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SUMMARY

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Megan S. Lynch
Specialist on Congress and the Legislative Process

The amount of money that Treasury may borrow is restricted by a statutory limit on the debt, which is currently set to reach its limit of $31.385 trillion sometime in 2023. In the past 40 years, 48 measures have been enacted addressing the statutory debt limit. During this period, debt limit legislation has been enacted as stand-alone legislation (often referred to as a "clean" debt limit bill) about 40% of the time, while debt limit legislation has been enacted as part of a larger legislative package about 60% of the time. When debt limit legislation has been part of a larger package, that legislation has included a broad array of policies (including reconciliation and appropriations legislation), some of which have been projected to increase deficits and some of which have been projected to decrease them.

Legislative packages that included debt limit changes have also sometimes included significant reforms to the budget process. Most major statutory budget process reforms in the past 40 years have been made as part of legislation addressing the debt limit. These reforms sometimes followed periods in which deficits as a percentage of GDP had spiked.

This report summarizes significant budget process reforms included in legislation addressing the debt limit and provides context on deficit levels at the time. Among other things, these reforms include statutory limits on deficits, statutory limits on discretionary spending, statutory requirements for PAYGO, a bicameral congressional committee to address deficit reduction, and a bicameral congressional committee to reform the budget and appropriations process.

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Introduction

When total federal spending exceeds total federal revenue, it produces a budget deficit. When faced with a deficit, the Department of the Treasury typically issues debt in order to obtain the funds necessary to finance current federal obligations. The amount of money that Treasury may borrow, however, is restricted by a statutory limit on the debt. Federal debt is projected to reach the statutory debt limit, currently set at $31.385 trillion, sometime in 2023.

Congress and the President have typically responded to such a situation by enacting legislation that either (1) increases the debt limit or (2) suspends the debt limit for a specified period of time. Since 1983, 48 measures addressing the debt limit have been enacted.[1]

During this period, debt limit legislation has been enacted as stand-alone legislation (often referred to as a "clean" debt limit bill) about 40% of the time, while debt limit legislation has been enacted as part of a larger legislative package about 60% of the time.[2] When debt limit legislation has been part of a larger package, Congress has included a broad array of policies (including reconciliation and appropriations legislation), some of which were projected to increase the deficit and some of which were projected to decrease it.

Legislative packages that included debt limit changes have also sometimes included significant reforms to the budget process, such as budget control legislation. Most of the statutory budget process reforms in the past 40 years have been part of legislation that also addressed the debt limit. These reforms sometimes followed a period in which outlays and deficits as a percentage of gross domestic product (GDP) had increased. It has been argued that including such budget control provisions with debt limit legislation may make such votes more palatable for some Members.[3]

This report summarizes major budget process reforms included in legislation addressing the debt limit and provides context on outlay, deficit, and debt levels at the time.

For more information on debt limit votes, see CRS Report R41814, *Votes on Measures to Adjust the Statutory Debt Limit, 1978 to Present*, by Justin Murray. For more information on the debt limit generally, see CRS Report R43389, *The Debt Limit Since 2011*, by D. Andrew Austin; and CRS In Focus IF10292, *The Debt Limit*, by Grant A. Driessen.

Budget Process Reforms Included in Debt Limit Legislation

The Constitution grants Congress the power of the purse.[4] In carrying out such duties, Congress has developed budget-related statutes, rules, and customs, as well as committees to carry out this responsibility. This collection of budgetary legislation, rules, and customs is often referred to as

[1] For information see the **Table A-1**.

[2] For more information, see CRS Report R41814, *Votes on Measures to Adjust the Statutory Debt Limit, 1978 to Present*, by Justin Murray.

[3] Sarah Binder, "Congress Is Struggling to Raise the Nation's Debt Cap. Here's What You Need to Know," *Washington Post*, October 5, 2021; Caitlin Emma, "Democrats Hurtle Toward Debt Deadline Without a Clear Plan," *Politico*, June 24, 2021.

[4] U.S. Const. art I, §9, cl. 7: "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."

the congressional budget process. Congress can alter or reform its internal budget process through the adoption of simple or concurrent resolutions (which do not go to the President for signature). Congress may also alter its process thought the enactment of law in the form of either freestanding legislation or as a provision in another measure, such as an appropriations bill or a measure to increase the debt limit.[5]

When there is concern with deficit or debt levels, Congress has sometimes implemented budget process reforms and/or budget enforcement mechanisms to mandate specific budgetary policies or fiscal outcomes. While these might be adopted as part of internal chamber rules, congressional budgetary rules are generally enforced through points of order, which can be waived by a vote of the chamber.[6] Congress has therefore sometimes created statutory budget enforcement mechanisms that are enacted into law and are often enforced through statutory means, such as a sequester.[7] Most statutory budget enforcement mechanisms enacted in the past 40 years have been included in legislation addressing the debt limit.

Below is a summary of major budget process reforms included in the same legislation as debt limit provisions in the past 40 years. The summary includes only those instances in which both the debt limit change and the budget process reform were included in the same legislative vehicles. Among other things, these reforms include the establishment of: statutory deficit limits, statutory limits on discretionary spending, statutory requirements for pay-as-you-go (PAYGO), and two bicameral congressional committees to address budget reforms as well as budget process reforms.

Selected budgetary context surrounding enactment of such reforms is provided below. See **Figure 1** and **Figure 2** for information on historical outlay and deficit levels, including information marking enactment of specific budget process reforms. See the **Appendix** for information on the amount of debt subject to the statutory limit over time (**Figure A-1**) and the statutory changes made to the debt limit during the period discussed in this report (**Table A-1**).

