

## Fact Sheet: Reid Amendment to Break the Impasse, Cut Spending Responsibly, and Avoid a Default

*Leader Reid's amendment will reduce the deficit by \$2.7 trillion, without affecting Medicare, Medicaid and Social Security and without changes to revenues. Unlike Speaker Boehner's short-term plan, the Senate package presents responsible cuts that will allow us to raise the debt limit through 2012, providing certainty to the world markets, without hurting our economic recovery and job growth.*

### Details Of The \$2.7 Trillion Senate Democratic Package:

- \$1.2 Trillion in Discretionary Spending Cuts. The \$1.2 trillion in discretionary spending cuts include both defense and non-defense spending. Before Speaker Boehner broke off talks with the White House on Friday, he had already [agreed](http://dyn.politico.com/printstory.cfm?uuid=35371B0D-2C7A-40E0-A4C0-06E0F561A2A9) (<http://dyn.politico.com/printstory.cfm?uuid=35371B0D-2C7A-40E0-A4C0-06E0F561A2A9>) to \$1.2 trillion in discretionary spending cuts.
- \$100 Billion in Mandatory Savings. The proposal includes \$100 billion in mandatory savings that were negotiated by Democrats and Republicans participating in the negotiations led by Vice President Biden. These savings will not impact Medicare, Medicaid, or Social Security benefits in any way. The mandatory savings will include:
  - o \$40 billion in Program Integrity Savings. The proposal saves \$40 billion by reducing fraud and abuse in mandatory programs. This includes: Continuing Disability Reviews and SSI redeterminations, Internal Revenue Service tax enforcement, health care fraud and abuse control, and Unemployment Insurance improper payment reviews.
  - o \$30 Billion In Fannie Mae/Freddie Mac Reforms.
  - o \$15 Billion In Spectrum Sales
  - o \$10 -15 Billion In Agricultural Reforms
  - o Higher Education Program Reforms Whose Savings Go To Sustain The Pell Grant Program
- \$1 Trillion in Savings From Winding Down the Wars in Iraq and Afghanistan. Winding down the wars in Iraq and Afghanistan will save \$1 trillion. [Paul Ryan's budget](http://budget.house.gov/UploadedFiles/SummaryTables.pdf) (<http://budget.house.gov/UploadedFiles/SummaryTables.pdf>) also included this savings in its deficit reduction calculation, which was supported by [235 House Republicans](http://clerk.house.gov/evs/2011/roll277.xml) (<http://clerk.house.gov/evs/2011/roll277.xml>) and [40 Senate Republicans](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=1&vote=00077) ([http://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=112&session=1&vote=00077](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=1&vote=00077)).
- \$400 Billion in Interest Savings. The package includes \$400 billion in interest savings, \$220 billion from the discretionary spending cuts and \$180 billion from winding down the wars in Iraq and Afghanistan. Both the [Ryan budget](#) and the House [Cut, Cap and Balance](#)

<http://finance.yahoo.com/news/Spending-Cut-Plans-Dont-Cut-ibd-2754062848.html?x=0&.v=1>)  
plan similarly included interest savings in their total calculation.

- Establishes Joint Congressional Committee to Find Future Savings. In addition to \$2.7 trillion in concrete savings, the Senate package will establish a joint, bipartisan committee, made up of 12 members, to present options for future deficit reduction. The committee's recommendations will be guaranteed an up-or-down Senate vote, without amendments, by the end of 2011.