



## Press Release

# Treasury Projects an August “X-date”

ALLIE WATSON | MAY 12, 2025

A recent letter from Treasury Secretary Scott Bessent indicates that extraordinary measures – financial maneuvers to keep the federal government from hitting the debt ceiling – will last until August 2025, at which point the Treasury will no longer be able to issue new debt and will soon run out of cash on hand. In a new insight, Director of Fiscal Policy Jordan Haring explains what happens when the “X-date” is hit and what lawmakers must do before then.

An excerpt:

*Once the X-date is reached, the Treasury and other federal payment processes will have to reduce payments to the cash inflow of the federal government to ensure that bondholders are paid, and the Treasury does not default. Policymakers will need to enact legislation that either raises or suspends the debt ceiling to avoid a default. The pending reconciliation legislation in Congress includes a \$5-trillion increase in the debt ceiling, though it remains to be seen whether the debt ceiling increase will be a part of the final legislation or if the legislation will be enacted prior to the X-date.*

[Read the analysis.](#)