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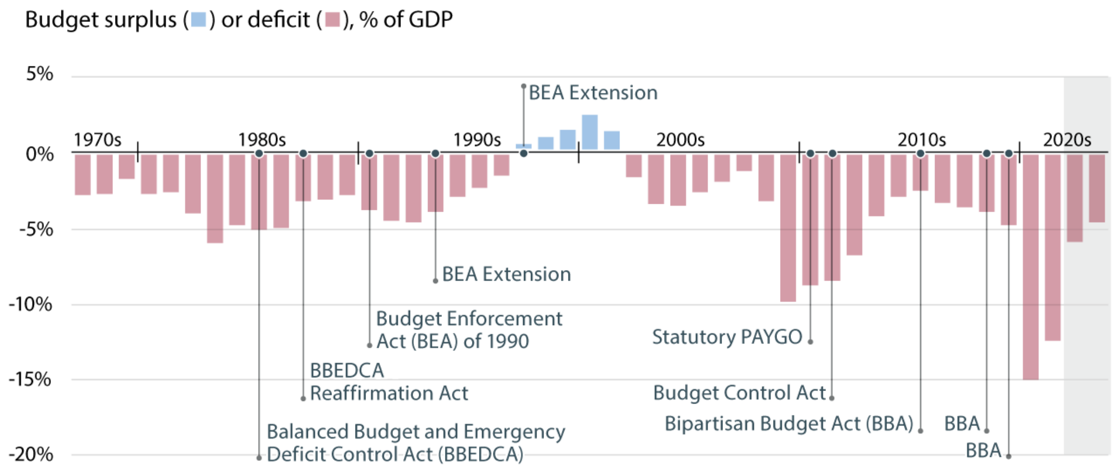
[5] For more information, see CRS Report R46240, *Introduction to the Federal Budget Process,* by James V. Saturno.

[6] A Member may raise a point of order against the consideration of legislation that violates the rules of the chamber. If such a point of order is raised against legislation for violating budgetary restrictions, the presiding officer makes a ruling on the point of order based on estimates provided by the relevant budget committee. The process for waiving points of order varies by chamber. Generally, such points of order can be waived in the House by a simple majority of Members and in the Senate by three-fifths of all Senators.

[7] A sequester provides for the automatic cancellation of previously enacted spending, making largely across-the-board reductions to non-exempt programs, activities, and accounts. A sequester is implemented through a sequestration order issued by the President as required by law.

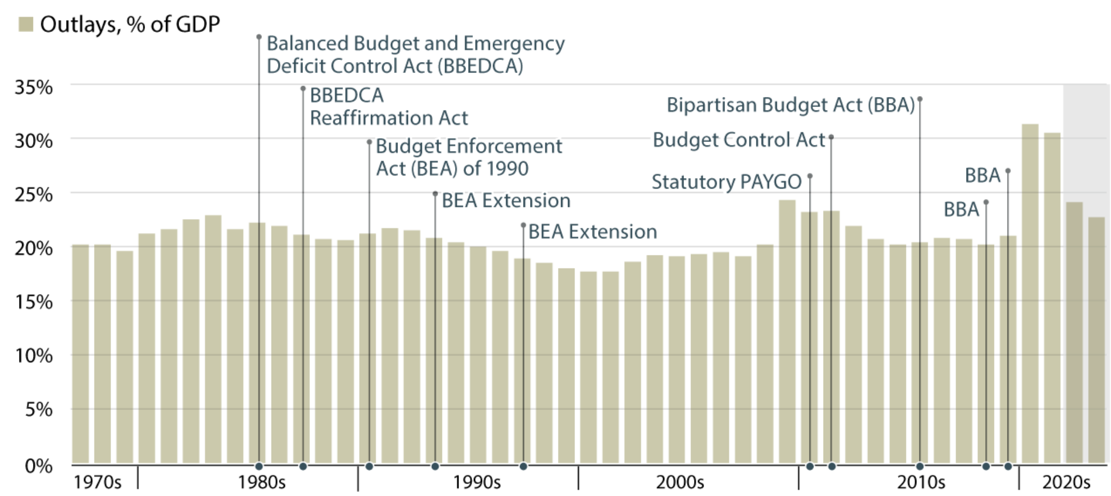
Figure 1. Budget Process Reforms and Deficit/Surplus as a Percentage of GDP



Source: U.S. Government Publishing Office, *Budget of the United States Government, FY2016-FY2023*, Historical Tables; Table 1.2—Summary of Receipts, Outlays, and Surpluses or Deficits (-) as Percentages of GDP: 1930-2027, March 28, 2022, https://www.whitehouse.gov/omb/budget/historical-tables/.

Note: FY2022 and FY2023 are estimates.

Figure 2. Budget Process Reforms and Outlays as a Percentage of GDP



Source: U.S. Government Publishing Office, *Budget of the United States Government, FY2016-FY2023*, Historical Tables; Table 1.2—Summary of Receipts, Outlays, and Surpluses or Deficits (-) as Percentages of GDP: 1930-2027, March 28, 2022, https://www.whitehouse.gov/omb/budget/historical-tables/.

Note: FY2022 and FY2023 are estimates.

Balanced Budget and Emergency Deficit Control Act (1985)

President Reagan signed into law the Balanced Budget and Emergency Deficit Control Act (BBEDCA; P.L. 99-177), also known as Gramm-Rudman-Hollings (named after its Senate sponsors) on December 12, 1985, as part of legislation increasing the debt limit to $2.079 trillion.[8]

To address rising deficits, BBEDCA established a requirement for the gradual reduction and elimination of budget deficits over a six-year period (FY1986-FY1991) by specifying annual deficit limits and by creating a means of developing and enforcing a budget within these established limits. The act did not specify which policy changes should be made to achieve deficit reduction, leaving Congress and the President to negotiate over possible revenue increases and spending decreases each year in order to achieve the specified budgetary outcome.

