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HOUSE OF REPRESENTATIVES
REPORT
114–291

DEBT MANAGEMENT AND FISCAL RESPONSIBILITY ACT OF 2015

OCTOBER 7, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RYAN of Wisconsin, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 3442]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3442) to provide further means of accountability of the United States debt and promote fiscal responsibility, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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I. SUMMARY AND BACKGROUND

A. Purpose and Summary

The "Debt Management and Fiscal Responsibility Act of 2015, H.R. 3442, as ordered reported by the Committee on Ways and Means on September 10, 2015, requires the Secretary of the Treasury (Treasury) to provide information on the debt, the fiscal outlook, and the Administration's plans to address debt and fiscal problems. More specifically, the bill requires the Secretary to appear before the House Ways and Means Committee and the Senate Finance Committee not more than 60 days and not less than 21 days prior to any date on which the Treasury Secretary anticipates that the nation will reach the debt limit. Total debt subject to the limit, which includes Treasury securities held by Federal trust funds and other accounts, currently stands at $18.1 trillion. The legislation would require the Treasury Secretary to present a Debt Report to Congress regarding the state of the public debt, including its composition and trajectory. The legislation would also require the Treasury Secretary to present a Statement of Intent which would contain a detailed explanation of proposals of the President to reduce the public debt. Lastly, when applicable, the Treasury Secretary would also present a progress report on the implementation of the Statement of Intent.

B. Background and Need for Legislation

According to the Congressional Budget Office (CBO), "the long-term outlook for the federal budget has worsened dramatically over the past several years, in the wake of the 2007–2009 recession and slow recovery." [1] When studying the impact of debt on the economy, economists tend to look at a subset of the total debt known as debt held by the public. Debt held by the public is comprised almost entirely of marketable debt and currently amounts to $13.1 trillion.

In 2008, debt held by the public stood at 39 percent of GDP, close to its historical average, but has since risen to 74 percent and is on pace to rise to 107 percent in 2040. CBO also states that if the trajectory of key variables changed (such as interest rates, mortality rates, federal spending on health care, and productivity growth), the debt to GDP ratio could rise to 141 percent in 2040.[2] CBO deems these trends to be "unsustainable".

The projected rise in the debt is driven by the rapid growth in entitlement spending and the net interest payments to service the growing debt. CBO summarizes the impact of entitlements and in-

[1] Congressional Budget Office, "The Long-Term Budget Outlook," June 16th 2015.
[2] Congressional Budget Office, "The Long-Term Budget Outlook," June 16th 2015.

terest payments on the fiscal outlook in its latest long-term outlook by stating:

> "Through-out the next decade, however, an aging population, rising health care costs per person, and an increasing number of recipients of exchange subsidies and Medicaid benefits attributable to the Affordable Care Act would push up spending for some of the largest entitlement programs if current laws governing those programs remained unchanged. Moreover, CBO expects interest rates to rebound in coming years from their current unusually low levels, raising the government's interest payments on debt." [3]

Given this outlook of historically high and rising debt, it is critical that Congress and the Administration to publicly discuss the drivers of our debt, its composition, trajectory, and how the United States will meet its debt obligations in the future. All of these factors should help to facilitate policies which improve the outlook for our nation's fiscal health. While House Republicans have managed to pass balanced budgets several years in a row, the Administration continues to propose budgets that never balance. This stark difference in priorities calls for a new communications framework surrounding the debt limit, one in which the Treasury Secretary presents to Congress the President's proposals to reduce the debt as well as the effects of unchecked borrowing.

C. Legislative History

Background

The "Debt Management and Fiscal Responsibility Act of 2015, H.R. 3442, was introduced on September 8, 2015, and was referred to the Committee on Ways and Means.

Committee hearings

The debt limit has been discussed on February 3, 2015 at a "Hearing on the President's Fiscal Year 2016 Budget," which featured Secretary Jack Lew. In addition, the committee held two hearings during the 113th Congress dedicated to the issue. The committee held a January 22, 2013 "Hearing on the Debt Limit," which examined the Congress's borrowing power and operation of the debt limit. Additionally, the Oversight Subcommittee held an April 10, 2013 hearing, "Examining the Government's Ability to Continue Operations When at the Statutory Debt Limit," which examined the government's ability to prioritize its obligations and continue operations should the U.S. Treasury reach its statutory debt limit and exhaust extraordinary measures.

Committee action

The Committee on Ways and Means marked up H.R. 3442, the Debt Management and Fiscal Responsibility Act, on September 10, 2015, and ordered the bill favorably reported (with a quorum being present).

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[3] Congressional Budget Office, "The Long-Term Budget Outlook," June 16th 2015.

II. EXPLANATION OF THE BILL

A. DEBT MANAGEMENT AND FISCAL RESPONSIBILITY ACT OF 2015

PRESENT LAW

Several data sources and reports issued by Treasury, the Office of Management and Budget (OMB), CBO, and the Government Accountability Office (GAO), among others, contain information about the composition of the nation's debt and its unsustainable trajectory. However, there is no established framework that links such information, explicitly as it pertains to the debt limit, with a dedicated communication to Congress concerning the administration's plans to improve our fiscal outlook and to provide progress reports of actions taken.

