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INSIGHT

Debt Limit Policy Questions: What Are Extraordinary Measures?

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Following a suspension period established by the Fiscal Responsibility Act of 2023 (P.L. 118-5), the statutory debt limit was reinstated on January 2, 2025, at $36.1 trillion, the precise level of federal debt subject to limit outstanding on that date. On July 4, 2025, the statutory debt limit was raised by $5.0 trillion, to $41.1 trillion, through enactment of P.L. 119-21. Between January 2025 and that enactment, Treasury implemented "extraordinary measures" to prevent a debt limit from binding. This Insight 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). Extraordinary measures have been regularly invoked in recent years, and have 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). Treasury provided the most recent description of such measures in January 2025. **Table 1** provides a description of the currently available extraordinary measures and the projected amount of headroom added when those measures were implemented in 2021, 2023, and 2025.

Table 1. Use of Extraordinary Measures, 2021-2025

Measure	Headroom Added from August 2021 to December 2021	Headroom Added from January 2023 to June 2023	Headroom Added from January 2025 to July 2025
Suspension of reinvestment in Government Securities Investment Fund (G Fund) of the Federal Employees Retirement System	$276 billion	$294 billion	$298 billion
Suspension of invested balance in Exchange Stabilization Fund	$23 billion	$17 billion	$20 billion
Declaration of a Debt Issuance Suspension Period	$48 billion one-time and $7.3 billion per month	$143 billion one-time (if active on June 30) and $8.3 billion per month	$145 billion one-time (if active on June 30) and $8.8 billion per month
Suspension of State and Local Government Securities	$0 (prevents further increases in debt by approximately $10 billion per month)	$0 (prevents further increases in debt by approximately $6 billion per month)	$0 (prevents further increases in debt by approximately $10 billion per month)
Exchanging Treasury Securities for Obligations Issued by the Federal Financing Bank	n/a	$1.9 billion	$0.3 billion

Sources: U.S. Department of the Treasury, "Description of Extraordinary Measures," January 17, 2025, https://home.treasury.gov/system/files/136/DescriptionofExtraordinaryMeasures20250117.pdf; U.S. Department of the Treasury, "Description of Extraordinary Measures," May 31 2023, https://home.treasury.gov/system/files/136/DescriptionofExtraordinaryMeasures2023-05-31.pdf; and U.S. Department of the Treasury, "Description of Extraordinary Measures," August 2, 2021, https://home.treasury.gov/system/files/136/Description-of-Extraordinary-Measures-Aug2021.pdf.

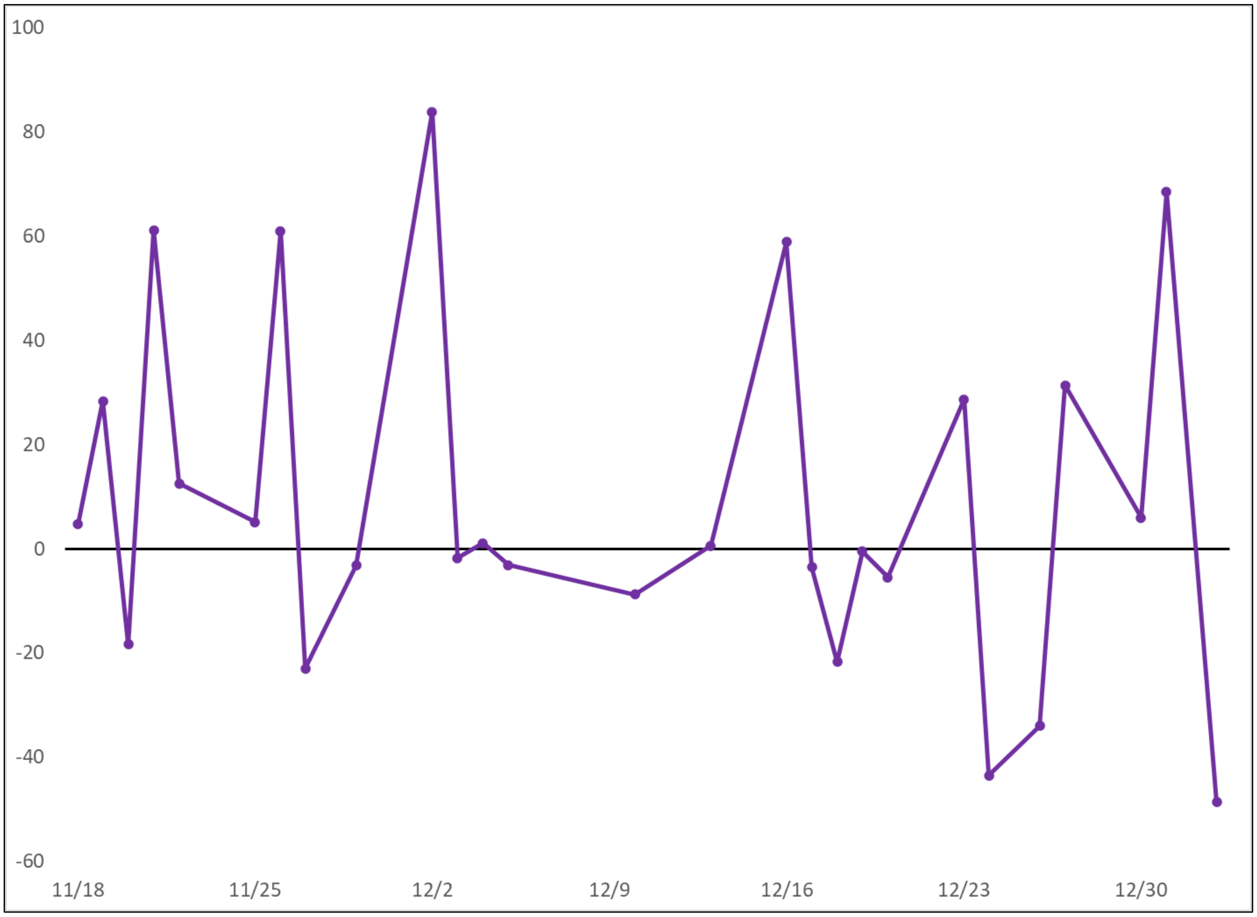
How Long Do Extraordinary Measures Last?