To enforce the specified deficit limits, the act set forth a specific process for the cancellation of spending by executive order, known as a sequester order, if the deficit limits were breached. In the event of sequestration, the funding reduction necessary to achieve the specified target was to be equally divided between defense and nondefense spending. Nonexempt programs within each category were to be reduced by a uniform percentage necessary to achieve the total overall reduction.[9]

By exempting specific programs from sequestration, the act caused nonexempt programs to bear a greater reduction if sequestration were implemented. Further, the sequestration design did not distinguish between programs that had already been reduced through legislative action and those that had not. This created a situation in which funding for a program that was not exempt from sequestration may have been reduced (relative to the baseline) through the legislative process, but if spending on other programs grew or were not reduced sufficiently to achieve the deficit target, the program that had already been reduced though legislation would still be subject to reduction through the sequestration process. It was also argued that exempting certain programs from sequestration meant that advocates of those programs had less of an incentive to negotiate spending decreases for those programs.

BBEDCA made other procedural changes to the congressional budget process. It amended the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344) by eliminating the requirement for a second budget resolution, codifying what had become common practice.[10] It amended the budget process timetable to account for this change and made other changes as well.

[8] For more information on BBEDCA, see CRS Report R41901, *Statutory Budget Controls in Effect Between 1985 and 2002*, by Megan S. Lynch.

[9] The deficit reduction procedures under this act allowed for suspension in wartime and during a recession. Programs exempt from sequestration included Social Security; Medicaid; veterans’ compensation; veterans’ pensions; Aid to Families with Dependent Children; Supplemental Security Income; Women, Infants, and Children; food stamps; the postal service fund; the earned income tax credit; and various other programs. Also, under the act, certain programs could be cut by only a certain percentage (1% in 1986 and 2% in subsequent years), such as Medicare, veterans’ medical care, community health centers, migrant health centers, and Indian health facilities and services. Other programs, such as guaranteed student loans and child support enforcement, had specific rules related to calculating reduction amounts.

[10] Generally, the budget resolution establishes an annual agreement between the House and Senate on budgetary levels for the upcoming fiscal year (and at least four additional years). The budget resolution does not become law, and no money is spent or collected as a result of its adoption. Instead, it is an agreement between the House and Senate meant to assist Congress in developing federal budget policy.

Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987

President Reagan signed into law the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (P.L. 100-119) on September 29, 1987, as part of legislation increasing the debt limit to $2.8 trillion.

Congress revisited the BBEDCA for two primary reasons: (1) reaching the deficit targets proved more difficult than expected, and (2) the Supreme Court had invalidated the sequestration mechanism in the form that had been included in BBEDCA in *Bowsher* v. *Synar*, ruling that the Comptroller General, as an official of the legislative branch, could not compel a sequestration order that was to be issued by the President.

The 1987 act also extended by two years the time frame set out in the 1985 act for achieving a balanced budget (requiring a balanced budget by FY1993 instead of FY1991) and revised the deficit targets accordingly. The revised deficit targets maintained a year-to-year decrease, similar to that of the 1985 act. The 1987 act rectified the invalidated sequestration mechanism by instead using a report submitted by the director of the Office of Management and Budget (OMB) as the trigger for the President's sequestration order for FY1988-FY1993.

Budget Enforcement Act of 1990

President George H. W. Bush signed into law the Budget Enforcement Act of 1990 (BEA; P.L. 101-508) on November 5, 1990, as part of reconciliation legislation that also increased the debt limit to $4.145 trillion. The legislation was projected to reduce the deficit by $482 billion over five years, including $158 billion in revenue increases and $324 billion in spending cuts and debt service savings.[11]

Continuing difficulties and concerns associated with deficit targets and the sequester mechanism under BBEDCA prompted Congress and the President to enact the BEA, fundamentally revising the budget enforcement procedures under BBEDCA. Whereas BBEDCA sought to use budget controls to force future deficit reduction legislation, BEA sought to use budget controls to preserve the deficit reduction being achieved in the accompanying reconciliation legislation.

BEA shifted the focus on budgetary outcomes to a focus on congressional consideration of budgetary legislation, replacing deficit targets under BBEDCA with a two-pronged procedural approach to budgetary enforcement: (1) discretionary spending limits to control the growth of discretionary spending and (2) PAYGO procedures to prevent new direct spending and revenue legislation from increasing the deficit.

Discretionary Spending Caps

BEA established statutory caps to limit discretionary spending.[12] These limits were divided into categories for the first three years covered. FY1991-FY1993 had three separate limits for defense,

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[11] The budget reconciliation process is an optional, expedited legislative process provided under the Congressional Budget and Impoundment Control Act. It consists of several different stages, beginning with the adoption of the budget resolution. The purpose of the reconciliation process is to allow Congress to use special procedures when considering legislation that would bring existing budgetary laws into compliance with the fiscal policies that Congress establishes in the annual budget resolution. For more information, see CRS Report R40480, *Budget Reconciliation Measures Enacted into Law Since 1980*, by Megan S. Lynch.

[12] Discretionary spending is controlled through the appropriations process and is generally provided annually. The

international, and domestic nondefense spending. For FY1994 and FY1995, there was to be a single limit on the total amount of discretionary spending for the year.

Creating separate categories of spending limits demonstrated preferences, limited tradeoffs, and ensured predictability for specific types of spending. While it took away some flexibility for future negotiation, Congress still had the authority to spend within the categories at their own discretion.

Such spending limits were enforced by points of order during consideration on the House and Senate floor, as well as after enactment by a sequestration process that required the President to cancel budget authority by a uniform percentage within a category if there were a breach in the spending limit for one or more of the statutory categories. In this way, the sequester was targeted to the spending that had caused the breach.

If a breach of discretionary spending limits occurred, a sequester would be issued at the end of the congressional session, although a sequester order could also be made within a session if supplemental appropriations increased spending above the spending cap during the current year. Enforcement of discretionary limits, therefore, could occur at various stages of the legislative process, from consideration of specific spending measures on the floor to after enactment of all spending bills at the end of the year.

