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### **Hatch Statement at Finance Committee Hearing on the Treasury Department's Budget Request**

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing examining the Obama Administration's Fiscal Year (FY) 2017 budget request for the Department of Treasury:

*Today's hearing is on President Obama's budget for Fiscal Year 2017. I want to thank Secretary Lew for appearing before us this morning.*

*While there were some hints about some of the details in advance, Congress officially received the President's budget proposal yesterday. And, as has too often been the case – particularly under this administration – what we received was not a practical vision for the future, but an ideological document designed more to satisfy political constituencies than to advance serious policy proposals.*

*For example, in his budget, President Obama once again looks to raise taxes on hardworking Americans, including some special new regressive taxes that are being packaged as "fees," with all the revenue going to fuel expanded government and spending that is being sold to the public as "investment."*

*No matter what terms people want to use, this budget once again taxes too much, spends too much, and never balances. It presents a vision for expanding government, deficits as far as the eye can see, and an ever-growing national debt.*

*That debt, by the way, currently stands at an astronomical \$19 trillion, close to 80 percent larger than when the President took office, and at a level relative to the size of our economy not seen since the years surrounding World War II.*

*I will also note that the budget contains provisions relating to Puerto Rico. The challenges facing Puerto Rico have received a lot of attention in recent months. And, unfortunately, much of the debate has been overly politicized.*

*The President's budget calls for \$6.6 billion intended to provide an Earned Income Tax Credit for residents of the island, and roughly \$30 billion for increased Medicaid funds, some of which are intended to offset what we are now being told was an inequity written into the so-called Affordable Care Act.*

*Apparently, the authors of ACA wrote a Medicaid funding cliff for Puerto Rico into the law. Now, we are being told – by some of those same authors, no less -- that this funding cliff is unfair and must be undone. I'd like someone – maybe Secretary Lew or perhaps any members of Congress who drafted and supported the health law – to explain why that was done in the first place.*

*I have been working hard with a number of my colleagues to put together a package to help the people of Puerto Rico, who should be our real focus in this. I have a bill with Senators Grassley and Murkowski that offers assistance, along with more than \$7 billion of fiscal relief to the island without adding a penny to the federal deficit or debt.*

*And, since last summer, I have been asking administration officials, as well as some of my Senate colleagues, just how much additional health funding they would like to see for Puerto Rico. In every case, specific details have been withheld and Congress has simply been admonished to fix this problem in a fiscally responsible way.*

*Yesterday, with the release of the budget proposal, we finally saw specific proposed numbers from the administration. Why it took until now for these details to emerge is beyond me.*

*In addition, while we're on the subject of Puerto Rico, I do not believe the administration has been straightforward about the nature of the debt restructuring authority it is seeking for the territory.*

*While we keep hearing from our friends on the other side that Republicans are ungenerously denying Puerto Rico access to the bankruptcy protections offered to every municipality in the U.S., that is actually not what is being sought.*

*Specifically, the administration is advocating to provide unprecedented debt-restructuring authority to Puerto Rico, with an explicit preference for public pension liabilities over debt issued by the Puerto Rican government, even though the territory's constitution gives preference to some of those latter debts.*

*We need to be clear about what's actually being debated and proposed here, and, Secretary Lew, I hope to learn more about your thoughts on this today, and, going forward, I hope to learn more about Puerto Rico's pension exposures. In fact, just this morning I wrote to the Governor of Puerto Rico asking for details since, all told, Puerto Rico's debt and its unfunded pension liabilities amount to almost \$120 billion.*

*As we know, lurking behind the recent increase in ever-larger municipal bankruptcies nationwide is a growing crisis of underfunded public pensions, and the underfunding of Puerto Rico's public pensions is striking.*

*Another issue that I look forward to discussing today is a provision of the recently enacted FAST Act regarding the inactive debt collection program. As we'll likely hear today from Senator Grassley, if not others, the conference report accompanying the law made clear that the intent of Congress was for Treasury and the IRS to expeditiously implement this provision by utilizing approved private collection contractors and debt collection centers. The law also requires that contracts be signed within three months after enactment.*

*That deadline is March 4<sup>th</sup>, just over three weeks away. So I look forward to a status update today on the efforts to get the contracts signed and the cases released, and to ensure that taxpayers are made aware of the program and how it will be implemented.*

*Finally, and related to the large federal debt that Treasury is supposed to manage, I want to make note of some disturbing revelations from the House Financial Services Committee about contingency plans formulated by Treasury and the Federal Reserve.*

*Secretary Lew, as you know, for nearly five years now, I have asked Treasury and the Fed for details about plans the agencies had to handle debt default, whether caused by a natural disaster, terrorist attack, cyberattack, or debt limit impasse. I have asked for these details in writing, in public hearings, and in private conversations.*

*And, in response to my inquiries, you, your predecessor Secretary Geithner, Fed Chair Yellen, and former Chair Bernanke have all opted to cloak any contingency plans in secrecy, sharing them only in private discussions with financial market participants. All of you failed to provide specific answers to direct questions, choosing instead to obfuscate the issue.*

*We know these contingency plans exist, yet officials at the highest levels of the executive branch have refused to share them with Congress or the American people.*

*This is unacceptable.*

*And, because we've received virtually no voluntary cooperation on this issue, legislation to require such cooperation and provide accountability is now probably necessary so the American people can know as much about our debt management as those working at Treasury and the Fed and in financial markets.*

*So, as you can see, we have quite a bit to discuss today. I look forward to a robust discussion of these and other important issues.*

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