DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

September 10, 2015

The Honorable John A. Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am writing to provide an update regarding the Treasury Department's ability to continue to finance the government, the extraordinary measures we have undertaken to avoid default, and our current levels of cash on hand.

On July 29, I wrote to inform you that the extraordinary measures we have been employing to preserve borrowing capacity would not be exhausted before late October, and that they likely would last for at least a brief additional period of time. That continues to be our view, based upon our best and most recent information.

Since my previous letter, I have taken additional action to implement the extraordinary measures that allow us, on a temporary basis, to continue paying the nation's bills. Specifically, on August 31, I suspended, as necessary, the daily reinvestment of the portion of the Exchange Stabilization Fund that is invested in Treasury securities. Each of the measures employed to date is authorized by law, and each has been used during past debt limit impasses. The effective duration of these measures depends on factors that are inherently variable and irregular, including the unpredictability of tax receipts and changes in expenditure flows. If Treasury exhausts these measures, the United States will have reached the limit of its borrowing authority, and Treasury would be left to fund the government with only the cash on hand on any given day.

Earlier this year, Treasury implemented a new policy of maintaining a cash balance generally sufficient to cover one week of outflows, subject to a minimum of roughly $150 billion. In a public release, we explained that the policy will help protect against a potential interruption in market access resulting from events such as Hurricane Sandy, September 11, or a potential cyber-attack. Maintaining this higher cash balance does not increase the debt limit, nor does it alter in any way the length of time Treasury can continue to pay the nation's bills. On August 19, our cash balance fell below this minimum level. We anticipate that it will rise temporarily after the September 15 deadline for corporate and individual tax receipts—possibly above $150 billion—and then will decline again.

As I have stated previously, extending borrowing authority does not increase government spending. It simply allows Treasury to pay for expenditures Congress has previously approved. In the past, failure to raise the debt limit in a timely manner has negatively impacted business and consumer confidence, financial markets, and the credit rating of the United States. To avoid these unnecessary risks, I respectfully urge Congress to raise the debt limit as soon as possible, protect the full faith and credit of the United States, and remove the threat of default.

Sincerely,



Jacob J. Lew

Identical letter sent to:

The Honorable Nancy Pelosi, House Democratic Leader
The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Harry Reid, Senate Democratic Leader

cc: The Honorable Paul Ryan, Chairman, House Committee on Ways and Means
The Honorable Sander M. Levin, Ranking Member, House Committee on Ways and Means
The Honorable Orrin G. Hatch, Chairman, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
All other Members of the 114th Congress