The discretionary spending limits could be adjusted to take into account changes in budgetary concepts and definitions, changes in inflation (for FY1993 and FY1994), changes in estimates of credit subsidy costs to allow for specified allowances (such as emergency appropriations), IRS tax compliance funding, and debt forgiveness (for Egypt and Poland). Such adjustments would be made three times per year: (1) in a sequestration preview report included in the President's annual budget submission; (2) in a sequestration update report, issued in August; and (3) in a final sequestration report, issued 15 days after the adjournment of Congress.

PAYGO Procedures

While discretionary spending caps limited spending in appropriations bills, BEA also created a PAYGO procedure requiring that the aggregate impact of all new direct spending and revenue legislation not increase the deficit. Any new legislation that would increase direct spending or decrease revenues would have to be offset by other legislation so that the net deficit would not be increased. PAYGO was not designed to limit the effects of any direct spending or revenue law already in effect.

PAYGO was to be enforced on an annual (rather than a case-by-case) basis. The impact of new direct spending and revenue legation was recorded on a rolling PAYGO "scorecard" maintained by OMB. A violation would occur if the net effect of legislation enacted during the session (when combined with any carryover PAYGO balance from previous years) would result in a net increase in the deficit.

Sequestration procedures, similar to those used under BBEDCA, would be used to offset the amount of any net increase in the deficit for that fiscal year or the previous fiscal year caused by the enactment of new direct spending or revenue legislation. To ensure that all direct spending and revenue legislation was accounted for on the PAYGO scorecard, the budgetary effect of any such legislation enacted during a session (but after the final sequestration report had been issued)

appropriations committees have jurisdiction over the funding for discretionary spending programs, while authorizing committees have jurisdiction over the funding for mandatory (or direct) spending programs. For more information, see CRS Report R47106, *The Appropriations Process: A Brief Overview*, by James V. Saturno and Megan S. Lynch.

was to be recorded on the PAYGO scorecard in the following session. Funds designated as emergency spending were exempt from calculations.

The sequestration order would make cuts to all non-exempt direct spending programs. Programs exempt from sequestration included Social Security (except for administrative expenses) and railroad retirement. Other programs were protected though not exempt from sequestration. For example, reductions in Medicare spending were limited to 4%, and other special rules applied to specific programs. As with BBEDCA, this created a situation in which the enactment of new direct spending could potentially trigger sequestration that would reduce spending for programs that might not necessarily have grown or might have already been reduced through the legislative process. Further, effects of legislation to decrease revenues could trigger a sequester and therefore make reductions to spending to effectively offset those revenue decreases.

Extensions of BEA in the Omnibus Budget Reconciliation Act of 1993

President Clinton signed into law the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66) on August 10, 1993, which included language increasing the debt limit to $4.9 trillion. The act also included provisions that were projected to reduce the deficit by $496 billion over five years, including $241 billion in revenue increases and $255 billion in spending cuts and debt service savings.[13]

The act included an extension of discretionary spending caps and PAYGO procedures established in the BEA in 1990. The act extended PAYGO procedures though 1998 and established new discretionary spending caps for FY1996-FY1998 while retaining the existing caps for FY1994 and FY1995. In addition, the procedures for enforcing the spending caps and the PAYGO procedure were extended through FY1998.

Budget Enforcement Act of 1997

President Clinton signed into law the Budget Enforcement Act of 1997 as part of reconciliation legislation (P.L. 105-33) on August 5, 1997. The legislation also increased the debt limit to $5.95 trillion. The act, along with a tax reconciliation act enacted that day, were collectively projected to reduce the deficit by $118 billion over five years, including spending cuts and debt service savings of $198 billion and $80 billion in revenue reductions.

The act extended discretionary spending limits through FY2002. The discretionary spending limits were divided into three categories for FY1998 and FY1999: defense, nondefense, and crime reduction. For FY2000, there were two discretionary spending limits: one for crime reduction and one for all other discretionary spending. For FY2001 and FY2002, there was just one overall discretionary spending limit.[14]

The act also extended the PAYGO procedures to apply to legislation enacted through FY2002, although the enforcement would continue through FY2006 to ensure that future impact of the

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[13] For more information, see CRS Report R40480, Budget Reconciliation Measures Enacted into Law Since 1980, by Megan S. Lynch.

[14] The act also made other types of budget process changes. For instance, the act made permanent the temporary requirement set forth in the BEA of 1990 that budget resolutions cover at least a five-year period instead of the previously required three-year period. Also, the act amended the deadline for committees to submit their views and estimates to the Budget Committee from February 25 to within six weeks after submission of the President's budget.

legislation would be controlled. The act also reset all existing PAYGO balances to zero and excluded the savings stemming from the two reconciliation bills from any PAYGO calculations to offset any future deficit increases.[15]

For more information on budgetary controls during the 1980s and 1990s, see CRS Report R41901, *Statutory Budget Controls in Effect Between 1985 and 2002*, by Megan S. Lynch.

Statutory PAYGO Act of 2010

President Obama signed into law the Statutory Pay-As-You-Go Act of 2010 (Statutory PAYGO; P.L. 111-139) on February 12, 2010, as part of legislation that also increased the debt limit to $14.3 trillion.[16]

The act re-established the budget enforcement mechanism commonly referred to as "Statutory PAYGO," which is similar to the PAYGO process established by the BEA of 1990, but unlike the BEA, there are no expiration dates in the act, which makes Statutory PAYGO effectively permanent. According to Section 2 of the act, it is generally intended to "enforce a rule of budget neutrality on new revenue and direct spending legislation" based on the net effect of all such legislation on the deficit over five- and 10-year periods.

