

## United States Senate

July 13, 2021

The Honorable Janet Yellen  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

Dear Secretary Yellen:

I have been very clear about my grave concern over our nation's massive and unsustainable debt, which now sits at nearly \$30 trillion. There is a direct link between the federal government's unsustainable spending and the rising costs of goods and services and its disastrous consequences for American families – especially hourly workers, seniors and low-income households.

Right now, we are seeing the effects reckless government spending, led by the Biden administration and Democrats in Congress, is having on American families through increased inflation. I have spoken to small business owners across Florida who are experiencing President Biden's inflation crisis firsthand. For months, the administration, the Federal Reserve and the Treasury Department have downplayed the risk of inflation. You said earlier this year that rising inflation due to increased debt from President Biden's massive and untargeted spending bill was just, "a risk we have to consider." And just last month, you said President Biden should push forward with his \$4 trillion spending plans even if they trigger inflation that persists into next year and higher interest rates.<sup>1</sup>

For these families and small businesses looking to make ends meet each month, the rising prices of essential goods and services is not merely a statistical "risk" – it is an existential threat.

Later this month, Congress will again consider the question of either raising or continuing the suspension of the debt limit. The Bipartisan Budget Act of 2019 (P.L. 116-37) suspended the U.S. debt limit through July 31, 2021. According to Treasury's latest Quarterly Refunding Statement, if the debt limit is not raised by this date, "Treasury, as it has in the past, may take certain extraordinary measures to continue to finance the government on a temporary basis. [...] Treasury is evaluating a range of potential scenarios."<sup>2</sup>

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<sup>1</sup> <https://www.bloomberg.com/news/articles/2021-06-06/yellen-says-higher-interest-rates-would-be-plus-for-u-s-fed>

<sup>2</sup> U.S. Department of the Treasury, Quarterly Refunding Statement, May 5, 2021. Available at: <https://home.treasury.gov/policy-issues/financing-the-government/quarterly-refunding/most-recent-quarterly-refunding-documents>

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We know that absent action to raise the debt limit by July 31, Treasury will take certain “extraordinary measures” to finance the federal government and rely on available operating cash to remain below the debt limit. What we do not know is how Treasury will modulate its cash balances and at what point these extraordinary measures will run out.

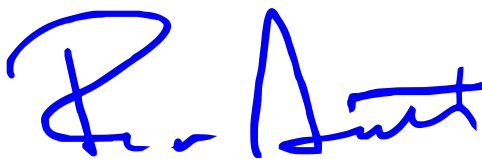
Treasury is responsible for providing timely, transparent and updated information to Congress and the American people about the state of our government’s finances, including projections of near-term cash balances. The American people deserve to know how long extraordinary measures can be utilized should the debt limit not be raised by July 31. Yet, Treasury continues to withhold this necessary information from Congress and the American people less than one month before the debt limit deadline. This is unacceptable. For these reasons, I write to ask for your prompt response to the following questions:

1. What are the Treasury’s current projections for its cash balances on July 31, based on the latest expected cash inflows and outflows? How does Treasury’s operating cash balance change based on the range of potential scenarios your Department has been evaluating?
2. How do you define “extraordinary measures” and how are you making sure the American people understand what steps Treasury is taking?
3. How long do you project that “extraordinary measures” will allow Treasury to remain below the reinstated debt limit after July 31, 2021? Please also identify a range of possible dates on which such measures will be depleted based on the range of potential scenarios your Department has been evaluating.

There is a day of reckoning coming from Washington’s decades of fiscal mismanagement. By continuing to recklessly spend American taxpayer dollars with no regard to paying down debt and by withholding information about the consequences of those actions, the administration is hoping to escape the accountability it owes to American taxpayers. This is wrong. Congress needs this information to make the best decisions for American families and the future of this nation.

I look forward to hearing from you and working together to create a new path forward that returns our great nation to a place of financial security.

Sincerely,



Rick Scott  
United States Senator