REASONS FOR CHANGE

The practice of raising the statutory debt limit without consideration of that which is driving the nation's debt and plans to reduce it is untenable. H.R. 3442 aims to establish a new debt limit communication framework that enhances accountability, reduces disruptive risk, and returns the focus to finding debt reduction solutions. The legislation requires the administration to appear before Congress prior to each potential debt limit increase and provide testimony and detailed reports on: the national debt and its key drivers; explicit short-, medium-, and long-term debt reduction proposals; and progress on debt reduction. This framework will increase transparency and reduce the uncertainty which often surrounds debt limit impasses.

EXPLANATION OF PROVISIONS

Section 1 contains the short title of the bill. Subsection 2(a) requires that the Secretary of the Treasury appear before the House Ways and Means Committee and the Senate Finance Committee not more than 60 days and not less than 21 days prior to any date on which the Treasury Secretary anticipates that the nation will reach the debt limit. Subsection 2(b) specifies the information the Treasury Secretary must present, which includes the following:

—a *Debt Report* to Congress on the state of the national debt, including its composition and trajectory, as well as the Administration's plans to meet debt obligations in the event that Congress agrees to raise the debt limit.

—a *Statement of Intent* on how the Administration proposes to reduce the debt and the debt to GDP ratio. Additionally, the statement would address the impacts of the increased limit on factors such as our reserve currency status and the sustainability of entitlements.

—a *Progress Report* on the implementation of the *Statement of Intent* proposals by the Administration to reduce U.S. debt levels at subsequent appearances.

Subsection 2(c), states that when applicable, the Treasury Secretary shall present a progress report on the implementation of the Statement of Intent.

EFFECTIVE DATE

The provision becomes effective upon enactment.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 3442, the Debt Management and Fiscal Responsibility Act of 2015, on September 10, 2015.

The bill, H.R. 3442 was ordered favorably reported by a roll call vote of 22 yeas to 14 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Ryan	X			Mr. Levin		X	
Mr. Johnson	X			Mr. Rangel		X	
Mr. Brady	X			Mr. McDermott		X	
Mr. Nunes				Mr. Lewis		X	
Mr. Tiberi	X			Mr. Neal		X	
Mr. Reichert	X			Mr. Becerra			
Mr. Boustany	X			Mr. Doggett		X	
Mr. Roskam	X			Mr. Thompson		X	
Mr. Price	X			Mr. Larson		X	
Mr. Buchanan	X			Mr. Blumenauer		X	
Mr. Smith (NE)	X			Mr. Kind		X	
Ms. Jenkins	X			Mr. Pascrell		X	
Mr. Paulsen	X			Mr. Crowley		X	
Mr. Marchant	X			Mr. Davis		X	
Ms. Black	X			Ms. Sanchez		X	
Mr. Reed	X						
Mr. Young	X						
Mr. Kelly	X						
Mr. Renacci	X						
Mr. Meehan	X						
Ms. Noem	X						
Mr. Holding	X						
Mr. Smith (MO)	X						
Mr. Dold							

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 3442, as reported. The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO), which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES BUDGET AUTHORITY

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee states further that the bill involves no new or increased tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 18, 2015.

Hon. PAUL RYAN,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3442, the Debt Management and Fiscal Responsibility Act of 2015.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 3442—Debt Management and Fiscal Responsibility Act of 2015

H.R. 3442 would require the Secretary of the Treasury to appear before the House Committee on Ways and Means and the Senate Committee on Finance not more than sixty days and not less than twenty-one days before the Secretary anticipates that borrowing by the Treasury will reach the legal debt limit. Under the bill, the Secretary would present a report on the status of the national debt, plans to reduce the debt, the effect of increasing the debt limit, and progress made to reduce the debt. Finally, the bill would require that report to be available to the public on the website of the Department of the Treasury.

CBO estimates that implementing H.R. 3442 would cost less than $500,000 over the 2016–2020 period; such spending would be subject to the availability appropriated funds. The department already undertakes much of the work required for such a report. Because enacting the bill would not affect direct spending or revenues, pay-as-you go procedures do not apply.

H.R. 3442 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's review of the provisions of H.R. 3442 that the Committee concluded that it is appropriate to report the bill, as amended, favorably to the House of Representatives with the recommendation that the bill do pass.

B. Statement of General Performance Goals and Objectives

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

C. Information Relating to Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

E. Duplication of Federal Programs

In compliance with Sec. 3(g)(2) of H. Res. 5 (114th Congress), the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95–220, as amended by Pub. L. No. 98–169).