To enforce Statutory PAYGO, OMB is required to record the budgetary effects of newly enacted revenue and direct spending legislation on two separate scorecards: one that covers a five-year period and one that covers a 10-year period. The budgetary effect of PAYGO measures is determined by statements inserted into the *Congressional Record* by the chairs of the House and Senate Budget Committees and referenced in the text of the measures. If this procedure is not followed, OMB determines the budgetary effect of the measure. Each year, OMB is required to issue an annual PAYGO report not later than 14 days (excluding weekends and holidays) after Congress adjourns to end a session.

If the net effect of all PAYGO legislation is an increase in the deficit, the President must issue a sequestration order, which automatically implements across-the-board cuts to nonexempt direct spending programs to compensate for the amount of the debit. Section 11 of the act exempts some direct spending programs and activities from sequestration, such as Social Security and Medicaid. Medicare is limited to a 4% cut.[17]

While Statutory PAYGO is still in effect, when legislation is enacted that is projected to increase the deficit, the text will often include a provision exempting the legislation's budgetary effects from OMB's PAYGO scorecard.[18] Further, when the PAYGO scorecard has shown a balance at the end of a calendar year, Congress has moved the balance to a future year's scorecard.[19]

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[15] The PAYGO procedures adopted in this act were effectively terminated in December 2002 by the enactment of H.R. 5708 (107th Congress), which set all PAYGO balances to zero to prevent the occurrence of a PAYGO sequester for FY2003 and thereafter. President George W. Bush signed the bill into law on December 2, 2002 (P.L. 107-312).

[16] For more information on Statutory PAYGO, see CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*, by Bill Heniff Jr.

[17] To see a list of nonexempt direct spending programs that would likely be affected by sequestration under Statutory PAYGO, see OMB, *OMB REPORT TO THE CONGRESS*, March 28, 2022.

[18] For example, Section 201(a) of P.L. 117-180, stated, "The budgetary effects of this division and each succeeding division shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010."

[19] In March 2021, a reconciliation bill, the American Rescue Plan Act (P.L. 117-2) was enacted that was projected to increase the deficit by approximately $1.856 trillion over the period FY2021-FY2030 and did not include a PAYGO

Budget Control Act of 2011

President Obama signed into law the Budget Control Act of 2011 (BCA; P.L. 112-25) on August 2, 2011. The law included an authorization for the President to increase the debt limit by at least $2.1 trillion (and up to $2.4 trillion) in three separate installments.

While the federal budget recorded surpluses during FY1998-FY2001, budget deficits returned in FY2002 and slowly increased over the next several years due to reduced revenues and increased spending. As illustrated in **Figure 1**, net deficits peaked, however, during the Great Recession from FY2009 to FY2011, with deficits averaging 9.0% of GDP, which was higher than any other year since World War II.[20] The deficits during the Great Recession were attributed to negative and low economic growth coupled with economic stimulus provided by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

To address rising deficits, the BCA included several interconnected components related to the federal budget, most of which are no longer in effect. There were five primary components:

> 1. An authorization for the executive branch to increase the debt limit in three installments, subject to disapproval by Congress.[21] (Those provisions were temporary and are no longer in effect.)
>
> 2. A one-time requirement for Congress to vote on an amendment to the Constitution to require a balanced budget.[22] The House and Senate each voted on such an amendment. The Senate rejected two balanced budget amendments, while the House failed to achieve the necessary two-thirds vote needed for passage.
>
> 3. The establishment of statutory discretionary spending caps for FY2012-FY2021, similar to those on discretionary spending, had previously been in effect between FY1991 and FY2002 (as described above). Under the BCA, for each fiscal year, two separate spending limits were in effect: one for defense discretionary spending and one for nondefense discretionary spending.[23] The act did not specify any policy changes that

waiver. Its effects were therefore placed on the PAYGO scorecard. In December 2021, legislation was enacted that removed its budgetary effects from the FY2022 PAYGO scorecards and added them to the scorecards for FY2023. In December 2022, the Consolidated Appropriations Act, 2023 (P.L. 117-328), removed the debits from the FY2023 scorecard and placed them on the FY2025 scorecard. In addition, the bill states that any debit acquired on the FY2024 scorecard should be removed and placed on the FY2025 scorecard as well.

[20] The Great Recession describes the contractionary period (which lasted from December 2007 to June 2009) and subsequent recovery of the U.S. economy.

[21] First, the act stated that once the President certified that the debt was within $100 billion of its limit, the limit would be increased by $400 billion. Next, so long as no law was enacted within 50 calendar days of the first certification disapproving of a further increase, the President could increase the debt limit by another $500 billion. And lastly, after that $900 billion increase in the debt limit, if the President again certified that the debt was within $100 billion of its limit, the debt limit could be increased once more (so long as no legislation had been enacted disapproving of the third installment). The amount permitted in the third installment would be $1.2 trillion unless (1) legislation produced by the Joint Select Committee on Deficit Reduction was enacted, in which case the debt limit could be increased by an equal amount up to $1.5 trillion; or (3) if Congress passed and submitted to the states for ratification a constitutional amendment requiring a balanced budget, in which case it could be raised by $1.5 trillion.

[22] For more information, see CRS Report R41907, *A Balanced Budget Constitutional Amendment: Background and Congressional Options*, by James V. Saturno and Megan S. Lynch.

[23] The statutory limits included in the BCA were described in statute as security and nonsecurity. The security category was defined to include discretionary appropriations classified as budget function 050 (national defense) only, and the nonsecurity category was defined to include all other discretionary appropriations. Originally, however, the BCA caps defined the security category to include discretionary spending for the Departments of Defense, Homeland Security, and Veterans Affairs; the National Nuclear Security Administration; the intelligence community management account;

should be made under such limits, leaving Congress and the President to negotiate them in subsequent appropriations legislation.

To enforce the spending limits, the law required that if discretionary appropriations were enacted that exceeded a statutory limit for a fiscal year, *sequestration* would be triggered, reducing nonexempt budgetary resources within the applicable category (defense or nondefense).

