



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

October 20, 2015  
(House Rules)

## STATEMENT OF ADMINISTRATION POLICY

### H.R. 692 – Default Prevention Act

(Rep. McClintock, R-CA, and 112 cosponsors)

The Administration strongly opposes H.R. 692, which would result in the Congress not paying obligations it has already agreed to, thereby putting the Nation into default on its obligations. Any legislative proposal to prioritize certain payments over others is default by another name and would not protect the full faith and credit of the United States government or avoid the negative impact of default on American jobs and businesses. Such an approach would be the equivalent of a family saying that it will choose to pay its mortgage, but not its car payment, credit card, or student loans, and expecting that its creditworthiness will not suffer. It would cause the Nation to default on payments for Medicare, veterans, national security, and many other key priorities. Making some payments while not making others would be unacceptably risky and unfair to the American people.

Under the President's leadership, annual deficits have come down by roughly three-quarters as a share of the economy since 2009, the fastest period of sustained deficit reduction since just after World War II. In Fiscal Year 2015, the deficit fell by \$44 billion to just 2.5 percent of GDP—a level significantly below the roughly 3-percent level needed to stabilize our debt-to-GDP ratio. The President has put forward a balanced approach to deficit reduction in his FY 2016 Budget that would continue to stabilize the Nation's debt as a share of the economy, without shortchanging the kinds of investments that are critical to long-term economic growth.

The President continues to work to find areas of compromise and common ground with both parties in the Congress. But the President has been clear that he will not negotiate about whether to uphold the full faith and credit of the United States. The Congress must pay the bills it has already incurred; failure to do so would cause the Nation to default on our obligations for the first time in history.

The President will not tolerate political gamesmanship, which caused the Nation's credit rating to be downgraded in 2011 and proved harmful to both the United States and global economy. For this reason, if the President is presented with legislation that would result in the Congress choosing to default on our obligations and imperil the full faith and credit of the United States, he would veto it.

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