

2023 debt limit tracker

Tracking congressional negotiations,
headlines, and latest action related to raising
the debt ceiling

June 6, 2023

What is the 2023 debt limit tracker?

The 2023 debt limit tracker keeps you updated on congressional negotiations, headlines, and latest actions related to the debt ceiling

For Presentation Center coverage on the debt ceiling:

- [Debt ceiling primer](#) – Explaining the debt ceiling and its impact along with a breakdown of federal spending contributing to the debt.
- [Biden and McCarthy's debt limit deal](#) – An overview of President Biden and House Speaker McCarthy's deal to suspend the debt ceiling, including next steps, outlook, and key provisions.
- [Inside the Democratic debt ceiling plan B](#) – An overview of the House Democrats' plan to use a discharge petition to force a vote on the debt ceiling bill.
- [Limit, Save, Grow Act of 2023](#) – An overview of the April 2023 House Republican proposal to address the debt ceiling.
- [Senate Budget hearing on GOP debt limit bill](#) – Key takeaways from the Senate Budget Committee's May 4 hearing on the House-passed GOP debt limit bill.

For additional NJ coverage on the debt ceiling:

- [See National Journal's Hotline coverage on the debt ceiling](#)
- [See National Journal Daily coverage on the debt ceiling](#)



Roadmap

- **Latest news: Biden-McCarthy deal**
- 2023 negotiations in review
 - Timeline
 - House GOP proposal
 - House Democrats' plan B
- Tracking the public debt

Biden signed the debt limit bill into law on June 3, averting a US default

OVERVIEW



- After weeks of negotiation, President Biden and House Speaker McCarthy (R-CA-20) reached a deal on legislation to address the debt ceiling
- The bill, called the Fiscal Responsibility Act of 2023, needed to be passed by Congress to prevent a US default **before June 5**, the date by which Treasury Secretary Janet Yellen estimated that the US would be unable to meet its obligations
- Biden and McCarthy's deal **suspends the debt ceiling until January 1, 2025**, while administering limits on discretionary government spending for two years, new work requirements for certain federal aid recipients, and cancellations of unspent COVID-19 funds

PATH THROUGH CONGRESS



- On May 31, the House passed the bill in a 314-117 vote; 165 Democrats and 149 Republicans voted yes
- On June 1, the Senate passed the bill in a 63-36 vote; 44 Democrats, 2 Independents, and 17 Republicans voted yes
- Senators from both parties proposed amendments to the bill that would further limit spending or remove other policy provisions, but none garnered enough support to pass

OUTLOOK



- Despite criticisms on the deal from lawmakers in both parties, the debt ceiling bill passed both chambers
- The bipartisan votes relied on backing from centrist lawmakers in both parties, with more Democrats lending support in both chambers
- President Biden signed the bill into law on June 3

H.R. 3746: Fiscal Responsibility Act of 2023

Bill sponsor



Rep. Patrick McHenry
R-NC-10

Background

- The US hit its debt ceiling in Jan. 2023 and the Treasury Department has taken “extraordinary measures” to avoid default, but the US is expected to run out of funds by June 5
- After weeks of negotiation, President Biden and House Speaker McCarthy (R-CA-20) reached a deal to address the debt ceiling on May 28; the deal was introduced via H.R. 3746

Outlook

- On May 31, the House passed the bill in a 314-117 vote; 165 Democrats and 149 Republicans voted yes
- On June 1, the Senate passed the bill in a 63-36 vote; 44 Democrats, 2 Independents, and 17 Republicans voted yes
- On June 3, President Biden signed the bill into law

Key provisions



Suspend the debt ceiling through January 1, 2025



Cap discretionary spending for FY2024 and FY2025



Cut spending by 1% if all 12 appropriations bills for FY2024 are not passed by the end of 2023

