



Legislative Bulletin.....February 11, 2014

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House Amendment to S. 540 — Temporary Debt Limit Extension Act



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Order of Business: The House amendment to S. 540 is expected to be considered under a closed rule on Tuesday, February 11, 2014.

The [rule for the CFPB reform legislation](#) considered in the House on Tuesday, February 11, 2014, includes “martial law” same day authority for consideration of legislation related to the debt ceiling.

Summary: This measure would suspend the debt limit through March 15, 2015. The Treasury is prohibited from using this suspension to pay for obligations that do not need to be paid until after March 16, 2015, and from creating a cash reserve above normal operating balances. On March 16, 2015, the debt limit would be increased to reflect the borrowing that occurred during the debt limit suspension.

Additional Background: [H.R. 2775, the Continuing Appropriations Act, 2014](#), suspended the debt ceiling through February 7, 2014.

The [National Debt](#) has skyrocketed to \$17.259 trillion, an increase of \$6.632 trillion since President Obama took office. In [Fiscal Year 2014](#), outlays are projected to be \$3.543 trillion (20.5 percent of GDP), revenues are projected to be \$3.029 trillion (17.5 percent of GDP), leaving taxpayers with a projected deficit of \$514 billion (3 percent of GDP).

Deadline for Debt Limit Action: On Friday, Treasury Secretary Lew [sent a letter to Speaker Boehner](#), stating that the federal government has approximately \$50 billion in cash on hand, and that the Treasury’s extraordinary measures would likely be exhausted by February 27, 2014.

The [Bipartisan Policy Center](#) has projected that extraordinary measures will be exhausted sometime between February 28 and March 25, 2014, with a high probability that they will be exhausted before March 14, 2014.

Extraordinary Measures: Once the statutory debt limit has been reached, the Treasury has the statutory flexibility to utilize “extraordinary measures,” which are cash management actions that

can temporarily alleviate the need to raise the debt limit. The Bipartisan Policy Center has a more detailed explanation of these actions, which can be read [here](#).

While the Treasury was able to utilize extraordinary measures from May through October last year, the ability to use extraordinary measures is much more limited now. The Treasury had approximately \$300 billion in extraordinary measures available last year, while it is [projected](#) to only have approximately \$200 billion available in the coming weeks. Additionally, increased revenue last summer, including special dividend payments from Fannie Mae and Freddie Mac, prolonged the time in which the Treasury could meet its obligations. In contrast, February is typically the month with the highest deficit spending, in large part due to the \$2-\$15 billion in tax refunds the IRS issues each day.

Full Faith and Credit Act: The House has twice passed the [Full Faith and Credit Act](#), an RSC Signature Initiative that would allow the Treasury to borrow outside the debt limit to pay principal and interest, thus avoiding a sovereign default. The bill's definition of interest includes interest owed to the Social Security Trust Fund, ensuring that payments to beneficiaries will continue to be made. However, the Senate has not taken up this legislation.

Bonus Fact: The first debt limit was established in 1917 at \$11.5 billion. (\$209,297,304,687.50 in 2013 dollars).

Committee Action: The House substitute amendment was introduced on February 11, 2014.

Outside Groups:

Groups Opposed:

[Club for Growth \(Key Vote\)](#)

[FreedomWorks \(Key Vote\)](#)

[Heritage Action \(Key Vote\)](#)

[National Taxpayers Union](#)

[Coalition to Reduce Spending](#)

[Senate Conservatives Fund](#)

Possible Conservative Concerns: Many conservatives believe that the debt limit should be used as an opportunity to address Washington's spending problem. As this [fact sheet](#) from Speaker Boehner and [this report](#) from the Committee for a Responsible Federal Budget detail, Presidents and Congresses of each party have used the debt limit to address the federal deficit. Many conservatives will be concerned that even though the Treasury will have sufficient funds available for at least another two weeks, this legislation was rushed to the floor in violation of the three day rule instituted by House Republicans in the Pledge to America. This rule was instituted so that Members and the public would have time to be able to read and understand legislation prior to its consideration.

Administration Position: Not available at press time.

Cost to Taxpayers: CBO Score not available at press time.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, this legislation allows the federal government to continue borrowing and spending.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment?: No

Does the Bill Delegate Any Legislative Authority to the Executive Branch?: No

Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No

RSC Staff Contact: Matt Dickerson, matthew.dickerson@mail.house.gov, 5-3015.

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

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