Press Release

The Debt Ceiling: A Refresher

PAULINA ENCK | DECEMBER 17, 2024

In a new primer, Director of Fiscal Policy Jordan Haring provides a brief refresher on what the debt ceiling is, what happens when it is hit, and the negative consequences of a debt ceiling impasse.

Key points:

- *Policymakers face a series of fiscal deadlines in 2025, the first being the reinstatement of the debt ceiling, which is the legal limit on the amount of debt the federal government can accumulate.*
- *The Fiscal Responsibility Act of 2023 suspended the debt ceiling through January 1, 2025, at which point the debt ceiling will be reinstated at the amount of debt outstanding on that date and the Department of the Treasury will begin using accounting maneuvers known as extraordinary measures to temporarily keep the federal government from defaulting on its debt.*
- *In the period between the reinstatement of the debt ceiling and the exhaustion of extraordinary measures, Congress must pass legislation that either raises or suspends the debt limit to avoid a default.*

Read the analysis