

**Congress of the United States**  
Washington, D.C. 20515

July 15, 2022

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Charles E. Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi and Majority Leader Schumer,

We write to express our support for including deficit reduction as a key priority of the reconciliation process. The reconciliation bill is intended to leave our country stronger for future generations and previous versions included historic investments in key priorities such as addressing climate change and eliminating major gaps in our social safety net. However, setting our fiscal house in order is also critical to leaving our country strong for future generations.

Focusing on deficit reduction is particularly important at this moment as American families are feeling the pain of inflation. The most recent Consumer Price Index report showed a 9.1 percent increase in prices over this time last year and as President Biden noted in May of this year: “bringing down the deficit is one way to ease inflationary pressures in an economy.” Such an effort would complement the Federal Reserve’s recent actions to combat inflation by raising interest rates. In June, the Federal Reserve increased interest rates by 75 basis points, the largest increase in nearly 30 years, and has projected that more rate increases may be needed later this year. Reducing the annual budget deficit in concert with interest rate hikes will help bring inflation under control and could lessen the need to increase interest rates as dramatically in the future.

The Congressional Budget Office (CBO) has also sounded the alarm about our country’s unsustainable fiscal trajectory. In its Budget and Economic Outlook for 2022 through 2032, CBO projected our current law annual budget deficit will reach 6.1 percent of Gross Domestic Product (GDP) by 2032, while the national debt is projected to rise to 110 percent of GDP, the highest level in United States history. CBO estimated that net interest outlays on the national debt will more than triple from \$352 billion in 2021 to \$1.2 trillion by 2032, which would be equal to 3.3 percent of GDP and higher than any year since 1940, when the Office of Management and Budget began reporting such data. Further, we anticipate that Congress will soon pass legislation such as the PACT Act, which we support and which achieves important priorities, but which will increase our annual budget deficit relative to current laws.

As our annual budget deficit and national debt increase, the payments on debt and interest on the national debt will put significant pressure on other parts of the federal budget in ways that will limit our ability to grow our economy, support our national defense, sustain the social safety net, and invest in future generations.

There are numerous options for raising the revenue necessary to get our nation on a sustainable fiscal trajectory. The House-passed Build Back Better Act included over \$1.6 trillion in revenue-

raising initiatives, from ensuring the very wealthy and large corporations pay their fair share, to investing in effective tax enforcement through the IRS, to saving the government and Americans money on prescription drugs. This bill provides a menu of viable options for raising revenue that Congress should consider.

Just as we have a historic opportunity to address critical issues such as climate change and inequality we must also be aware that we have an obligation to do this responsibly and in a way that leaves our country stronger going forward. Deficit reduction has the dual benefit of reducing current inflation as well as leaving future generations with the resources they need to address the challenges of the future.

Thank you for your attention to this matter.

Sincerely,



Carolyn Bourdeaux  
Member of Congress



Ed Case  
Member of Congress



Scott H. Peters  
Member of Congress



Kurt Schrader  
Member of Congress



Dean Phillips  
Member of Congress



Kathleen Rice  
Member of Congress



Chris Pappas  
Member of Congress



Jim Cooper  
Member of Congress



Chrissy Houlahan  
Member of Congress