the joint committee bill is not in order. The vote on passage of the joint committee bill must occur on or before December 23, 2011.

Subsection (c) provides for expedited consideration in the Senate. The joint committee bill must be referred jointly to the committees of jurisdiction. Each committee to which the bill is referred must report the bill with a favorable or unfavorable recommendation, or no recommendation, by not later than December 9, 2011 and without amendment. If any committee fails to report the bill by that date, that committee will be automatically discharged and the joint committee bill placed on the appropriate calendar.

Two days after the last Senate committee reports the joint committee bill or is discharged, the majority leader of the Senate or a designee may move to proceed to the consideration of the joint committee bill, even if a prior motion to proceed has failed. All points of order against the motion to proceed are waived and it is not debatable, and it is not subject to a motion to postpone or reconsider. If the motion to proceed is agreed to, the joint committee bill will remain unfinished business until it is disposed of.

Consideration of the joint committee bill, including all debatable motions and appeals, is limited to 30 hours equally divided between the majority and minority leaders of the Senate. All points of order against the joint committee bill and its consideration are waived. A non-debatable motion to limit debate is available and requires an affirmative three-fifths vote. Any debatable motion or appeal is limited to one hour, equally divided between a proponent and an opponent. All time used for consideration of the joint committee bill, including time used for quorum calls, counts against the 30-hour total.

No amendments to the joint committee bill or a motion to postpone, proceed to the consideration of other business, or recommit are in order. Appeals from decisions of the chair regarding application of the rules of the Senate to consideration of the joint committee bill are non-debatable.

The Senate must vote on passage of the joint committee bill immediately after the conclusion of debate and a quorum call, if requested. The Senate must also vote on the joint committee bill not later than December 23, 2011.

Subsection (d) provides that the joint committee bill is not subject to amendment in either the House or Senate.

Subsection (e) provides standard language to address the handling of the joint committee bill if passed by one chamber before the other has completed its consideration. It also provides that if the joint committee bill is a revenue measure, the subsection does not apply to the House.

Subsection (f) also contains several standard provisions to



address issues in the Senate when they receive a joint committee bill from the House. First, it provides that joint committee bill originated by the House is entitled to expedited consideration in the Senate if the Senate fails to introduce or consider a joint committee bill. Second, if the Senate receives the joint committee bill after passage of the joint committee bill, the House version is not debatable and the vote on passage of the Senate version is considered to be the vote on the House version. Finally, it provides that debate on a veto message on the joint committee bill in the Senate is limited to one hour, equally divided between the majority and minority leaders.

Subsection (g) provides that the joint committee bill loses its privileged status if the joint committee fails to vote on the report or legislative language by November 23, 2011 or the joint committee bill does not pass both the House and Senate by December 23, 2011.

***Sec. 403. Funding.***

This section provides that the funding of the joint committee is to be paid equally out of the applicable accounts of the Senate and House of Representatives, subject to the rules and regulations of the Senate.

***Sec. 404. Rulemaking.***

This section clarifies that the provisions are enacted as an exercise of the rulemaking powers of the House and Senate, that they are considered part of the rules of each House, and that each House has a constitutional right to change the rules in the same manner that each House may change any other rule.

**TITLE V—PELL GRANT AND STUDENT LOAN  
PROGRAM CHANGES**

***Sec. 501. Federal Pell Grants.***

This section provides \$17 billion in mandatory funds over two years to help fill the funding gap in the Federal Pell Grant program.

***Sec. 502. Termination of Authority to Make Interest Subsidized Loans to Graduate and Professional Students.***

This section eliminates the ability of graduate and professional students to take out subsidized Stafford loans, beginning on July 1, 2012. This elimination does not apply to students enrolled in a program leading up to a degree or certificate or students enrolled in a program necessary for a teaching credential or certification where such credential or certification is

required by the state.

***Sec. 503. Termination of Direct Loan Repayment Incentives.***

This section sunsets the Secretary of Education's authority to provide incentives for on-time repayment of students loans on July 1, 2012. This section also explicitly prohibits the Secretary of Education from creating any incentives for on-time repayment of student loans.

***Sec. 504. Inapplicability of Title IV Negotiated Rulemaking and Master Calendar Exception.***

This section clarifies that the negotiated rulemaking requirement included in Title IV and the master calendar requirements to not apply to the changes made in this Act.