Congressional Research Service
Informing the legislative debate since 1914

INSIGHT

Debt Limit Policy Questions: How Long Do Extraordinary Measures Last?

Updated January 25, 2024

"Extraordinary measures" are operations undertaken by the Department of Treasury to prevent a binding debt limit. Federal debt subject to the statutory limit, codified at 31 U.S.C. §3101, cannot legally exceed that limit. This Insight examines the factors that influence how long extraordinary measures can prevent a debt limit from binding and summarizes recent extraordinary measures experiences.

What Are Extraordinary Measures?

Extraordinary measures are actions the Treasury Secretary uses to delay a binding debt limit. Two provisions in statute—5 U.S.C. §8348 and 5 U.S.C. §8909—authorize extraordinary measures. These measures have been regularly invoked in recent years. The Secretary regularly provides detailed descriptions of extraordinary measures upon implementation. Recently, these measures have included suspension of debt issuances to certain federal retirement accounts and for state and local government securities. Once lawmakers raise or suspend the debt limit and extraordinary measures end, Treasury must compensate any impacted federal accounts for their lost savings. Treasury may also adjust the operating cash balance in its general account in response to a debt limit episode, though that is a regular financial management tool rather than an extraordinary measure. For more background on extraordinary measures, see CRS Insight IN10837, *Debt Limit Policy Questions: What Are Extraordinary Measures?*.

Variation in Extraordinary Measures Endurance

The length of time between implementation of extraordinary measures and their projected exhaustion is a function of several factors, including legislative changes that affect the deficit, the timing of federal receipts, and the timing of federal outlays. Extraordinary measures available to Treasury can change over time as federal statutes (and Administration interpretations) change. The debt room that each measure provides also shifts for reasons specific to the measure and underlying account. Descriptions of recent extraordinary measures suggest that the extraordinary measures used and the debt room provided by those measures have been relatively constant in recent years.

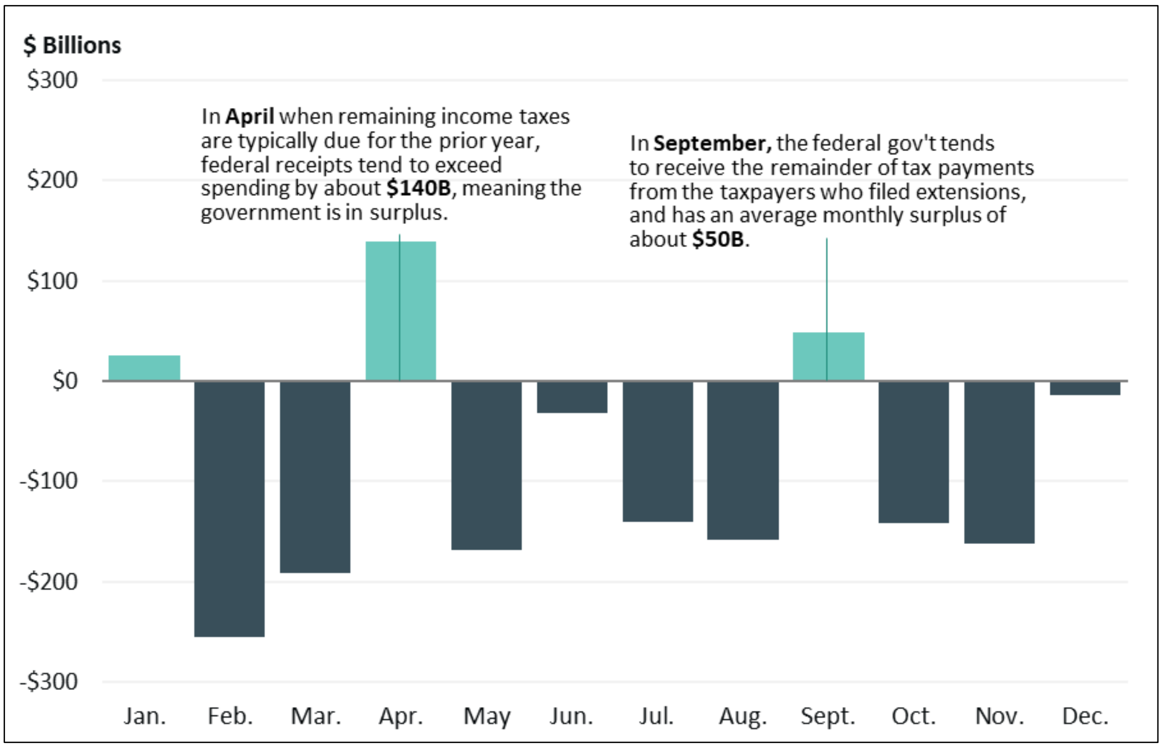
The amount of time it takes to exhaust extraordinary measures depends not only on how much debt room those measures provide, but also how quickly the federal debt subject to the limit is rising. All else equal, higher net federal deficits will translate to faster increases in debt subject to limit, which can be caused by general decline in economic performance, legislative changes that increase outlays or decrease revenues, or other factors. Intragovernmental debt, or debt one part of the government owes another part (typically that the general fund owes trust funds), also contributes to debt subject to the limit, though it does not contribute to debt held by the public because it is not owed to an outside creditor. Changes in intragovernmental debt therefore also lead to changes in federal debt subject to limit, even if those changes do not reflect shifts in what the government owes to other financial actors.

