Increase of the debt limit in two parts

- The current $14.3 trillion ceiling on federal borrowing would be increased by $900 billion immediately. A second increase of $1.2 - $1.5 trillion would come later. The total increase would allow the Treasury Department to operate beyond the 2012 election and into 2013.
- If Congress enacts $1.5 trillion in savings as recommended by the joint committee or if a constitutional amendment requiring a balanced budget is sent to the states for ratification, the second debt limit would be $1.5 trillion. If no additional savings are enacted, the second increase would be $1.2 trillion. The second debt limit increase would be subject to a congressional resolution of disapproval, which could be vetoed.

First round – discretionary caps

- An immediate $935 billion (over 10 years) reduction in the deficit would be achieved by placing statutory caps on discretionary (which doesn't include Medicare, Medicaid, Social Security and other mandatory spending) appropriations for fiscal years 2012 through 2021.
- The discretionary spending cap for fiscal 2012 would be $1.043 trillion, which is about $24 billion more than the amount set by the House-adopted budget resolution – see appropriations section below.
- The cap for fiscal 2013 would be $1.047 trillion.
- For both years, separate caps for security (national defense, homeland security and related activities) and non-security accounts would be created — meaning domestic programs could not be raided to provide more security spending.
- The caps for fiscal 2014 through fiscal 2021 would not segregate security and non-security spending.

Second round – Joint Committee Recommendations

- The Committee's first meeting will be September 16th. The Committee would be required to consider recommendations from regular legislative committees, which they should receive by October 14th.
- It must vote on its recommendations to both chambers by November 23rd and the language must be released (to the White House and Congress) by December 2nd. On December 9th, any House and Senate Committee to which the language is referred to must report it to the House and Senate without amendment. If Committees fail to report by this day, it will be automatically discharged to the House and Senate.
- The House and Senate would be required to act, with up-or-down votes and no amendments, by December 23rd.

If Committee plan fails – Across-the-board-cuts

- Should Congress fail to enacted recommendations or should they not produce at least $1.2 trillion in savings, a process for automatic spending cuts would be triggered to achieve the desired savings. Any sequester would be equal to the portion of the $1.2 trillion savings target that was not achieved.
- The first automatic cuts would take effect Jan. 2, 2013, and would fall equally (50/50) on defense and non-defense accounts, including both discretionary spending and some entitlement spending.
- The amount of spending cuts each year would be approximately $100 billion spread equally across nine fiscal years (FY2013-2021)
- If across-the-board cuts are triggered, the following will be exempt: Social Security, Medicaid, veterans' benefits and pensions, payments to federal retirement funds, civil and military pay, and the child nutrition, Supplement Security Income, and women, infants, and children programs, among others.
- Medicare cuts would be limited to 2% a year and would come from payments to providers and insurance plans. There will be no Medicare benefit cuts or increases in seniors' costs.

Balanced Budget Amendment

- The plan requires both the House and the Senate to vote on a proposed balanced-budget amendment to the Constitution by the end of the year.
- If two-thirds vote is required in both chambers voted to adopt this amendment, and 37 states must ratify it.