WHAT IS THE DEBT LIMIT?

The debt limit is the maximum amount of money the U.S. Treasury can borrow from the public and government accounts. Increasing the limit allows the Treasury to borrow to pay the government obligations that have already been incurred as the result of laws and budgets approved by the President and Congress.

Why It’s Important Now

On December 15, 2021, lawmakers agreed to raise the debt limit by $2.5 trillion to a total of $31.4 trillion, which is projected to fund obligations through Early 2023.

WHAT IS THE IMPORTANCE OF RAISING THE DEBT LIMIT?

If lawmakers do not increase the debt limit, we risk defaulting on America’s financial obligations.

With spending tied to incoming revenue, the federal government would be forced to delay paying its bills. 

Warnings about the government’s creditworthiness would likely cause interest rates to rise and increase the cost of borrowing.

Policy makers have come together repeatedly over the years to avoid default, no matter which party is in power, a total of 89 times.

Since the Beginning of 1959

While the U.S. has always paid its bills, we still have not addressed our fiscal problems and

THE LIMIT ON OUR NATIONAL DEBT HAS GROWN

Instead of learning the history by trying default on our obligations, lawmakers should focus on addressing the key drivers of our fiscal challenges. Doing so will help sustain the economy, reduce national debt, and ensure a secure future for all generations.

Learn more at: pppf.org