Status

H.R. 2811

Received: Senate
5/31/23

Passed: Senate
6/1/23

Sent to president
6/3/23

Signed by president
6/3/23

Introduced: House
5/29/23

Passed: House
5/31/23

Key provisions in the deal suspend the debt ceiling for two years and cap government spending

Biden and McCarthy's deal suspends the debt ceiling until January 1, 2025



Spending caps and cuts



Cap nondefense discretionary spending for FY2024 at FY2023 levels



Cap discretionary spending growth at 1% for FY2025



Increase defense spending to \$886 B for FY2024 and \$895 B for FY2025



Increase spending on veterans' health care



Cancel \$30 B in unobligated COVID-19 spending approved by Congress



Rescind \$20 B in IRS funding allocated through the IRA

Other key provisions

STUDENT DEBT:

End moratorium on student loan repayments by the end of August 2023

WORK REQUIREMENTS:

Implement new work requirements for SNAP and TANF recipients

PERMITTING REFORM:

Create a lead agency to accelerate the review process for energy projects; approve permitting requests for Mountain Valley Pipeline

FY2024 APPROPRIATIONS:

Cut government spending for FY2024 by 1% if Congress doesn't pass all 12 appropriations bills by the end of 2023

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Major actions since the last debt crisis: 118th Congress (1/2)



June 3, 2023

- President Biden signed the Fiscal Responsibility Act of 2023 into law, averting a US default



May 31 – June 1, 2023

- Despite criticisms on the deal from lawmakers in both parties, the Fiscal Responsibility Act of 2023 passed both chambers of Congress, with a 314-117 vote in the House and a 63-36 vote in the Senate



May 28, 2023

- After weeks of tense negotiations, President Biden and House Speaker McCarthy announced they had come to an agreement regarding the debt ceiling
- The deal, introduced in the House as the Fiscal Responsibility Act of 2023, suspends the debt ceiling until January 1, 2025, and caps discretionary spending for two years



May 26, 2023

- Treasury Secretary Yellen estimated the US would run out of money by June 5



May 17, 2023

- House Democrats began gathering signatures for a discharge petition to raise the debt ceiling in case the White House and congressional leaders are unable to reach an agreement to raise the debt limit
- House Speaker Kevin McCarthy (R-CA-20) said the discharge petition is “going nowhere”



May 9, 2023

- President Biden met with all four congressional leaders, including House Speaker McCarthy (R-CA-20), to discuss the debt ceiling; Biden insisted on a clean debt limit increase while McCarthy held that it needs to be paired with spending cuts

Major actions since the last debt crisis: 118th Congress (2/2)



May 7, 2023

- Treasury Secretary Yellen said using the 14th amendment to declare the debt limit unconstitutional could risk a “constitutional crisis” and that Congress needs to be the one to act to raise the debt limit



May 2, 2023

- House Minority Leader Jeffries outlined a plan by Democratic leadership to utilize a discharge petition to force consideration of debt ceiling legislation to the House floor



May 1, 2023

- Treasury Secretary Yellen said the US may be unable to meet its debt obligations as early as June 1



April 19 – 26, 2023

- Speaker McCarthy proposed the Limit, Save, Grow Act that would raise the debt ceiling by \$1.5 trillion while implementing spending cuts in non-defense programs; the bill passed the House by a two-vote margin but is expected to stall in the Senate



January 19, 2023

- The Treasury Department announced that the US has hit the \$31.8 trillion debt ceiling and will start to take extraordinary measures to avoid a default



January 7, 2023

- McCarthy became Speaker of the House, promising to accompany any proposal to raise the debt ceiling with commensurate spending cuts – possibly complicating efforts to avoid a government default in 2023

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House Speaker McCarthy and Rep. Arrington proposed the Limit, Save, Grow Act of 2023

Bill sponsor



Rep. Jodey Arrington
R-TX-19

Background

- The US hit its debt ceiling in January 2023 and the Treasury Department has taken “extraordinary measures” to avoid default
- On April 19, House Speaker Kevin McCarthy (R-CA-20) and House Budget Committee Chair Jodey Arrington (R-TX-19) released a bill outlining the House GOP’s plan to address the debt ceiling

