WHAT IS THE DEBT CEILING?

The debt ceiling is the maximum amount of money the U.S. Treasury can borrow, from the public and governmental accounts, without increasing the debt ceiling. Failing to increase the ceiling may lead to default, meaning the government will not be able to pay its bills, which could have severe consequences, including reduced economic growth and increased interest rates.

Why It’s Important Now

Legislation enacted in June 2023 suspended the debt limit through January 1, 2025.

WHAT IS THE IMPORTANCE OF RAISING THE DEBT CEILING?

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

With spending limited by incoming revenue, the federal government cannot be forced to delay paying its bills. Without raising the debt ceiling, the government cannot borrow money to pay its bills, which could lead to a default and increase the cost of borrowing.

Policymakers have come together repeatedly over the years to avoid default, no matter which party is in power, a total of 90 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 finding a way to pay our bills, we should focus on addressing one of the key elements of our fiscal challenges. Doing so will lay a foundation for more investment, stronger economic growth, and more economic stability and brighter futures for the next generation.

Learn more at pgpf.org