

Congressman Michael Cloud (TX-27)
Testimony Before Appropriations Full Committee: Member Day
Including Servicing the Debt in Cost Estimates Provided to Congress
May 27, 2021

Good Afternoon, Chair DeLauro, Ranking Member Granger and members of the committee, thank you for having us here today.

Article I, Section 9, Clause 7 places the important “power of the purse” Constitutional obligation on Congress.

Spending taxpayer dollars is a weighty responsibility that we all take seriously.

That is why at the end of April, I submitted a language request to the Legislative Branch Subcommittee that I hope will be included in the final bill.

This language request would direct the Congressional Budget Office, in coordination with the Joint Committee on Taxation, to study the feasibility of including in their cost estimates the associated costs of debt servicing and a list of duplicative programs.

Without these two pieces of information, Members of Congress are left to evaluate legislation based on an incomplete or even inaccurate understanding of the facts.

The folks back home understand this:

If they were budgeting for monthly car payments and only considered the list price of the car itself—excluding the extra

cost of interest payments—they might discover later that the actual total cost was more than they could afford.

In essence, Congress does the same thing by not considering the comprehensive budgetary impact of spending and taxing proposals. This distorts congressional decision-making in favor of more spending and debt accumulation than might otherwise be the case.

Simply put, including debt servicing costs in legislative cost estimates will better equip lawmakers to make informed spending decisions.

The language request also does one other important thing that would help lawmakers make better spending decisions. It requires cost estimates to include a list of duplicative programs with the covered legislation.

If cost estimates were required to point out duplication, it would give members helpful direction in knowing how to better use taxpayer dollars.

Thankfully, this is not a Republican or Democrat issue.

Last Congress, Rep. Ed Case and I worked closely together to lead a bicameral, bipartisan letter to the Chairs and Ranking Members of the House and Senate Budget Committees requesting they direct CBO to include debt servicing costs in all legislative cost estimates produced.

Lastly, on May 12, 2021, the Bureau of Labor Statistics announced that inflation had grown by 4.2 percent over the last year, “the largest 12-month increase since...September 2008.”

Well before the inflation announcement was made, CBO had been estimating that net interest costs “Would exceed other mandatory spending by 2030, exceed all discretionary spending by 2043 and surpass spending for Social Security by 2045.”

If such inflation is sustained, interest rates will rise and rapidly advance the timeline in which debt servicing eclipses all other spending.

Reigning in our debt and deficits only gets harder the longer we wait. That is, in part, because our interest rates have been historically low.

This isn't a red or blue — Republican or Democrat issue — this is a good-governance issue.

I hope you will consider including my request in the final bill, to begin the process of moving this issue forward.

Again, thank you for this opportunity to appear here today.