Congressional Budget Office
Cost Estimate

March 31, 2023

H.R. 187, Default Prevention Act

As ordered reported by the House Committee on Ways and Means on March 9, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	a	a	a

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

a. CBO has no basis to estimate the magnitude of the increase in spending subject to appropriation.

H.R. 187 would require the Treasury to prioritize payment of obligations using a five-tiered payment structure if total debt subject to limit is at the statutory maximum. Under the bill the Treasury could issue debt that would not be subject to the statutory limit in amounts that would be sufficient to meet obligations for the first tier: the principal and interest on the public debt and the obligations of Social Security and Medicare. Payment of obligations would be prioritized as follows:

- Tier I would include payments for public debt, Social Security, and Medicare;
- Tier II would include payments for obligations of the Departments of Defense and Veterans Affairs;
- Tier III would include payments for obligations of any program not in a designated tier;
- Tier IV would include payments for certain federal employee union activities, executive branch travel, and compensation of the President, Vice President and some political appointees; and
- Tier V would include compensation to Members of Congress.

Until a new debt limit is enacted, the bill would require the Treasury to report each week to the House Committee on Ways and Means and the Senate Committee on Finance concerning exempted transactions and categorical spending.

CBO estimates that enacting H.R. 187, by itself, would not affect direct spending or revenues because it would not change any of the government's tax or spending policies. CBO estimates that implementing the bill's tiered-payment system and weekly reporting requirement would increase the Treasury's administrative costs; any related spending would be subject to the availability of appropriated funds. CBO does not have a basis to assess the feasibility, the required time to implement, or the total cost to the Treasury to develop such a payment system. We estimate those costs would significantly exceed $500,000 because the Treasury's payment systems are not currently set up to handle different priorities. Based on the requirements in the bill and the cost of similar reports, CBO estimates that the weekly reporting requirement would cost less than $500,000 each time debt subject to the limit reaches the statutory limit.

The CBO staff contact for this estimate is Avi Lerner. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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