

October 20, 2015

Dear Representative:

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NDD United – an alliance of over 2,500 organizations working to protect nondefense discretionary (NDD) investments that benefit all Americans – urges you to vote against passage of H.R. 692, the Default Prevention Act. Enactment of this bill will not prevent a default and instead cause damage through ever longer delays in payments for and deep cuts to programs critical to education, public health, environmental protection, natural resources, public safety, housing, children and families, workforce training, research, veterans, nutrition, and critical infrastructure.

This bill fails to raise the debt ceiling, instead allowing Treasury to issue debt solely to pay principal and interest on debt held by the public and debt held by the Old-Age and Survivors Insurance Trust Fund and Disability Insurance Trust Fund, if the statutory limit on debt is reached.

While the bill would protect bondholders and Social Security beneficiaries, only an increase in the statutory debt limit would ensure that there is enough cash on hand to pay school districts for educating low-income children and students with disabilities, college student aid, veterans benefits and health, Head Start and child care providers, biomedical researchers, community health centers, workforce training providers, maintaining our national parks, housing and community development, environmental protection, public safety, doctors and hospitals who treat Medicare patients, our Armed Forces, state and local governments, private contractors, and recipients of unemployment insurance, child nutrition, SNAP, and Supplemental Security Income, and thousands of other programs. Recipients of all of these programs would face ever longer delays in receiving their legal payments, resulting in unprecedented cuts in services to tens of millions of Americans.

As Former Deputy Treasury Secretary Neal Wolin said in 2011, such “prioritization” of payments “...would not actually prevent default, since it would seek to protect only principal and interest payments, and not other legal obligations of the U.S., from non-payment. Adopting a policy that payments to investors should take precedence over other U.S. legal obligations would merely be default by another name, since the world would recognize it as a failure by the U.S. to stand behind its commitments.”

We urge you to reject this bill, pass an increase in the debt ceiling, and pass a budget deal that raises the FY 2016 spending caps for both NDD and defense to provide the investments we so desperately need to grow the economy, create jobs, accelerate innovation and competitiveness, and protect our neediest citizens.

Sincerely,

Emily Holubowich
Coalition for Health Funding
NDD United Co-Chair

Joel Packer
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