



## MARLOWE & COMPANY

GOVERNMENT AFFAIRS CONSULTANTS

# What is the Congressional Supercommittee?

In early July the United States surpassed the current debt ceiling set by law, which is \$12,394,000,000,000. On August 2<sup>nd</sup>, Congress passed and the President signed S. 365, "The Budget Control Act of 2011", that both gave the President the authority to raise the debt ceiling allowing the Government to pay its bills and reduce the Federal Deficit over the course of the next ten years by \$2.1 trillion.

To accomplish both goals, S. 365 allowed the President to initially raise the debt ceiling by borrowing up to an additional \$400 billion. Authority is given to the President for a second increase of \$500 billion (if needed) but is subject to a Resolution of Disapproval should Congress not agree with the decision to raise the ceiling. These funds are all offset by limits to how much can be increased to security and non-security discretionary budgets over the course of the next ten years beginning with an initial savings of \$21 billion in 2012.

Following these two increases to the debt ceiling, provisions for additional increases are set to give the President the authority to do so if necessary by \$1.2 – 1.8 trillion. In the event that the President requests these funds, a bipartisan Select Joint Committee on Deficit Reduction, composed of six Democrats and six Republicans, is created to further decrease the deficit by \$1.2 to 1.8 trillion between the years 2012 and 2021.

While this legislation was vital to keeping the government in business the financial markets saw it as too-little-too-late when the Dow dropped by 500 points on Friday August 5<sup>th</sup>, following the reduction of the country's Standard and Poor's AAA credit to AA+.

### Important dates to keep in mind:

- **August 16, 2011:** Members of the Super Committee and Co-Chairs must be selected.
- **September 16:** The Super Committee must hold (or have held) its first meeting.
- **Mid-September:** 50 days after receipt of the President's request for the initial \$900 billion installment of debt ceiling authority, Congress must pass a resolution of disapproval if it wants to attempt to withhold \$500 billion of it from the President.

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- **October 1:** Fiscal Year 2012 begins. The first cut of \$21 billion of the projected \$917 billion in cuts over 10 years goes into effect. This is also the date by which Congress will have to pass, and the President will have to sign, a Continuing Resolution (CR) to avoid a government shutdown. The CR presumably will be limited by the \$1.043 trillion discretionary spending cap for FY2012. This compares with a federal spending level of \$1.21 Trillion for the current fiscal year.
- **October 1 through December 31:** The House and the Senate must vote on whether to adopt and send to the States a Balanced Budget Amendment to the Constitution. Adoption requires a two-thirds vote in each legislative body.
- **October 14:** The Super Committee must “consider” any recommendations from House and Senate committees in respect to changes in law necessary for deficit reduction if any are received by any chamber.
- **November 23:** By no later than the day before Thanksgiving, the Super Committee is required to vote on a report that contains recommendations that must reduce the deficit over the next 10 years (through FY2021) per legislative language. Also by this date the Congressional Budget Office (CBO) must score said language to ensure that deductions meet the required bench-marks.
- **December 2:** By this date, the report and accompanying legislative language and CBO score must be transmitted to the President, the Vice President, and Congressional leaders.
- **December 9:** The House and Senate to which the Super Committee’s legislation is referred must have reported the legislation, without amendment. If the relevant House and Senate committees do not report out legislation by the 9<sup>th</sup>, the Super Committee’s bill can be discharged from those committees.
- **December 23:** Two days before Christmas, the House and Senate must have voted, up or down, on the Super Committee’s proposed legislation.
- **December 2011 or January 2012:** Within 15 days of a request by the President for the third and final installment of debt ceiling funding (totaling \$1.2 to \$1.5 trillion), Congress must pass a resolution of disapproval if it wants to attempt to deny this request.
- **January 15, 2012:** Legislation further reducing the deficit by at least \$1.2 trillion must be signed into law by this date to avoid the sequestration process from commencing.
- **October 1:** The new fiscal year (FY2013) begins. The most that can be spent on discretionary programs is limited to \$1.047 trillion. Further, should the savings produced by the Super Committee and enacted into law not equal or exceed \$1.2 trillion, sequestration of some magnitude will begin to take effect approximately one month before the November 2012 elections.

As the budgetary process continues to unfold, Marlowe & Company will continue to monitor where these cuts will be coming from and how they affect you.

*For more information:*

*Please contact your Marlowe & Company team leader for further information or email [legislation@marloweco.com](mailto:legislation@marloweco.com)*