

ADMINISTRATION PROPOSAL TO INCREASE THE
PUBLIC DEBT LIMIT

Scheduled for a Public Hearing
before the
COMMITTEE ON WAYS AND MEANS
on
May 25, 1982

Prepared for the
COMMITTEE ON WAYS AND MEANS

BY THE
Staff of the Joint Committee on Taxation
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Public Debt Limit

Present law

The combined permanent and temporary debt limit is \$1,079.8 billion, which is in effect through September 30, 1982. This limit is the combination of the permanent debt limit of \$400 billion, which has no expiration date, and the temporary debt limit of \$679.8 billion, which will expire after September 30, 1982.

Current debt situation

The outstanding public debt was \$1,067.0 billion at the close of business on May 19, 1982. Treasury estimates that the \$13 billion in unused debt limit will be sufficient for the financing needs of the Federal government through most of June 1982. Treasury has indicated also that the increased debt limit should be passed by the third week of June, in order to carry out present debt management plans.

The Administration estimated, in the budget for fiscal year 1983 which was submitted to Congress in February, that the public debt limit would be \$1,130.0 billion at the end of this fiscal year. This estimate would require an increase in the public debt limit by \$50.2 billion. These estimates of public debt limit requirements included the assumption that Treasury maintains a constant \$15 billion cash balance and that there is no allowance for contingencies. In its April 10 revision of budget estimates, the Administration increased its estimate of the fiscal year 1982 public debt limit to \$1,131.8 billion. The estimate for fiscal year 1983 was \$1,265 billion.



An additional \$10 billion may be added to these debt limit requirements to permit raising the assumed operating cash balance to \$20 billion and to provide an allowance for contingencies of \$5 billion.

In the report accompanying the first budget resolution for fiscal year 1983, the House Budget Committee estimated that the debt limit requirement would be \$1,147.7 billion on September 30, 1982, and \$1,285.55 billion on September 30, 1983.

Legislative procedure

In the past several years, the House of Representatives generally has passed increases in the public debt limit as part of the budget resolution process. Under this process, when Congress passes a conference report on a budget resolution, the House vote on the report is deemed to be the House vote on a joint resolution to approve an increase in the public debt limit to the level specified in the conference report for a fiscal year or other period. Since this procedure has been allowed under the Rules of the House, the regular legislative process has been followed to increase the debt limit only in February 1981. At that time, no budget resolution had yet been acted upon in the 97th Congress, and therefore no joint resolution on the debt limit could be derived from a budget resolution.

