

MEMORANDUM

August 9, 2021

To: Senate Majority Leader Charles E. Schumer

From: D. Andrew Austin, Analyst in Economic Policy

Subject: **Increase in Debt Subject to Limit Since August 2019 Suspension**

This memorandum, which you requested, presents U.S. Treasury fiscal data on the increase in federal debt subject to limit since that limit was suspended in August 2019.

This information has not been sent to other congressional clients. Similar information could be shared by CRS in response to future requests. Nothing about you or your request will be shared with other clients.

The Debt Limit

The Constitution grants Congress the power to borrow money on the credit of the United States as one of its powers of the purse. Debt policy provides Congress with one means of expressing views on appropriate federal fiscal policies. Over time, Congress has changed how it has controlled federal debt. By the late 1930s, Congress allowed the U.S. Treasury to manage federal debt within a general limit covering nearly all of that debt.¹

The statutory debt limit applies to almost all federal debt.² The limit applies to federal *debt held by the public* (that is, debt held outside the federal government itself) and to *intragovernmental debt*, that is, federal debt held in the government's own accounts. Federal trust funds, such as Social Security, Medicare, Transportation, and Civil Service Retirement accounts, hold most of this internally held debt.

Debt Limit Suspensions

In recent years, Congress has chosen to suspend the debt limit for a set amount of time instead of raising the debt limit by a fixed dollar amount. When a suspension ends, the debt limit is reestablished at a level that accommodates federal spending during the suspension period. The U.S. Treasury is thus left with minimal headroom under the debt limit after a suspension ends, leaving only a cash balance similar to that when the suspension began. The Treasury Secretary typically invokes a set of “extraordinary measures”

¹ CRS Report RL31967, *The Debt Limit: History and Recent Increases*, by D. Andrew Austin.

² Debt not subject to that limit is limited or controlled in other ways.

that help enable the Treasury to meet federal financial obligations.³ Those measures and Treasury's cash balances, however, can only suffice to meet those obligations for a finite amount of time.

Congress first employed a suspension to address debt policy in February 2013 (P.L. 113–3), when the limit was suspended through May 18, 2013.⁴ The lapse of that suspension initiated the 2013 debt limit episode, which was resolved on October 16, 2013, when Congress again suspended the debt limit through February 8, 2014 (P.L. 113-46).

The debt limit was suspended as part of three bipartisan budget agreements. The Bipartisan Budget Acts of 2015 (BBA 2015; P.L. 114-74), 2018 (BBA 2018; P.L. 115-123), and 2019 (BBA 2019; P.L. 116-37) each suspended the debt limit and adjusted upwards statutory caps on discretionary spending then in place, among other provisions. Those caps on discretionary budget authority, set in the Budget Control Act of 2011 (P.L. 112-25), expired at the end of FY2021.⁵

Debt Limit Reset in August 2021

BBA 2019, enacted on August 2, 2019, suspended the debt limit through July 31, 2021. The following business day—August 2, 2021—the debt limit was reset at just over \$28.4 trillion.

On August 5, 2021, debt subject to limit was just \$26 million under that limit.⁶ On that date, debt held by the public totaled \$22.3 trillion, including \$5.1 trillion in Federal Reserve holdings.⁷ Intragovernmental debt accounted for another \$6.2 trillion.

Increases in Federal Debt Levels

An Inauguration Day marks a change in Administration. The federal fiscal trajectory reflects new Administration policies—only with a lag. A President can influence fiscal policy through budget submissions, negotiations with Congress, and by controlling how federal agencies execute their budgets. Those changes in fiscal policy take time to affect flows of federal revenue and spending. Presidents, moreover, have limited ability to shape economic trends and external events—such as the Coronavirus Disease 2019 (COVID-19) pandemic—that affect federal finances.

Table 1 presents changes in federal debt levels by category for the date August 2, 2019 (when BBA 2019 was enacted), January 20, 2021 (the most recent Presidential Inauguration Day), and August 5, 2021 (the date of the latest available *Daily Treasury Statement*). A spreadsheet with underlying Treasury data and CRS calculations accompanies this memorandum.

³ Treasury Secretary Janet Yellen, letter to congressional leaders, August 2, 2021, https://home.treasury.gov/system/files/136/Debt-Limit-Letter-Congress_20210802_Pelosi.pdf. The letter notifies Congress that the Treasury Secretary has invoked authorities to employ certain extraordinary measures. A Treasury explanation of extraordinary measures is here: <https://home.treasury.gov/system/files/136/Description-of-Extraordinary-Measures-Aug2021.pdf>.

⁴ For details, see CRS Report R43389, *The Debt Limit Since 2011*, by D. Andrew Austin.

⁵ Sequestration of nonexempt mandatory spending has been extended.

⁶ U.S. Treasury, *Daily Treasury Statement*, August 5, 2021, <https://fsapps.fiscal.treasury.gov/dts/files/21080500.pdf>.

⁷ Federal Reserve, Table H.4.1, “Reserve Balances: Face Value of U.S. Treasury Securities Held by the Federal Reserve,” August 9, 2021, <https://fred.stlouisfed.org/series/TREAST>.

Table I. Federal Debt on Selected Dates

End of Day Amounts in \$ Millions

Date	Debt Held by the Public	Intragovernmental Holdings	Less Debt Not Subject to Limit	Debt Subject to Limit
August 2, 2019	16,440,632	5,873,669	35,045	22,279,256
January 20, 2021	21,636,824	6,115,072	26,171	27,725,725
August 5, 2021	22,277,470	6,150,227	26,260	28,401,437
Increases (+) or Decreases (-) in Debt				
August 2, 2019 - January 20, 2021	5,196,192	241,403	-8,874	5,446,469
January 20, 2021 - August 5, 2021	640,646	35,155	89	675,712
August 2, 2019 - August 5, 2021	5,836,838	276,558	-8,785	6,122,181

Source: CRS calculations based on U.S. Treasury's *Daily Treasury Statement* data (<https://fiscaldata.treasury.gov/datasets/daily-treasury-statement/debt-subject-to-limit>).

Notes: See text for additional explanations. Amounts rounded to nearest million. The Bipartisan Budget Act of 2019 (P.L. 116-37) was enacted on August 2, 2019. The latest available *Daily Treasury Statement* at the time of this writing is August 5, 2021. President Joseph Biden was inaugurated on January 20, 2021. Fiscal policies and outcomes reflect decisions of Congress and Presidents, as well as economic trends and external events. To the extent that Presidents affect fiscal policy through budget submissions, negotiations with Congress, and executive branch budget execution, results of those actions take time to emerge.