Outlook

- President Biden has said he would veto the bill if it was sent to him in its current form
- The bill passed the House by a two-vote margin but is expected to stall in the Senate

Key provisions



Suspend the debt ceiling through March 31, 2024, or until it increases by \$1.5 trillion



Reduce government spending by 9% to return to last year’s funding levels and cap annual spending growth at 1% for the next decade



Block President Biden’s plan to forgive \$400 billion in student debt

Status

H.R. 2811

Received: Senate

Passed: Senate

Differences resolved

Enacted

Introduced: House
4/19/23

Passed: House
4/26/23

Key provisions in the bill would cut government spending and block Democratic proposals



Suspend the debt ceiling through March 31, 2024, or until it increases by \$1.5 trillion



Cut government spending by 9% and cap annual spending growth at 1% for the next decade



Cancel unobligated COVID-19 spending approved by Congress



Cancel President Biden's plan to forgive \$400 billion in student debt



Repeal tax incentives for renewable energy and electric vehicles included in the IRA



Cut \$80 billion in funding allocated to the IRS for hiring and technology modernization



Implement new work requirements for Medicaid and SNAP recipients



Expand congressional oversight over new agency rules and regulations



Enact the Lower Energy Costs Act passed by the Republican-controlled House

McCarthy agreed to major amendments to shore up GOP support for the bill

Overview



- The House Rules Committee unveiled a series of amendments on April 26 to appease hardline conservatives to get the bill through the House quickly
- Details of the SNAP program and certain provisions of the Inflation Reduction Act would be impacted if the bill becomes law

Background



- Though Kevin McCarthy initially resisted any pressure to change the details of the Limit, Save, Grow Act, Republican opposition to the bill in its initial form made passage unlikely
- The amended version of the bill passed the House by a 217-215 vote on April 26, 2023

IRA changes



\$5 B in grants to reduce climate pollution and **\$3.1 B** in infrastructure projects authorized by the IRA would be cut in the new bill

Upshot



- Despite passage in the House, the bill in its current form is unlikely to garner Senate support
- Democrats have a framework for negotiations, but debt limit travails are far from finished

SNAP changes



The new bill would raise work requirements to receive SNAP benefits and restrict benefits of the Temporary Assistance for Needy Families program

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House Democrats unveil plan to force a vote on the debt ceiling using a discharge petition

OVERVIEW

- On May 2, House Minority Leader Hakeem Jeffries (D-NY-8) sent a letter to House lawmakers outlining a plan by Democratic leadership to utilize a discharge petition to force consideration of debt ceiling legislation to the House floor
- The plan comes after Treasury Secretary Janet Yellen announced the US may default on its debt as early as June 1
- The plan would require bipartisan support, as the discharge petition requires 218 votes to pass

HOUSE DEMS PREPARE PLAN B

- On January 30, Rep. Mark DeSaulnier (D-CA-10) introduced the Breaking the Gridlock Act and referred it to all committees; the bill included provisions to “advance commonsense policy priorities”
 - The bill was intended to be undetected by House Republicans and the bill’s text can be replaced with a Democratic proposal that would raise the debt limit
 - The legislation was introduced in January to allow 30 legislative days to pass so that the discharge petition could be used with the bill
- On May 2, Rep. Jim McGovern (D-MA-2) began the discharge procedure by introducing House Resolution 350 to provide for consideration of the Breaking the Gridlock Act

WHAT IS A DISCHARGE PETITION?

