Congress of the United States

Washington, DC 20515

May 19, 2023

President Joseph R. Biden The White House 1600 Pennsylvania Avenue NW Washington, DC 20500

Dear Mr. President:

In light of unremitting efforts by Congressional Republicans to hold the economic health of our nation hostage, we as members of the Congressional Progressive Caucus write to urge you to fulfill the Executive's Constitutional duty to faithfully and impartially administer the funds already enacted by law at the direction of Congress. We encourage you to invoke the 14th Amendment of the Constitution, which specifically states that "the validity of the public debt of the United States, authorized by law, including debts incurred...shall not be questioned," to make federal payments on time.

Congressional Republicans who now refuse to pass a clean debt ceiling increase voted on three separate occasions under President Trump to raise the debt ceiling without any preconditions or extraneous, harmful policies attached. They now threaten the full faith and credit of the United States, which Treasury Secretary Yellen <u>warned</u> would "produce an economic and financial catastrophe," and could occur as soon as June 1st.

Although Speaker McCarthy <u>stated</u> that "the greatest threat to our future is our national debt," he led House Republicans in passing the "Limit, Save, Grow Act," which rescinds funding for I.R.S. enforcement against tax evasion by wealthy individuals, which would increase the deficit by nearly <u>\$500 billion</u> over the next 10 years. Republicans—who in 2017 voted unanimously to pass the Tax Cuts and Jobs Act (TCJA) that increased the federal deficit by <u>\$1.9 trillion</u> over 10 years, with <u>83 percent</u> of the law's benefits estimated to accrue to the richest 1 percent by 2027—also <u>rejected</u> commonsense proposals offered by your negotiators to close tax loopholes and raise revenue in the current budget discussions.

Over the past two years, the deficit was already cut by more than \$1.7 trillion—a natural outcome of your leadership with Congressional Democrats to bring about a strong economic recovery that prioritized creating 12 million jobs, increasing payrolls, strengthening real wages, and boosting tax receipts—particularly from the wealthiest—while reducing the use of unemployment insurance and other social programs. Meanwhile, net interest outlays on the national debt amounted to 1.9% of GDP in 2022, well below the roughly 3% average of the 1990s. And further deficit reductions would actually be threatened should an agreement under duress be reached with Republicans to

impose drastic cuts to vital domestic programs of potentially <u>33 percent</u> in 2024 that fund healthcare, nutrition, education, housing, and more. This is because such a deal could trigger an economic recession while guaranteeing catastrophic human consequences. The Republicans' framework could result in <u>780,000 people</u> rendered jobless, <u>1.2 million</u> women, infants, and children left without nutrition assistance, up to <u>21 million Americans</u> stripped of Medicaid coverage, <u>640,000 families</u> losing access to rental assistance, and more.

We believe that relenting to Congressional Republicans' economic ransom and negotiating on devastating budget cuts, additional work requirements for essential food and economic support, and fast-tracking fossil fuel projects that undermine our shared climate achievements is antithetical to our shared Democratic values. Surrendering to these extremist demands also sets a dangerous precedent that emboldens Republicans to pursue additional, anti-democratic hostage taking, particularly after having been told previously that a clean debt-ceiling increase was nonnegotiable.

If the options are either agreeing to major cuts to domestic priorities under the Republican threat of destroying the economy and moving forward to honor America's debts, we join prominent legal scholars, economists, former budget officials, and a former president in advocating for invoking the 14th Amendment of the Constitution. Not only does the debt ceiling run counter to the Constitution's mandate that the validity of America's public debt shall not be questioned, it contradicts the appropriations law that requires the Treasury to issue debt for the funding you are obligated to administer at Congress's direction.

The 2011 Budget Control Act that emerged from previous Republican hostage taking against a Democratic White House resulted in devastating, long-term austerity, particularly for disadvantaged and vulnerable communities. That law contributed to a major decline in domestic investments and slowed the recovery from the Great Recession. Excluding veterans' benefits, non-military discretionary spending today, in 2023, is 10 percent below 2010 levels adjusting for inflation and population. While we recognize that there are short-term uncertainties involved in administrative action to uphold America's credit, such measures and trade-offs are far preferable to the guaranteed long-term harms of massive budget cuts, new and onerous work requirements for public support, and fossil-fuel giveaways being advocated by House Republicans.

In closing, we urge you to ready the use of all possible measures at your disposal—including preparing to invoke the Constitution's 14th Amendment—rather than acceding to bad-faith Republican attempts to harm our hard-fought economic recovery, reverse the climate progress of this administration, impose painful, burdensome, and ineffective new work requirements for recipients of Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families, and slash essential federal programs that lift up millions of Americans. People across our country are hurting, food banks have bare shelves, and we have reached pandemic-level

hunger in America again because of Republican intransigence in extending some COVID-era aid programs. You have been a strong and clear leader for our country over the past two years and we have accomplished many important things for our people and our country. We, the undersigned, cannot support a harmful agreement that undermines our shared achievements, and we would choose a solution invoking the 14th Amendment of the Constitution over a bad deal. We urge you to stay strong in your resolve to keep Democrats united behind our core democratic values and to refuse to reward Republicans' reckless refusal to raise the debt ceiling without preconditions.

Sincerely,

Pramila Jayapal

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Congressional Progressive

Caucus

Ilhan Omar

Deputy Chair

Congressional Progressive

Caucus

Greg Casa

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Caucus

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