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INSIGHT

Debt Limit Suspensions

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From 2013 until 2019, Congress chose to suspend the statutory limit on the amount of federal debt outstanding for set periods of time, rather than increase the limit by a dollar amount. On October 14, 2021, however, Congress chose to increase the debt limit by the fixed amount of $480 billion. On December 16, 2021, another act increased the debt limit by $2.5 trillion to just under $31.4 trillion. Debt limit suspensions, by contrast, are silent on dollar amounts.

A suspension defines a minimum interval before Congress is compelled to address the debt limit again. Once the suspension ends, the debt limit is reset to accommodate the increase in federal debt during the suspension period. The U.S. Treasury, with the help of "extraordinary measures," can pay federal financial obligations for some time after a suspension ends, allowing Congress more time to consider how to address the debt limit before Treasury's capacity to pay is exhausted.

In late April, the House passed H.R. 2811, which among other provisions, includes a hybrid debt limit clause that would suspend the limit until the end of March 2024, or until new debt subject to the limit would total $1.5 trillion.

Treasury Secretary's Authority to Invoke Extraordinary Measures

Congress provided the Treasury Secretary with the statutory authority (5 U.S.C. §8348(j)) to invoke extraordinary measures; that is, special strategies to handle cash and debt management. The Treasury Secretary may declare a "debt issuance suspension period" (DISP) when deposits in the form of special Treasury securities into the Civil Service Retirement and Disability Fund (CSRDF) cannot be issued without causing the federal debt to exceed its limit. Treasury Secretaries have declared DISPs the business day after a debt limit suspension lapses. During a DISP, the U.S. Treasury can use financial resources from certain civil service and postal service retirement funds to meet federal obligations.

Once a DISP is declared, the length of time Treasury can meet federal financial obligations depends on its cash balances, the extent of funds available via extraordinary measures, and the timing of federal revenues and payments—when taxes are collected and when outlays are paid. For example, a DISP that includes April will benefit from individual income tax payments. The timing of redemption and issuances of special Treasury securities to various federal trust funds matters as well.

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The law that authorizes the Treasury Secretary to declare a DISP also requires that "the Secretary of the Treasury shall immediately issue" amounts to replenish those funds once a DISP is over. The Treasury Secretary is also obliged to report to Congress on how extraordinary measures were used.

Treasury Secretary Yellen declared a DISP on January 19, 2023. In May 2023, she notified Congress that according to Treasury's best estimate, it would become unable "to satisfy all of the government's obligations by early June" absent legislation to modify the debt limit. Previous projections suggested that Treasury could probably meet obligations until July or even August. Individual income tax receipts in April 2023, however, fell short of expectations. More recent projections suggest that Treasury's resources in early June could to dip to around $25 billion (Wrightson ICAP and Goldman Sachs briefs available to congressional clients upon request). While Treasury might be able to pay bills until a June 15 tax deadline, CBO warns of a "significant risk" that Treasury might not be able to meet all obligations on time.

Debt Limit Suspensions

Table 1 lists laws that have suspended the debt limit. The Budget Control Act of 2011 (BCA), which set the fiscal framework for the following decade, is also listed. Among other provisions, the BCA set statutory caps on discretionary spending for FY2012-FY2021. Congress, however, determined that those caps required adjustment to accommodate higher defense and nondefense spending levels. A series of Bipartisan Budget Acts, each of which addressed a broad range of budgetary issues, was enacted to adjust those caps upward, thus providing a convenient legislative vehicle for debt limit suspensions. The debt limit was also suspended in continuing appropriations acts for FY2014 and FY2018.

Table 1. Debt Limit Suspensions and the Budget Control Act of 2011

Act	Measure	Public Law	Enactment Date	Debt Limit Suspended Through
Bipartisan Budget Act of 2019 (BBA 2019)	H.R. 3877	P.L. 116-37	August 2, 2019	July 31, 2021
Bipartisan Budget Act of 2018 (BBA 2018)	H.R. 1892	P.L. 115-123	February 9, 2018	March 1, 2019
Continuing Appropriations Act, 2018	H.R. 601	P.L. 115-56	September 8, 2017	December 8, 2017
Bipartisan Budget Act of 2015 (BBA 2015)	H.R. 1314	P.L. 114-74	November 2, 2015	March 15, 2017
Temporary Debt Limit Extension Act	S. 540	P.L. 113-83	February 15, 2014	March 15, 2015
Continuing Appropriations Act, 2014	H.R. 2775	P.L. 113-46	October 17, 2013	February 7, 2014
No Budget, No Pay Act of 2013 (NBNPA)	H.R. 325	P.L. 113-3	February 4, 2013	May 18, 2013
Budget Control Act of 2011 (BCA)	S. 365	P.L. 112-25	August 2, 2011	Allowed three increases of set amounts

Source: Information compiled by CRS from Office of Management and Budget, Historical Table 7.3.

Notes: BCA did not suspend the debt limit. The debt limit was increased three times under its provisions. The amount of the third increase was subject to certain requirements.

Table 2 shows the duration of debt limit suspensions and DISPs. The use of suspensions results in a two-step change in the debt limit. First, the debt limit is reset after each suspension lapse. Second, once Treasury's capacity to meet federal obligations has neared exhaustion, Congress then has acted either to suspend the debt limit or, as in October and December 2021, to increase it.

Table 2 also shows the substantial variation over the past decade in the length of DISPs, which ranged from 5 days to 231 days. Although Congress can suspend the debt limit until a specific date, determining when another modification of the debt would be needed to avoid an exhaustion of Treasury's financial resources is not possible with any precision.

Table 2. Analysis of Debt Limit Suspensions and Debt Issuance Suspension Periods

Act Raising or Suspending Debt Limit	Debt Limit Suspended Through	New Debt Limit After Suspension $Billions	Date Extraordinary Measures Invoked (DISP)	New Debt Limit After New Act $Billions	DISP Calendar Days	Debt Change $Billions
BBA 2019	July 31, 2021	28,401	August 2, 2021	31,381*	136*	2,980*
BBA 2018	March 1, 2019	21,988	March 4, 2019	22,286	151	299
Continuing Appropriations Act, 2018	December 8, 2017	20,456	December 11, 2017	20,636	60	180
BBA 2015	March 15, 2017	19,809	March 16, 2017	20,130	176	321
Temporary Debt Limit Extension Act	March 15, 2015	18,113	March 16, 2015	18,492	231	379
Continuing Appropriations Act, 2014	February 7, 2014	17,212	February 10, 2014	17,337	5	126
NBNPA 2013	May 18, 2013	16,699	May 20, 2013	17,026	150	327
BCA	—	—	December 31, 2012	16,441	35	47

Source: Information compiled by CRS from U.S. Treasury and legislative data. *DISP length following the lapse of the BBA 2019 suspension is taken to end with enactment of P.L. 117-73 on December 16, 2021, although extraordinary measures were reset after enactment of P.L. 117-50 on October 14, 2021. The change in debt in 2021 is the sum of the October increase ($480 billion) and the December increase ($2.5 trillion).

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