



Eric Bunn Sr.
National Secretary-Treasurer

Dr. Everett B. Kelley
National President

Jeremy A. Lannan
NVP for Women & Fair Practices

January 23, 2023

Dear Representative,

On behalf of the American Federation of Government Employees, AFL-CIO (AFGE), which represents over 700,000 federal and District of Columbia employees, I write urging Congress to responsibly manage the government's finances by raising the debt ceiling on U.S. Treasury securities without extraneous limitations. Failure to raise the debt ceiling in a clean manner could result in severe consequences that would raise costs for the U.S. government, state and local governments, businesses and consumers.

The U.S. Treasury reached its legal debt limit on January 19, 2023. On that date, the Treasury Department announced that it had begun "extraordinary measures" as a means of continuing to meet all obligations until Congress acts to increase the limit.

Some Members of Congress have announced that they will not support an increase in the debt ceiling without concomitant reductions in spending, possibly in the form of reductions to Social Security, Medicare, and Medicaid. The White House says it will not negotiate such an arrangement. AFGE strongly supports the administration's refusal to negotiate on this matter. As you know, the Congress has always been fully aware of the need for issuing new debt whenever they approve spending. It is only through an historical quirk in the U.S. budget process that the debt ceiling is separately voted on after Congress has approved spending bills requiring debt financing.

For many decades, raising the debt ceiling was a routine function of Congress after it had approved spending bills. In fact, under a rule adopted in the House of Representatives over 30 years ago, increases in the debt ceiling occurred automatically when budgets and appropriations required the issue of new bonds.

Actual default on debt payments and other obligations would have an enormous adverse effect on the world economy. Everything from paying Social Security and veterans' beneficiaries to issuing tax refunds to meeting the federal payroll would be at risk. In addition, the impact on interest rates from the certain downgrade of the U.S. government's credit rating would lead to wasting trillions of dollars over decades in needlessly high borrowing costs.

It is important to note there is no legal authority for "prioritizing" payments by the Treasury, as some have suggested pursuing in the face of failure to raise the ceiling. The Treasury properly regards all authorized payments to be on an equal footing. Even if some authority could be devised for this scheme, it would require cutting at least a trillion dollars from approved agency budgets, which is simply impossible without causing massive disruptions in the national economy and the operation of government.



The debt limit must be cleanly raised to avoid default and ensure the continuation of funding for the government and critical programs like Social Security, Medicare, veterans' benefits and the U.S. military. And no negotiation that puts these programs, or any aspect of federal employee compensation at risk should be considered.

Congress should handle fiscal issues such as controlling the federal deficit through the normal legislative processes. If extreme cuts to federal programs and limitations on new debt are considered by Congress, they should occur in bills that proceed through regular order, including committee markups and open amendments.

Sincerely,

A handwritten signature in black ink that reads "Everett B. Kelley". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

Everett B. Kelley
National President