When the BCA was enacted, Congress and the President ensured that certain types of spending would be effectively exempt from the limits. Specifically, the BCA stipulated that the enactment of certain spending—such as appropriations designated as emergency requirements or for overseas contingency operations—allowed for an upward adjustment of the discretionary limits, meaning that such spending was effectively exempt from the limits.[24]

After enactment of the BCA, Congress and the President enacted legislation increasing the discretionary spending limits for almost every fiscal year in which they were effect (for each year from FY2013 through FY2021). Some of these changes were included as part of debt limit legislation and are described below. For more information on the spending limits, including a summary of all changes made to the limits, see CRS Report R46752, *Expiration of the Discretionary Spending Limits: Frequently Asked Questions*, by Megan S. Lynch and Grant A. Driessen.

4. The establishment of the Joint Select Committee on Deficit Reduction (often referred to as "the Joint Committee" or "the super committee"). The committee comprised 12 Members from the House and Senate—three chosen by each of the chambers' party leaders.[25] The committee was instructed to develop legislation to reduce the budget deficit by at least $1.5 trillion over the 10-year period FY2012-FY2021.[26] Legislation reported by the committee would then be eligible to be considered under special expedited procedures in both the House and Senate.[27] The act did not specify which policy changes should be made to achieve deficit reduction, leaving the committee to negotiate over possible revenue increases and spending decreases. The committee held hearings between September and November 2011 and received recommendations for deficit reduction from House and Senate committees.[28] Ultimately, the committee did not

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and all accounts in the international affairs budget function (budget function 150). It defined the nonsecurity category to include discretionary spending in all other budget accounts. This change in category definitions occurred automatically under the BCA as part of the automatic spending reduction process that resulted when the Joint Committee on Deficit Reduction failed to report a bill making recommendations for reducing the deficit.

[24] For more information, see, *Exceptions to the Budget Control Act's Discretionary Spending Limits*, by Megan S. Lynch.

[25] Members were Rep. Jeb Hensarling (R-TX), Co-Chair; Sen. Patty Murray (D-WA.), Co-Chair; Sen. Max Baucus (D-MT); Rep. Xavier Becerra (D-CA); Rep. Dave Camp (R-MI); Rep. Jim Clyburn (D-SC); Sen. John Kerry (D-MA); Sen. Jon Kyl (R-AZ); Sen. Rob Portman (R-OH); Sen. Pat Toomey (R-PA); Rep. Fred Upton (R-MI); and Rep. Chris Van Hollen (D-MD).

[26] The automatic process to reduce spending (described below) was designed to be triggered only if legislation reported by the committee reducing the deficit by at least $1.2 trillion were not enacted.

[27] These procedures are especially important in the Senate as they include a limit on debate time. This means the legislation does not require the support of three-fifths of Senators to bring debate to a close. To trigger these procedures, the legislative proposal was required to be reported by the committee by November 23, 2011. The expedited procedures could have been used on such a proposal only through December 23, 2011.

[28] For more information, see the archived website of the Joint Select Committee on Deficit Reduction, available at https://cybercemetery.unt.edu/archive/deficit/20120113171424/http://www.deficitreduction.gov/public/index.cfm.

reach agreement on a proposal, triggering the automatic spending reduction process described below.

5. An automatic process to reduce spending, beginning in 2013, if Congress and the President did not enact a bill reported by the joint committee reducing the deficit by at least $1.2 trillion. (Such a bill was not enacted.) This automatic process required annual downward adjustments of the discretionary spending limits, as well as an annual sequester of nonexempt mandatory spending programs.

Bipartisan Budget Act of 2015

President Obama signed into law the Bipartisan Budget Act of 2015 (BBA 2015; P.L. 114-74) on November 2, 2015. The bill included various provisions, including a suspension of the debt limit through March 15, 2017. The law specified that on March 16, 2017, the debt limit would be increased to accommodate obligations issued during the suspension period.

The BBA 2015 made changes to the budget enforcement mechanism established under the BCA.[29] Some of these changes were projected to increase the deficit, while some were projected to decrease the deficit.[30] The BBA 2015 increased the discretionary spending limits established under the BCA for both defense and nondefense for FY2016, each by $25 billion. In addition, it increased discretionary spending limits for both defense and nondefense for FY2017, each by $15 billion.

It also extended the direct spending sequester established by the BCA by one year through FY2025. In addition, it established nonbinding spending targets for Overseas Contingency Operations/Global War on Terrorism levels for FY2016 and FY2017 and amended the limits of adjustments allowed under the discretionary spending limits for Program Integrity Initiatives.[31]

Bipartisan Budget Act of 2018

President Trump signed into law the Bipartisan Budget Act of 2018 (BBA 2018, P.L. 115-123) on February 9, 2018. It included various provisions, such as a continuing resolution and a suspension of the public debt limit through March 1, 2019. The law specified that on March 2, 2019, the limit would be increased to the level necessary to accommodate any obligations issued during the suspension period.

[29] Other changes to the BCA had previously been enacted. The American Taxpayer Relief Act of 2012 (P.L. 112-240) postponed the start of FY2013 sequester from January 2 to March 3 and reduced the amount of the spending reductions by $24 billion, among other things. The Bipartisan Budget Act of 2013 (P.L. 113-67, referred to as the Murray-Ryan agreement) increased discretionary spending limits for both defense and nondefense for FY2014, each by about $22 billion. In addition, it increased discretionary spending limits for both defense and nondefense for FY2015, each by about $9 billion. It also extended the mandatory spending sequester by two years through FY2023. Soon after the enactment of this bill, another bill was enacted to "ensure that the reduced annual cost-of-living adjustment to the retired pay of members and former members of the armed forces under the age of 62 required by the Bipartisan Budget Act of 2013 will not apply to members or former members who first became members prior to January 1, 2014, and for other purposes" (P.L. 113-82). This legislation extended the direct spending sequester by one year through FY2024.