- A **discharge petition** (House rule XV, clause 2) is a rare procedure that allows an absolute majority of the House of Representatives (218 members) to force a bill from committee to the floor for consideration
- The discharge rule can only be used on legislation that has been referred to committee for at least **30 legislative days** (days that the House is in session)
- Lawmakers can initiate a discharge petition by filing a motion with the House Clerk, and Representatives can add or remove their names until the petition has reached 218 signatures
- Using the discharge rule is a difficult, time-intensive, and rarely successful practice

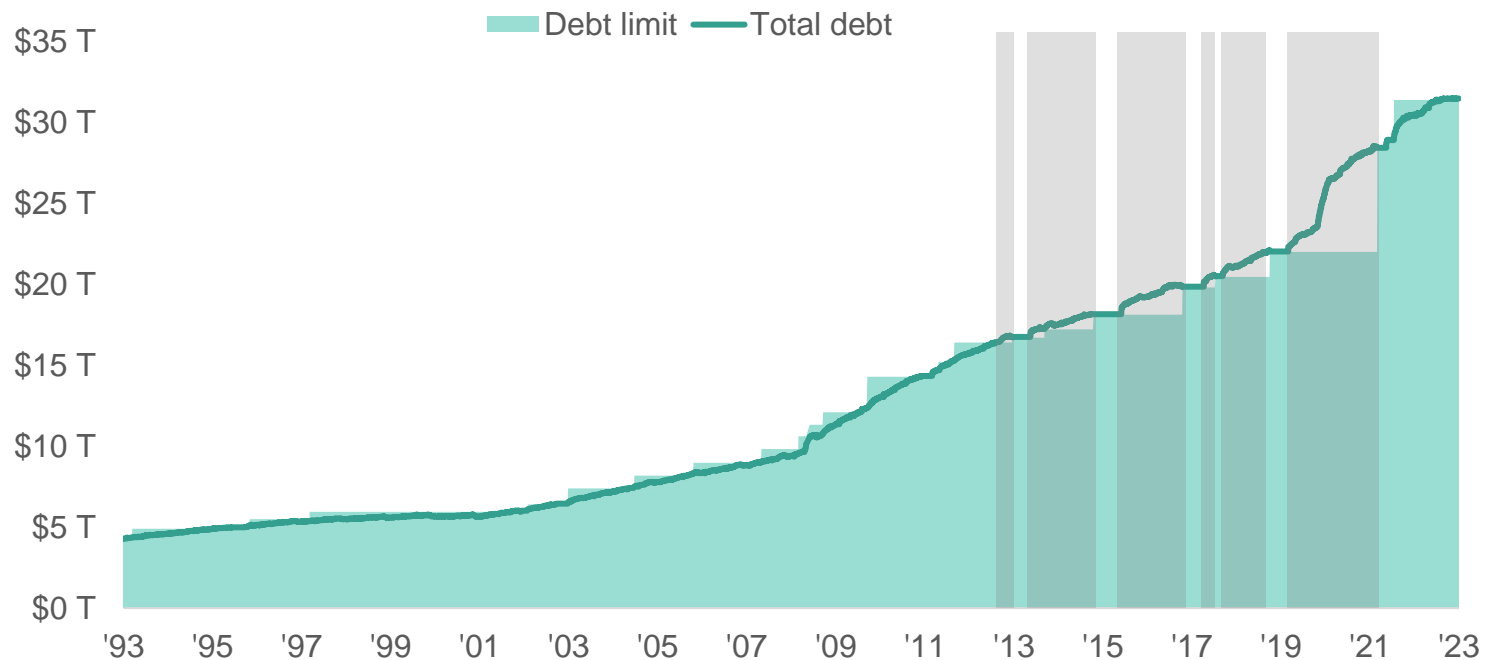
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Historically, the debt limit has been raised just in time to avoid a default