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. Treasury previously implemented extraordinary measures in January 2023, and indicated in its last letter to Congress before normal order was restored that such measures would likely have been exhausted by early June 2023. Such estimates are subject to considerable uncertainty. For more details on the duration of extraordinary measures, see CRS Insight IN12147, *Debt Limit Policy Questions: How Long Do Extraordinary Measures Last?*

Daily federal budget outcomes can vary significantly with the timing of payments and collections. **Figure 1** provides an example of this fluctuation by showing fluctuations in debt subject to limit from November 18, 2024, through when the debt limit was reinstated on January 2, 2025.

Figure 1. Change in the Daily Federal Debt Subject to Limit, November 18, 2024-January 2, 2025

In billions of nominal dollars



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

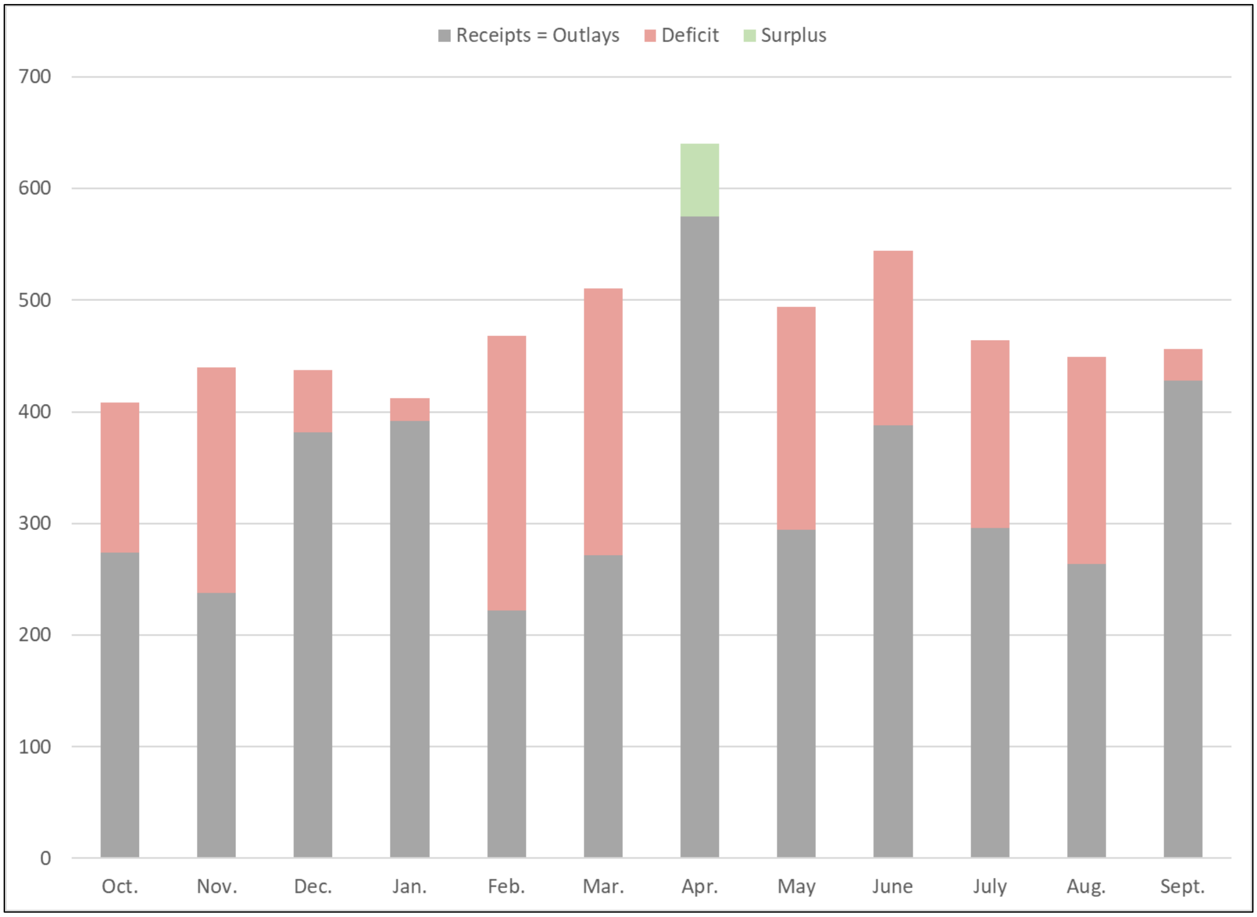
Note: Positive numbers indicate daily increases in debt subject to limit, while negative numbers indicate decreases.

Monthly budget outcomes can also fluctuate with the timing of various activities. The federal government tends to record higher net budget surpluses in the beginning of the calendar year (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.

Figure 2 presents the average federal monthly account balances from the previous 10 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 10 fiscal years, the federal account balance has been about $408 billion, of which $134 billion has been deficit spending. The only month with an average surplus from FY2016 through FY2025 is April, with November, February, March, and May recording average deficits of at least $200 billion.

Figure 2. Average Federal Monthly Account Balance, FY2016-FY2025

In nominal dollars



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

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