[30] U.S. Congressional Budget Office, *Cost Estimate for H.R. 1314, Bipartisan Budget Act of 2015*, October 28, 2015, https://www.cbo.gov/publication/50938.

[31] For more information, see CRS Report R44874, *The Budget Control Act: Frequently Asked Questions*, by Grant A. Driessen and Megan S. Lynch; and archived CRS Insight IN10389, *Bipartisan Budget Act of 2015: Adjustments to the Budget Control Act of 2011*, by Grant A. Driessen (available to congressional staff upon request).

Changes to the BCA

Like the BBA 2015, the BBA 2018 made changes to the budget enforcement mechanism established under the BCA, some of which were projected to increase the deficit and some of which were projected to decrease the deficit.[32] For FY2018, the BBA 2018 increased the defense limit by $80 billion and increased the nondefense limit by $63 billion. For FY2019, it increased the defense limit by $85 billion and increased the nondefense limit by $68 billion. BBA 2018 also extended the mandatory spending sequester by two years through FY2027.

Joint Select Committee on Budget and Appropriations Process Reform

The BBA 2018 also created a joint select committee charged with formulating recommendations and legislative language to "significantly reform the budget and appropriations process." The Joint Select Committee on Budget and Appropriations Process Reform was to be made up of 16 Members from the House and Senate—four chosen by each of the chambers' party leaders.[33] The law directed the committee to make a report no later than November 30, 2018, to be submitted, along with legislative language, to the President, the Speaker of the House, and the majority and minority leaders of the House and Senate. Any legislation reported by the committee would be considered under regular procedures (unlike in the BCA, which stated that legislation reported by the Joint Select Committee on Deficit Reduction would be eligible to be considered under special expedited procedures in both the House and Senate).

During its lifespan, the joint select committee held five days of hearings, taking testimony from 12 outside witnesses and 27 Members, including members of House leadership.

Formal and informal discussions among committee members resulted in draft legislation to be considered in a markup that concluded on November 29, 2018. The chief recommendation in the draft provided for the budget resolution to be adopted for a two-year cycle rather than the current annual cycle. By unanimous consent, the committee members applied a voting rule for the adoption of amendments consistent with the rule required by the act for final adoption of any recommendations requiring separate majorities of the appointees from each party. The final vote on reporting the bill, as amended, failed to achieve the threshold required for reporting under the act.

For more information on the committee, see CRS Report R45111, *The Joint Select Committee on Budget and Appropriations Process Reform*, by Megan S. Lynch and James V. Saturno.

Bipartisan Budget Act of 2019

President Trump signed into law the Bipartisan Budget Act of 2019 (BBA 2019, P.L. 116-37) on August 2, 2019. Among other provisions, it included a suspension of the debt limit through July 31, 2021. The law specified that on August 1, 2021, the limit would be increased to accommodate obligations issued during the suspension period.

[32] U.S. Congressional Budget Office, *Cost Estimate for Bipartisan Budget Act 2018*, February 8, 2018, https://www.cbo.gov/publication/53556.

[33] Members were Rep. Nita M. Lowey (D-NY), Co-chair); Rep. Steve Womack (R-AR), Co-chair); Rep. Jodey Arrington (R-TX); Sen Michael F. Bennet (D-CO); Sen. Roy Blunt (R-MO); Sen. Joni Ernst (R-IA); Sen. Mazie K. Hirono (D-HI); Rep. Derek Kilmer (D-WA); Sen. James Lankford (R-OK); Sen. David Perdue (R-GA); Rep. Lucille Roybal-Allard (D-CA); Rep. Pete Sessions (R-TX); Sen. Brian Schatz (D-HI); Sen. Sheldon Whitehouse (D-RI); Rep. Rob Woodall (R-GA); and Rep. John Yarmuth (D-KY).

Like the BBA 2015 and BBA 2018, the BBA 2019 made changes to the budget enforcement mechanism established under the BCA, some of which were projected to increase the deficit and some of which were projected to decrease the deficit.[34] For FY2020, it increased the discretionary defense cap by $90 billion and increased the nondefense cap by $78 billion. For FY2021, it increased the discretionary defense cap by $81 billion (to $672 billion) and increased the nondefense cap by $72 billion (to $627 billion). BBA 2019 also extended the mandatory spending sequester by two years through FY2029.

In addition to making changes to the mechanisms enacted in the BCA, the BBA 2019 set the PAYGO scorecard balances (established by the Statutory PAYGO Act of 2010) to zero.[35]

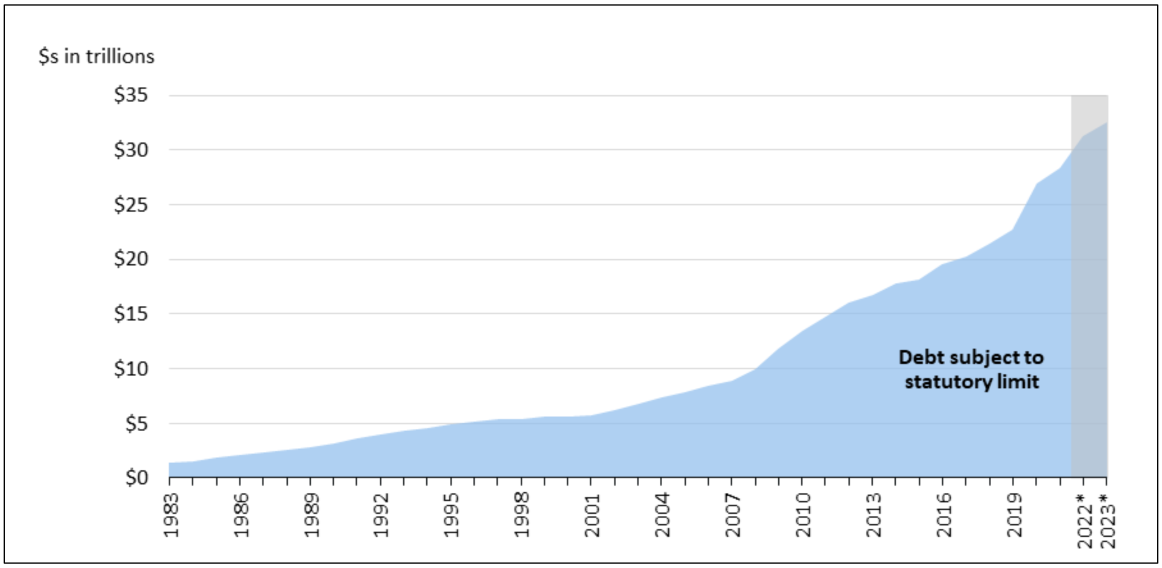
[34] U.S. Congressional Budget Office, *Cost Estimate for Bipartisan Budget Act of 2019*, July 23, 2019, https://www.cbo.gov/publication/55478.