The speed at which the federal debt grows is also affected by short-term variation in federal budget outcomes (e.g., surpluses and deficits) across months, as shown in **Figure 1**. Much of that variation results from the timing of tax receipts from federal income tax returns.

Figure 1. Average Monthly Federal Budget Outcomes (FY1997-FY2023)

(in billions of FY2023 dollars)

Figure is interactive in the HTML version of this report.



Source: U.S. Treasury and OMB. Calculations performed by CRS.

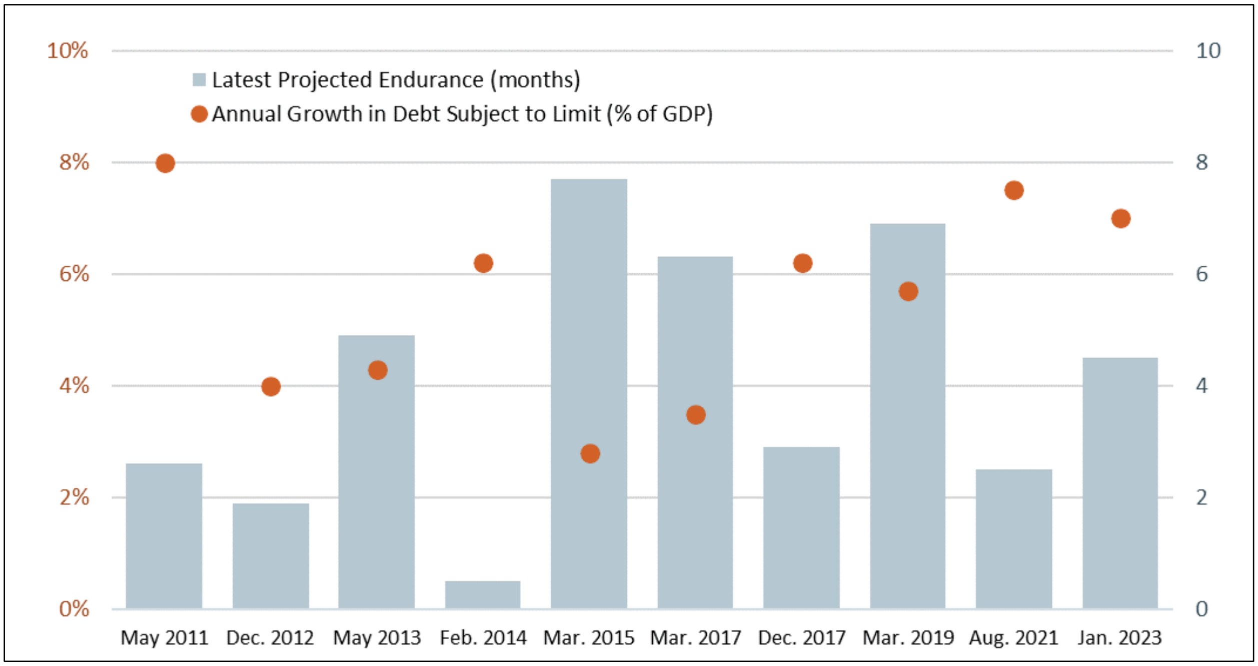
Notes: Positive values represent surpluses; negative values represent deficits.

Payments and collections for many federal programs are also made on certain days of the week or month, which can lead to daily fluctuations that are very difficult to predict as extraordinary measures near exhaustion.

Figure 2 shows the projected endurance of extraordinary measures in every implementation period since 2011. Recent experiences illustrate that while seasonal patterns and fluctuations in general debt acquisition are somewhat helpful in determining the endurance of extraordinary measures, the context around each experience is highly influential in determining the ultimate effectiveness of extraordinary measures in preventing a debt limit from binding.

Figure 2. Projected Endurance of Extraordinary Measures, 2011-Present

Figure is interactive in the HTML version of this report.



Source: U.S. Treasury, OMB, and CBO. Calculations performed by CRS.

Notes: Figure uses a weighted average of annual debt subject to limit values in cases where extraordinary measures stretched across multiple fiscal years. Observations represent instances where extraordinary measures were implemented: intervals between observations vary in the length of time that they represent. Endurance projection taken from the last publication issued by either U.S. Treasury or CBO.

Extraordinary Measures in 2023

Treasury Secretary Janet Yellen began implementing extraordinary measures on January 19, 2023, as federal debt subject to limit approached the statutory debt limit of $31.4 trillion. A May 1, 2023, letter to Congress stated that "our best estimate is that we will be unable to continue to satisfy all of the government's obligations by early June, potentially as early as June 1." A May 1, 2023, CBO blog post also projected extraordinary measures exhaustion in early June. Projections from CBO and Treasury earlier in 2023, along with a Moody's Analytics estimate in March, had forecasted that such measures would last into late summer or early fall. Such estimates are inherently uncertain, as each of these forecasts emphasizes. Treasury ceased implementation of extraordinary measures on June 5, 2023, following enactment of an increase in the debt limit through the Fiscal Responsibility Act (P.L. 118-5), and affected government accounts were restored to normal operations.

For more on extraordinary measures and debt in 2023, see CRS Insight IN12149, *Structure of Federal Debt and Extraordinary Measures*.

Author Information

Grant A. Driessen
Acting Section Research Manager

Brendan McDermott
Analyst in Public Finance

Disclaimer