F. Disclosure of Directed Rule Makings

In compliance with Sec. 3(i) of H. Res. 5 (114th Congress), the following statement is made concerning directed rule makings: The Committee estimates that the bill requires no directed rule makings within the meaning of such section.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

A. Text of Existing Law Amended or Repealed by the Bill, as Reported

With respect to clause 3(e)(1)(A) of rule XIII of the Rules of the House of Representatives, the bill, as reported, includes no provisions proposing to repeal or amend an existing statute or part thereof.

B. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

TITLE 31, UNITED STATES CODE

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SUBTITLE III—FINANCIAL MANAGEMENT

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CHAPTER 31—PUBLIC DEBT

SUBCHAPTER I—BORROWING AUTHORITY

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SUBCHAPTER II—ADMINISTRATIVE

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§3131. Report before reaching debt limit

(a) IN GENERAL.—Not more than sixty days and not less than twenty-one days prior to any date on which the Secretary of the Treasury anticipates the public debt will reach the limit specified under section 3101, as modified by section 3101A, the Secretary shall appear before the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, to submit the information described under subsection (b).

(b) INFORMATION REQUIRED TO BE PRESENTED.—In an appearance described under subsection (a), the Secretary shall submit the following:

(1) DEBT REPORT.—A report on the state of the public debt, including—

(A) the historical levels of the debt, current amount and composition of the debt, and future projections of the debt;

(B) the drivers and composition of future debt; and

(C) how, if the debt limit is raised, the United States will meet debt obligations, including principal and interest.

(2) STATEMENT OF INTENT.—A detailed explanation of—

(A) proposals of the President to reduce the public debt in the short term (the current and following fiscal year),

medium term (approximately three to five fiscal years), and long term (approximately ten fiscal years), and proposals of the President to adjust the debt-to-gross domestic product ratio;

(B) the impact an increased debt limit will have on future Government spending, debt service, and the position of the United States dollar as the international reserve currency; and

(C) projections of fiscal health and sustainability of major direct-spending entitlement programs (including Social Security, Medicare, and Medicaid).

(3) PROGRESS REPORT.—

(A) IN GENERAL.—A detailed report on the progress of implementing all proposals of the President described under subparagraph (A) of paragraph (2).

(B) EXCEPTION.—The report described under this paragraph shall only be submitted if a Secretary has already appeared at least once pursuant to this section during any term of office for a particular President.

(c) PUBLIC ACCESS TO INFORMATION.—The Secretary of the Treasury shall place on the homepage of the Department of the Treasury a link to a webpage that shall serve as a repository of information made available to the public for at least 6 months following the date of release of the relevant information, including:

(1) The debt report submitted under subsection (b)(1).

(2) The detailed explanation submitted under subsection (b)(2).

(3) The progress report submitted under subsection (b)(3).

(4) Such other information as the Secretary reasonably believes is necessary or helpful to the public in understanding the statutory debt limit, Government debt, and the reports and explanations described under paragraphs (1), (2), and (3).

* * * * * * *

VII. DISSENTING VIEWS

The Democratic Members of the Committee believe this bill's new statutory requirements for the Treasury Department are unnecessary and duplicate information Congress already receives. The Secretary of the Treasury regularly corresponds with our Committee about the debt limit, providing regular updates about the status of our ability to meet our obligations and the measures Treasury is taking, and appears before us regularly. The President's proposals to reduce the deficit and the debt, using a combination of spending cuts and revenue increases, have been clearly outlined in the budget submission each year, and Administration officials regularly make themselves available to discuss them.

Further, if the Treasury Department were to generate a new report on the debt limit for the Secretary to discuss with us, it should focus on the most pressing issue—the catastrophic consequences of a default on our obligations. Nowhere in H.R. 3442 does it even mention having Treasury provide Congress with estimates of the number of Americans who will be harmed if Congress fails to responsibly raise the debt limit.

If Congress fails to raise the debt limit, Treasury may not be able to pay benefits to veterans who served our country loyally and well. We may not be able to pay doctors and hospitals who cared for Medicare patients. We may not be able to pay salaries to our troops, even those currently in harm's way. We may not be able to pay Pell Grants to students who need them to go to college. We may not be able to pay grants promised to researchers searching for cures to cancer and other terrible diseases. All these expenditures have already been authorized by Congress, but we know that if we don't act on the debt limit, we can't pay them all. We need Treasury's guidance to understand which Americans might pay the price first.

The report envisioned by this bill also excludes any Treasury analysis of the catastrophic economic consequences of default that many outside experts have warned about.

The information outlined above might be useful to Congress. The report envisioned by the bill would simply be repetitive and distracting from the real issue.

Sincerely,

SANDER LEVIN.
CHARLES B. RANGEL.
JIM MCDERMOTT.
JOHN LEWIS.
RICHARD E. NEAL.
XAVIER BECERRA.
LLOYD DOGGETT.
MIKE THOMPSON.
JOHN B. LARSON.

EARL BLUMENAUER.
RON KIND.
BILL PASCRELL, JR.
JOSEPH CROWLEY.
DANNY K. DAVIS.
LINDA T. SÁNCHEZ.

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