



# “Extraordinary Measures” and the Debt Limit

Updated July 29, 2021

The Bipartisan Budget Act of 2019 (P.L. 116-37) suspended the statutory debt limit from August 2, 2019, through July 31, 2021. Upon reinstatement, the statutory debt limit will be set at a level precisely accommodating federal borrowing (matching the federal debt subject to limit on August 2, 2021).

Treasury Secretary Janet Yellen informed Congress in a [July 23, 2021, letter](#) that she would implement “extraordinary measures” starting on August 2, 2021, to prevent the debt limit from binding.

Extraordinary measures were most recently implemented from March 2019 to August 2019, following the expiration of the statutory debt limit suspension in the Bipartisan Budget Act of 2018 (P.L. 115-123). This Insight briefly examines the use of extraordinary measures and the subsequent effects on federal debt activity.

## What Is the Debt Limit?

As part of its “power of the purse,” Congress uses the statutory debt limit ([codified at 31 U.S.C. §3101](#)) as a means of restricting federal debt. Debt subject to the limit is more than 99% of total federal debt, and includes debt held by the public (which is used to finance budget deficits) and debt issued to federal government accounts (which is used to meet federal obligations). The debt limit was created to act as a congressional check on recent revenue and expenditure trends, though the budgetary decisions affecting debt levels may have been the result, at least partly, of policies enacted well in the past. Some past debt limit legislation has linked debt limit increases with other fiscal policy proposals.

## What Are Extraordinary Measures?

Extraordinary measures represent a series of actions used to extend the date by which debt limit legislation must be enacted. The authority for using extraordinary measures rests with the Treasury Secretary ([codified at 5 U.S.C. §8348](#) and [5 U.S.C. §8909](#)). Invoking extraordinary measures has been used regularly in recent years, and has delayed required action on the debt limit by periods ranging from a few weeks to several months, depending on when such measures were enacted (see the “How Long Do Extraordinary Measures Last?” section). Ultimately, accounts and members of the public that are affected by extraordinary measures must be compensated for the delay in payment that results from such actions when the debt limit is subsequently modified.

Before or during a period when extraordinary measures are implemented, Treasury typically provides a description of the extraordinary measures available and estimates of their effect on federal borrowing

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capacity (or how much “headroom” they will add). The most recent description of such measures was provided by [Treasury in March 2019](#). **Table 1** provides a description of the currently available extraordinary measures and the amount of headroom added when those measures were implemented from 2017 through 2019.

**Table 1. Use of Extraordinary Measures 2017-2019**

Measure	Headroom Added from March 2017 to September 2017	Headroom Added from December 2017 to February 2018	Headroom Added from March 2019 to August 2019
Suspension of reinvestment in Government Securities Investment Fund (G Fund) of the Federal Employees Retirement System	\$225 billion	\$208 billion	\$230 billion
Suspension of invested balance in Exchange Stabilization Fund	\$22 billion	\$22 billion	\$22 billion
Declaration of a Debt Issuance Suspension Period	\$87 billion one-time and \$7.3 billion per month	\$12.7 billion one-time and \$7.3 billion per month	\$86 billion one-time and \$7.3 billion per month
Suspension of State and Local Government Securities	\$0 (prevents further increases in debt by \$3-\$13 billion per month)	\$0 (prevents further increases in debt by \$3-\$13 billion per month)	\$0 (prevents further increases in debt by approximately \$4 billion per month)

**Sources:** U.S. Department of the Treasury, “Description of the Extraordinary Measures,” March 5, 2019, available at [https://home.treasury.gov/system/files/136/Description-of-Extraordinary-Measures-03\\_05\\_19.pdf](https://home.treasury.gov/system/files/136/Description-of-Extraordinary-Measures-03_05_19.pdf); U.S. Department of the Treasury, “Description of the Extraordinary Measures,” December 12, 2017, available at [https://www.treasury.gov/initiatives/Documents/Description-of-Extraordinary-Measures-2017\\_12\\_12\\_Final.pdf](https://www.treasury.gov/initiatives/Documents/Description-of-Extraordinary-Measures-2017_12_12_Final.pdf); U.S. Department of the Treasury, “Description of Extraordinary Measures,” March 16, 2017, available at [https://www.treasury.gov/initiatives/Documents/Description\\_of\\_Extraordinary\\_Measures\\_2017\\_03\\_16.pdf](https://www.treasury.gov/initiatives/Documents/Description_of_Extraordinary_Measures_2017_03_16.pdf).

