



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

February 7, 2014

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

Dear Mr. Speaker:

I am writing to follow up on my previous letters regarding the debt limit and the Department of the Treasury's ability to continue to finance the government.

As you know, the Continuing Appropriations Act, 2014 temporarily suspended the statutory debt limit through today, February 7, 2014. Because Congress has not acted to approve normal borrowing authority, Treasury must begin implementing extraordinary measures that enable us, on a temporary basis, to protect the full faith and credit of the United States and to continue paying the nation's bills.

As I have noted previously, these measures are more limited than in past debt limit impasses. When I last wrote to you in January, I estimated that Treasury likely would exhaust extraordinary measures in late February. Given the heightened variability of cash flows during tax season—which began last Friday, January 31—it is difficult to forecast with any certainty when Treasury will exhaust its borrowing capacity. Based on our best and most recent information, however, we are not confident that the extraordinary measures will last beyond Thursday, February 27. At that point, Treasury would be left with only the cash on hand and any incoming revenue to meet our country's commitments.

In light of the unpredictability of tax refund payments, it is even more difficult to forecast accurately the amount of cash that Treasury will have after our borrowing authority is exhausted. We currently estimate that the amount will be approximately \$50 billion. That number, however, could be materially higher or lower, depending on the pace of tax refund filings. Regardless, any foreseeable cash balance would be exhausted quickly. In previous years, the Internal Revenue Service has issued as much as \$10-15 billion in refunds on a single day and nearly \$40 billion in a single week. Moreover, net daily expenditures for the government can be as high as \$60 billion on certain days. If Treasury has insufficient cash on hand, it would be impossible for our nation to meet all of its obligations for the first time in history.

Protecting the full faith and credit of the United States is the responsibility of Congress because only Congress can extend the nation's borrowing authority. No Congress in our history has failed to meet that responsibility, and time is short. Extraordinary measures are likely to be exhausted in less than three weeks. Congress is scheduled to be out of session for part of that time, and it would be a mistake to wait until the last possible minute to act. As such, I respectfully urge Congress to move as quickly as possible, raise the debt limit, and provide certainty to the economy and to the financial markets.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jacob J. Lew', written in a cursive style.

Jacob J. Lew

Identical letter sent to:

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

cc: The Honorable Dave Camp, Chairman, House Committee on Ways and Means
The Honorable Sander M. Levin, Ranking Member, House Committee on Ways and Means
The Honorable Max Baucus, Chairman, Senate Committee on Finance
The Honorable Orrin G. Hatch, Ranking Member, Senate Committee on Finance
All other Members of the 113th Congress