

KEY POINTS: WITH BUDGET CONTROL ACT, CONGRESS CUTS MORE THAN IT HIKES & STOPS A JOB-CRUSHING NATIONAL DEFAULT

- Americans have made clear they're fed up with the job-killing spending binge in Washington that threatens our nation's future. With the [Budget Control Act of 2011](#) (BCA), Congress is averting a job-crushing national default, while cutting spending by a larger amount than the debt limit hike and saying no to President Obama's proposed tax hikes. It's a step toward bringing sanity to the nation's finances and greater certainty to our country's small business job creators.
- With the Budget Control Act, Congress and the president have agreed to legislation that enacts serious spending reforms. The nonpartisan Congressional Budget Office (CBO) confirms that the bill cuts spending by a larger amount than it raises the debt limit. The measure also places tough caps on future spending – restraining the growth of government so the economy can get back to creating jobs – while guaranteeing the American people a vote in both houses of Congress this fall on a balanced budget amendment to the Constitution.
- House Budget Committee Chairman Paul Ryan (R-WI) says the BCA will enact into law two-thirds of the spending cuts sought in the House GOP budget passed in April. “Republicans have been looking for a [reform] like this for years,” Chairman Ryan said of the BCA and the strict limits it places on government spending.
- There are no tax increases in the BCA – a fact verified by both CBO and Americans for Tax Reform – and Republicans will not raise taxes going forward. [Americans for Tax Reform](#) said the bill “totally rejects any tax increases and enacts lasting and critical spending reform,” and is urging legislators of both parties to support it.
- Under the bill, before President Obama can receive a single dollar of increased debt authority, it must be preceded by enactment of more than a dollar of spending cuts. Speaker Boehner's “cut more than you hike” principle is applied throughout the bill.
- The BCA sets up a Joint Committee that is tasked with identifying \$1.5 trillion in deficit reduction in the coming months. This Joint Committee will use current law as the baseline for the deficit reduction it produces, meaning the panel will have to look to spending cuts instead of tax increases to achieve its mission. Republicans can stop any proposal coming out of the Committee. And if the Committee fails to achieve its task, tough sequestration measures kick in that force automatic spending cuts that cause pain across the political spectrum.
- While the bill is not what Republicans would have written if they controlled the Senate and White House, it's a step in the right direction. The *Wall Street Journal* editorial board calls it “a victory for the cause of smaller government, arguably the biggest since welfare reform in 1996.”

- In the BCA, defense funding would be a range of plus-or-minus two percent from last year's level. During negotiations, Democrats tried to insist on locking in defense cuts, but Republicans strongly opposed this. Instead the legislation creates a "firewall" that separates all security spending (including Defense, Homeland Security, and foreign aid) from non-security spending. This structure allows House Republican committee leaders to work with both parties to protect defense funding and ensure our troops get the resources they need, while cutting spending elsewhere.