HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

April 21, 2004

A Vote for the Budget Resolution is a Vote to Raise the Debt Limit

The national debt is projected to exceed the statutory limit by the end of the fiscal year. Congress owes the American people a debate and vote on this important issue, but on account of House Rule XXVII, legislation establishing a new debt ceiling will be deemed to have passed the House and will subsequently be transmitted to the Senate once the budget resolution conference report is approved. Thus, it is possible to raise the limit on the national debt without any enabling legislation ever coming before the House.

In its March 2004 baseline, the Congressional Budget Office (CBO) projects net interest on the national debt will be $155 billion in 2004 and will grow to $343 billion by 2014. If the policy changes included in the President's budget are enacted, net interest will be $374 billion in 2014, according to CBO. Interest on the national debt today is the fifth largest expense in the federal budget behind Social Security, National Defense, Medicare, and Medicaid.

Congress has ample opportunity to debate and set policy on these other programs. However, it has only one way to affect policy over the national debt: it can periodically amend section 3101 of title 31 of the U.S. Code to change the dollar limitation on the national debt. Debt subject to limit includes both debt held by the public and debt held by trust funds such as the Social Security trust fund.

Congress has already needed to increase the debt limit twice in three years since the Bush Administration arrived in 2001. Congress last raised the limit on the national debt in May 2003, from $6.400 trillion to $7.384 trillion. Because of the large deficits currently being run by the federal government, Congress will need to increase the limit sooner than it had expected.

As of April 13, 2004, the national debt stood at $7.122 trillion. CBO projects that the national debt will be $7.436 trillion by September 30, 2004, more than $50 billion higher than the current statutory limit; and the budget has not been improving. Congress will have to act sometime this summer, at the latest.

Rule XXVII automatically and without an explicit vote sends a debt limit increase bill to the Senate when a conference report on the budget resolution is adopted. If that bill is passed without amendment in the Senate, the debt limit can be raised without ever taking a separate vote in the House. This runs contrary to the public's notions of fiscal responsibility and its expectation that its elected representatives exercise fiscal stewardship.

Prior to this Congress, the last time Rule XXVII was used was in 1993 (it was then called Rule XLIX). Because of the improving fiscal situation thereafter, the rule was suspended for subsequent budget resolutions until it was finally repealed at the start of the previous Congress. With the return of record deficits, Rule XXVII was reinstated with the commencement of this Congress.[1] A joint resolution to raise the debt limit was deemed passed and sent to the Senate with the passage of H.Con.Res. 95, the 2004 budget resolution. The joint resolution was passed by the Senate without amendment and signed into law by President Bush on May 27, 2003.

The budget resolution is likely to raise the debt limit by $703 billion, roughly $2,000 for every man, woman, and child in the United States. However, if taken literally, Rule XXVII, in conjunction with the conference report, could be used to raise the debt limit to over $10 trillion without a vote or debate.

Some in Congress want to push the nation's credit limit to historic heights with no debate and no vote. The American people deserve an actual vote on this issue. Rule XXVII circumvents that vote by allowing the conference agreement on the budget resolution to spin off a bill to increase the debt limit without a separate up or down vote in the House.

[1]Section 2(t) of H.Res. 5, adopted January 3, 2001.