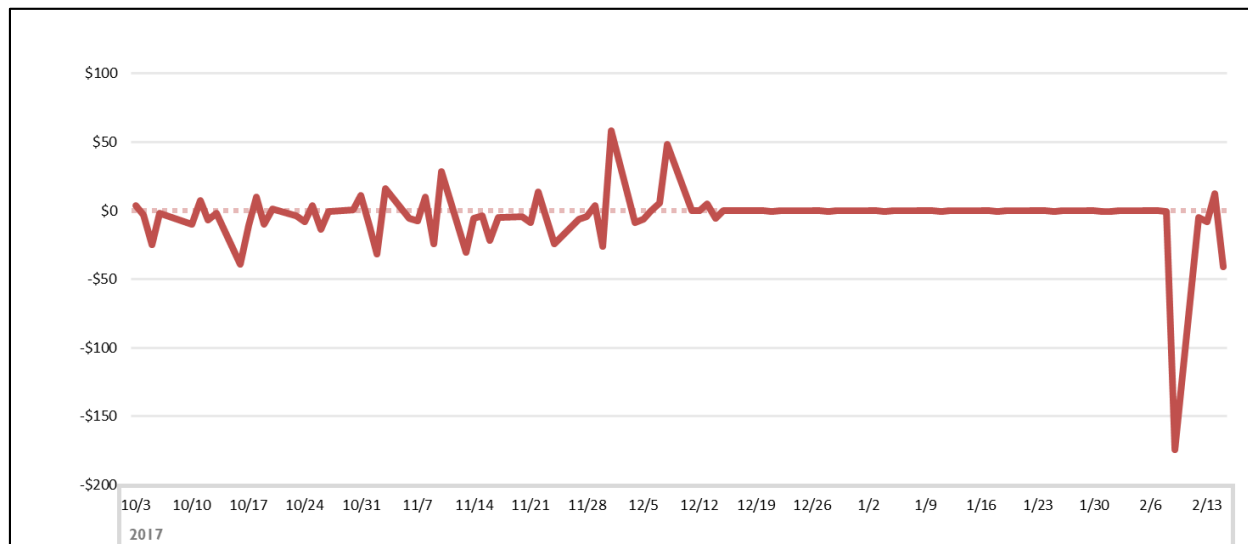
**Notes:** In a February 2019 report, the Congressional Budget Office estimated that an additional \$4.7 billion of headroom is available through the Federal Financing Bank. This table only includes available measures reported by Treasury.

## How Long Do Extraordinary Measures Last?

Short-term fluctuations in federal debt levels provide for substantial uncertainty in how long extraordinary measures can last. Federal balances fluctuate on a day-to-day basis in response to a number of factors, including the timing of payments for Social Security, military benefits, and other programs; interest payments on debt obligations; and the timing of certain receipts. CBO’s [July 2021 projections](#) indicate that extraordinary measures imposed in August 2021 would be exhausted in October or November 2021, though it cautions that such estimates are subject to considerable uncertainty.

Daily federal budget outcomes can vary significantly with the timing of payments and collections, and are altered considerably by the imposition of extraordinary measures. **Figure 1** highlights this process through daily federal balance outcomes surrounding and during the imposition of extraordinary measures in FY2018. The reduced variation in daily balances starting in December 2017 reflects the implementation of extraordinary measures to exactly match outlays and receipts. The decline in the daily balance on February 9, 2018, reflects the compensation of intragovernmental creditors whose payments were delayed by the implementation of extraordinary measures.

