

[Floor Situation](#) | [Summary](#) | [Background](#) | [Cost](#) | [Staff Contact](#)

[H.R. 3442, Debt Management and Fiscal Responsibility Act of 2015](#)

FLOOR SITUATION

On Wednesday, February 10, 2016, the House will likely begin consideration of [H.R. 3442](#), the Debt Management and Fiscal Responsibility Act of 2015, under a rule. H.R. 3442 was introduced on September 8, 2015 by Rep. Kenny Marchant (R-TX) and was referred to the Committee on Ways and Means, which ordered the bill reported by a vote of 22 to 14 on September 10, 2015.

SUMMARY

H.R. 3442 requires the Secretary of the Treasury to appear before the House Committee on Ways and Means and the Senate Committee on Finance between 21 and 60 days before the Secretary anticipates that borrowing by the Treasury will reach the legal debt limit. The bill also requires the Secretary to present to the committees information on the debt, the fiscal outlook, and the Administration's plans to address debt and fiscal issues during such appearance and make such information publicly available.¹

BACKGROUND

The debt limit places a statutory limit on the amount of money that the U.S. Treasury may borrow to fund federal government operations.² The current national debt is approximately \$18.9 trillion; \$5.3 trillion of which is debt in the form of intragovernmental holdings and \$13.6 trillion is debt held by the public.³ [H.R. 1314](#), the Bipartisan Budget Act of 2015, which was enacted on November 2, 2015, suspended the debt limit until March 15, 2017. On the following day, the current debt limit will be raised by the amount of borrowing incurred during this suspension period.

Congress exercises its borrowing authority by placing restrictions on public debt. Until World War I, Congress typically authorized limited amounts of debt, with defined maturity and redemption terms, for specific projects. Upon America's entry into World War I, Congress passed the Second Liberty Bond Act of 1917 to ensure liquidity necessary to meet obligations as presented. The Act delegated

¹ See [House Report 114-291](#) at 4.

² See CRS Report, "[The Debt Limit: History and Recent Increases](#)", October 1, 2015.

³ See Treasury Department website, [The Debt to the Penny and Who Holds It](#)

control over day-to-day borrowing activity, subject to various limitations, to the Executive branch.⁴ Through the 1920s and 1930s, Congress altered the form of those restrictions to give the U.S. Treasury more flexibility in debt management and to allow modernization of federal financing. In 1939, a general limit was placed on federal debt.⁵

The national debt consists of both debt held by the public and debt held by the government or intragovernmental holdings. Debt held by the public consists of securities the Treasury has issued to investors. The balance is debt held by the government in the form of non-marketable Treasury securities, the majority of which is held by the Social Security Trust Funds. According to the Committee, “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.”⁶

According to the bill sponsor, the bill “is a tough but fair framework to rein-in our national debt by strengthening accountability and transparency in the debt limit process. It’s about putting our national debt under a microscope for all Americans to examine, and finding debt reduction solutions to get our nation’s fiscal house in order.”⁷

COST

The Congressional Budget Office (CBO) [estimates](#) that implementing H.R. 3442 would cost less than \$500,000 over the 2016 to 2020 period; such spending would be subject to the availability appropriated funds. Because enacting the bill would not affect direct spending or revenues, pay-as-you-go procedures do not apply.

STAFF CONTACT

For questions or further information please contact [John Huston](#) with the House Republican Policy Committee by email or at 6-5539.

⁴ See CRS Report, [The Debt Limit](#), October 16, 2015.

⁵ See CRS Report, [“The Debt Limit: History and Recent Increases”](#), October 1, 2015.

⁶ See [House Report 114-291](#) at 4.

⁷ See Rep. Kenny Marchant Press Release, [“Ways and Means Advances Marchant Bill to Help Reduce National Debt.”](#) September 10, 2015.