Total public debt outstanding compared to the statutory debt limit*

FRED, OMB, JUNE 1993 – JUNE 2023

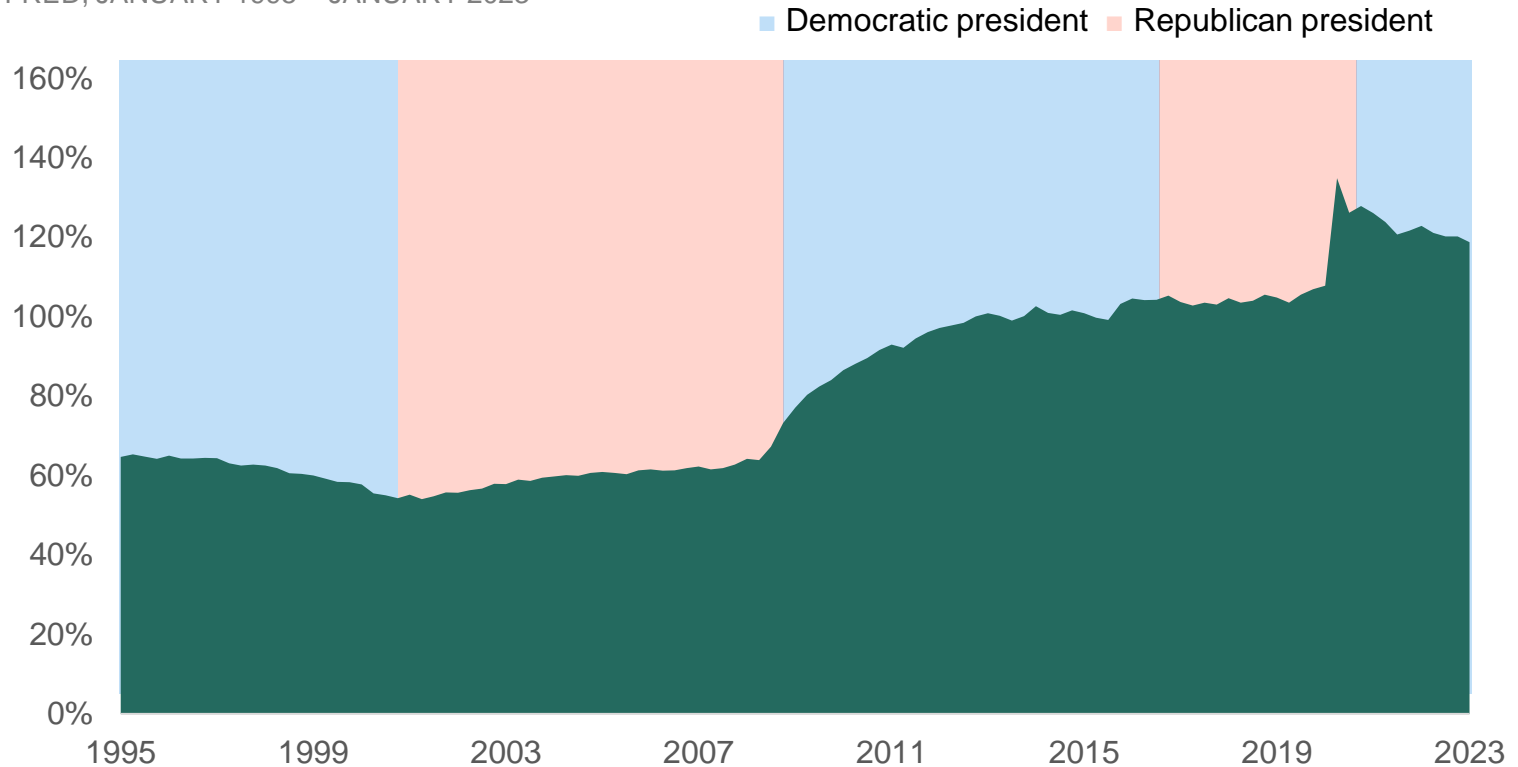


*Grey bars indicate temporary debt limit suspensions

Total public debt has exceeded 100% of the US GDP since the end of the Obama administration

Total public debt outstanding as percent of GDP

FRED, JANUARY 1995 – JANUARY 2023



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