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The White House

Office of the Press Secretary

For Immediate Release

July 31, 2011

Fact Sheet: Bipartisan Debt Deal: A Win for the Economy and Budget Discipline**BIPARTISAN DEBT DEAL: A WIN FOR THE ECONOMY AND BUDGET DISCIPLINE**

The debt deal announced today is a victory for bipartisan compromise, for the economy and for the American people. The agreement:

- **Removes the cloud of uncertainty over our economy at this critical time**, by ensuring that no one will be able to use the threat of the nation's first default now, or in only a few months, for political gain;
- **Locks in a down payment on significant deficit reduction**, with savings from both domestic and Pentagon spending, and is designed to protect crucial investments like aid for college students;
- **Establishes a bipartisan process** to seek a balanced approach to larger deficit reduction through entitlement and tax reform;
- **Deploys an enforcement mechanism** that gives all sides an incentive to reach bipartisan compromise on historic deficit reduction, while protecting Social Security, Medicare beneficiaries and low-income programs;
- **Stays true to the President's commitment to shared sacrifice** by preventing the middle class, seniors and those who are most vulnerable from shouldering the burden of deficit reduction. The President did not agree to any entitlement reforms outside of the context of a bipartisan committee process where tax reform will be on the table and the President will insist on shared sacrifice from the most well-off and those with the most indefensible tax breaks.

Mechanics of the Debt Deal

- *Immediately enacted 10-year discretionary spending caps generating nearly \$1 trillion in deficit reduction; balanced between defense and non-defense spending.*
- *President authorized to increase the debt limit by at least \$2.1 trillion, eliminating the need for further increases until 2013.*
- *Bipartisan committee process tasked with identifying an additional \$1.5 trillion in deficit reduction, including from entitlement and tax reform. Committee is required to report legislation by November 23, 2011, which receives fast-track protections. Congress is required to vote on Committee recommendations by December 23, 2011.*
- *Enforcement mechanism established to force all parties – Republican and Democrat – to agree to balanced deficit reduction. If Committee fails, enforcement mechanism will trigger spending reductions beginning in 2013 – split 50/50 between domestic and defense spending. Enforcement protects Social Security, Medicare beneficiaries, and low-income programs from any cuts.*

1. REMOVING UNCERTAINTY TO SUPPORT THE AMERICAN ECONOMY

- **Deal Removes Cloud of Uncertainty Until 2013. Eliminating Key Headwind on the Economy:** Independent analysts, economists, and ratings agencies have all made clear that a short-term debt limit increase would create unacceptable economic uncertainty by risking default again within only a matter of months and as S&P stated, increase the chance of a downgrade. By ensuring a debt limit increase of at least \$2.1 trillion, this deal removes the specter of default, providing important certainty to our economy at a fragile moment.
- **Mechanism to Ensure Further Deficit Reduction is Designed to Phase-In Beginning in 2013 to Avoid Harming the Recovery:** The deal includes a mechanism to ensure additional deficit reduction, consistent with the economic recovery. The enforcement mechanism would not be made effective until 2013, avoiding any immediate contraction that could harm the recovery. And savings from the down payment will be enacted over 10 years, consistent with supporting the economic recovery.

2. A DOWNPAYMENT ON DEFICIT REDUCTION BY LOCKING IN HISTORIC SPENDING DISCIPLINE – BALANCED BETWEEN DOMESTIC AND PENTAGON SPENDING

- **More than \$900 Billion in Savings over 10 Years By Capping Discretionary Spending:** The deal includes caps on discretionary spending that will produce more than \$900 billion in savings over the next 10 years compared to the CBO March baseline, even as it protects core investments from deep and economically damaging cuts.

BLOG POSTS ON THIS ISSUE

August 01, 2011 9:00 AM EDT

Call for Questions & Input: The President's Council on Jobs Session in Palo Alto, CA

The President's Council on Jobs and

Competitiveness holds the next in a series of Listening and Action Sessions to get input on how the public and private sectors can come together to create opportunity and job creation for startups and high growth businesses. You can join the conversation on LinkedIn and Facebook.

July 31, 2011 9:56 PM EDT

President Obama speaks in support of the bipartisan deal to reduce the deficit and raise the debt limit

Tonight, President Obama spoke in support of a bipartisan deal to reduce the nation's deficit and avoid default. It extends

the debt limit to 2013, removing the cloud of uncertainty over our economy and ensuring that no one will be able to use the threat of default now or in only a few months for political gain.

July 30, 2011 5:30 AM EDT

Weekly Address: Compromise on Behalf of the American People

President Obama urges both Republicans and Democrats to take action to avoid defaulting for the first time in our nation's history.

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