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RSC THE REPUBLICAN STUDY COMMITTEE

H.R. 3442: Debt Management and Fiscal Responsibility Act of 2015 (Rep. Marchant, R-TX)

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FLOOR SCHEDULE:

H.R. 3442 is expected to be considered on February 10, 2016, under a rule.

TOPLINE SUMMARY:

H.R. 3442 would require that before the statutory debt limit is reached, the president must submit a plan to Congress including his proposals to reduce the debt, as well as the composition and drivers of debt and the consequences of increasing debt.

COST:

The Congressional Budget Office (CBO) estimates that enacting 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."

CONSERVATIVE CONCERNS:

There are no substantive concerns.

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

AMENDMENTS:

1. **Grijalva (D-AZ)**: Would require the Treasury Secretary's report to include the historical levels of revenues, including corporate and individual income taxes as a percentage of gross domestic product (GDP).

2. **Huelskamp (R-KS)**: Would require the Treasury Secretary to publicly disclose the extraordinary measures taken once the debt limit has been reached.

3. **Newhouse (R-WA)**: Would require the Treasury Secretary's report to disclose if President recommends that Congress adopt a balanced budget amendment to control the debt.

4. **Kelly (D-IL)**: Would require the Treasury Secretary's report to provide an economic forecast of the "negative consequences of failing to raise the debt limit, including costs associated with public

health and safety."

5. **Duffy (R-WI)**: Would require the Treasury Secretary to disclose in its report to Congress if it is technically capable to pay only principle and interest in the event that the debt limit is reached.

6. **Messer (R-IN)**: Would require the Treasury Secretary's report to disclose the extraordinary measures that the he intends to take if the debt limit is not raised, a projection of how long those measures will fund the government, and the projected administrative costs of the extraordinary measures.

7. **Grijalva (D-AZ)**: Would require the Treasury Secretary's report to include projected earnings of individuals and projections of consumer spending and the impacts of those projections on gross domestic product (GDP).

8. **Takano (D-CA)**: Would require the Treasury Secretary's report to describe "how delayed action by Congress to raise the debt limit and the threat of default impacts the economy".

DETAILED SUMMARY AND ANALYSIS:

The bill would require that, not more than 60 days and not less than 21 days before the debt limit is predicted to be reached, the Secretary of the Treasury appear before the House Committee on Ways and Means and the Senate Committee on Finance. The Secretary is required to present a report on the state of the public debt, including:

- the historical levels of the debt, current amount and composition of the debt, and future projections of the debt;
- the drivers and composition of future debt;
- how, if the debt limit is raised, the United States will meet debt obligations;
- proposals of the president to reduce the public debt;
- 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
- projections of fiscal health and sustainability of major direct-spending entitlement programs (including Social Security, Medicare, and Medicaid).

The Debt Limit: The national debt is currently over $19 trillion.

According to the CBO, the federal government will run a cumulative deficit of over $9.3 trillion over the next decade, with annual deficits rising to over $1 trillion each year as early as 2022. CBO indicates that over-spending is the driver of the rising deficits, stating "growth in spending — particularly for Social Security, health care, and interest payments on federal debt — outpaces growth in revenues over the coming 10 years."

CBO describes the negative consequences of rising debt as increasing the likelihood of a fiscal crisis and that "because federal borrowing reduces total saving in the economy over time, the nation's capital stock would ultimately be smaller than it would be if debt was smaller, and productivity and total wages would be lower." The Heritage Foundation has listed "five reasons why America is headed to a budget crisis".

The debt limit is suspended until March 15, 2017, by the Bipartisan Budget Act of 2015, which passed the House on October 28, 2015, by a 266 – 167 vote.

COMMITTEE ACTION:

H.R. 3442 was introduced on September 8, 2015, and referred to the Committee on Ways and Means. The Ways and Means Committee marked up the bill on September 10, 2015, and reported the bill by a 22 – 14 vote.

ADMINISTRATION POSITION:

According to the Statement of Administration Policy, "If the President were presented with H.R. 3442, his senior advisors would recommend he veto the bill."

CONSTITUTIONAL AUTHORITY:

"Congress has the power to enact this legislation pursuant to the following: Article I, section 8, clause 2: The Congress shall have Power . . . To borrow Money on the credit of the United States. Article I, section 8, clause 18: The Congress shall have Power . . . To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by the Constitution in the Government of the United States, or in any Department or Officer thereof."

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