**Figure 1. Changes in the Daily Federal Balances, October 3, 2017-February 15, 2018**  
(in billions of nominal dollars)



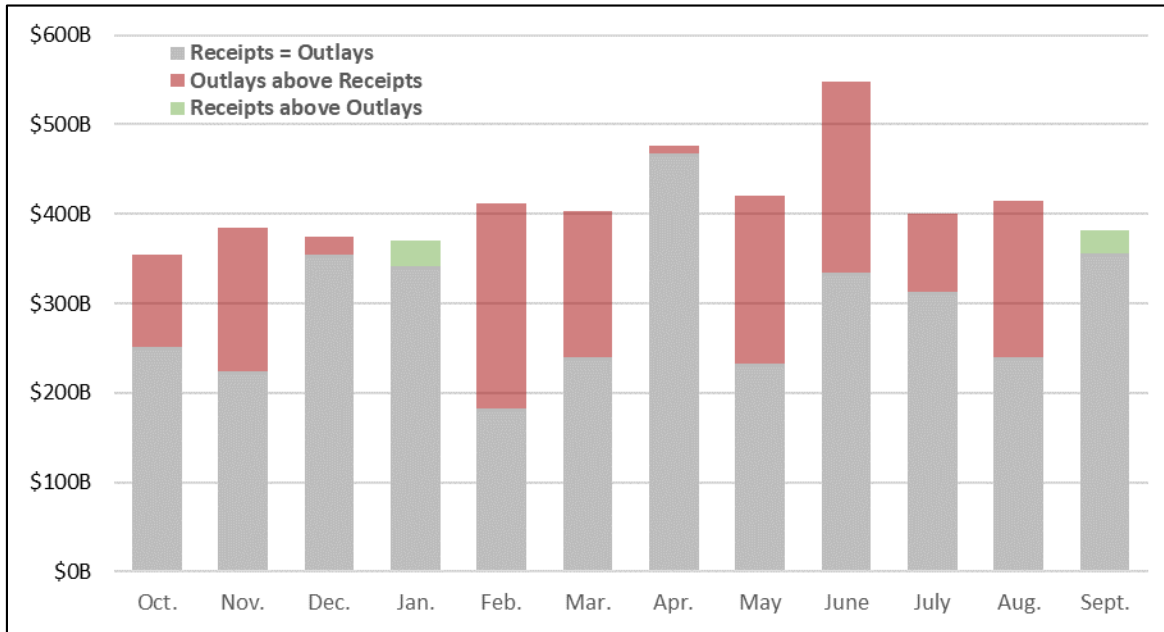
**Source:** U.S. Department of the Treasury, *Daily Treasury Statement* (various).

**Note:** Positive numbers indicate daily surpluses, while negative numbers indicate daily deficits.

Monthly budget outcomes can also fluctuate with the timing of various activities. The federal government tends to record higher net budget surpluses in April (when many individual tax returns are filed) and September (as certain payments are due at the end of the fiscal year) while recording lower balances in other months. April 2020, however, recorded a significant federal deficit, due in part to increased outlays from the CARES Act (P.L. 116-136) and reduced receipts from the individual income tax deadline being postponed. This activity highlights the need for context in projecting near-term federal budget activity.

**Figure 2** presents the average federal monthly account balances from the previous five fiscal years. The gray regions represent the amount to which average monthly receipts are equal to average monthly outlays. The red regions represent outlays greater than receipts (indicating an average monthly deficit), and the green regions represent receipts greater than outlays (indicating an average monthly surplus). For example, on average in October of the past five fiscal years, the federal account balance has been about \$350 billion, of which about \$100 billion has been deficit spending.

**Figure 2. Average Federal Monthly Account Balance, FY2016-FY2020**  
 (In constant January-March 2021 dollars)



Source: U.S. Department of the Treasury, *Monthly Treasury Statement* (various). CRS calculations.

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