[35] For more information, see OMB, *2019 Statutory Pay-As-You-Go Act Annual Report*, January 27, 2020, https://www.federalregister.gov/documents/2020/01/27/2020-01290/2019-statutory-pay-as-you-go-act-annual-report.

Appendix. Statutory Debt Limit

This Appendix provides further context to the budget process reforms described above. Specifically, **Figure A-1** shows the amount of federal debt subject to the statutory limit over the period of 1983-2023, and **Table 1** provides information on the legislative changes to the debt limit since 1983.

Figure A-1. Debt Subject to Statutory Limit



Source: U.S. Government Publishing Office, *Budget of the United States Government, FY2016-FY2023*, Historical Tables; Table 7.2—Debt Subject to Statutory Limit: 1940-2027, March 28, 2022, https://www.whitehouse.gov/omb/budget/historical-tables/.

Note: FY2022 and FY2023 are estimates.

Table A-1. Statutory Limits on Federal Debt Since 1983

In Billions of Dollars

Statute	Date	Description	Limit
97 Stat. 196	May 26, 1983	Eliminated the distinction between permanent and temporary limit with the enactment of a single permanent limit. Raised the debt limit to:	1,389.0
97 Stat. 1012	November 21, 1983	Increased the debt limit to:	1,490.0
98 Stat. 217	May 25, 1984	Increased the debt limit to:	1,520.0
98 Stat. 313	July 6, 1984	Increased the debt limit to:	1,573.0
98 Stat. 2206	October 13, 1984	Increased the debt limit to:	1,823.8
99 Stat. 814	November 14, 1985	Increased the debt limit temporarily through December 6, 1985, to:	1,903.8
99 Stat. 1037	December 12, 1985	Increased the debt limit to:	2,078.7
100 Stat. 818	August 21, 1986	Increased the debt limit to:	2,111.0

Statute	Date	Description	Limit
100 Stat. 1968	October 21, 1986	Increased the debt limit temporarily through May 15, 1987, to:	2,300.0
101 Stat. 308	May 15, 1987	Increased the debt limit temporarily through July 17, 1987, to:	2,320.0
101 Stat. 542	July 30, 1987	Increased the debt limit temporarily through August 6, 1987, to:	2,320.0
101 Stat. 550	August 10, 1987	Increased the debt limit temporarily through September 23, 1987, to:	2,352.0
101 Stat. 754	September 29, 1987	Increased the debt limit to:	2,800.0
103 Stat. 182	August 7, 1989	Increased the debt limit temporarily through October 31, 1989, to:	2,870.0
103 Stat. 830	November 8, 1989	Increased the debt limit to:	3,122.7
104 Stat. 403	August 9, 1990	Increased the debt limit temporarily through October 2, 1990, to:	3,195.0
104 Stat. 878	October 2, 1990	Increased the debt limit temporarily through October 6, 1990, to:	3,195.0
104 Stat. 897	October 9, 1990	Increased the debt limit temporarily through October 19, 1990, to:	3,195.0
104 Stat. 1033	October 19, 1990	Increased the debt limit temporarily through October 24, 1990, to:	3,195.0
104 Stat. 1078	October 25, 1990	Increased the debt limit temporarily through October 27, 1990, to:	3,195.0
104 Stat. 1087	October 28, 1990	Increased the debt limit temporarily through November 5, 1990, to:	3,230.0
104 Stat. 1388-560	November 5, 1990	Increased the debt limit to:	4,145.0
107 Stat. 42	April 6, 1993	Increased the debt limit temporarily through September 30, 1993, to:	4,370.0
107 Stat. 565	August 10, 1993	Increased the debt limit to:	4,900.0
110 Stat. 55	February 8, 1996	Temporarily exempted from limit obligations in an amount equal to the monthly insurance benefits payable under Title II of the Social Security Act in March 1996, the exemption to expire on the earlier of an increase in the limit or March 15, 1996.	
110 Stat. 825	March 12, 1996	Temporarily exempted from limit (a) obligations in an amount equal to the monthly insurance benefits payable under Title II of the Social Security Act in March 1996 and (b) certain obligations issued to trust funds and other federal government accounts, both exemptions to expire on the earlier of an increase in the limit or March 30, 1996.	
110 Stat. 875	March 29, 1996	Increased the debt limit to:	5,500.0
111 Stat. 648	August 5, 1997	Increased the debt limit to:	5,950.0

Statute	Date	Description	Limit
116 Stat. 734	June 28, 2002	Increased the debt limit to:	6,400.0
117 Stat. 710	May 27, 2003	Increased the debt limit to:	7,384.0
118 Stat. 2337	November 19, 2004	Increased the debt limit to:	8,184.0
120 Stat. 289	March 20, 2006	Increased the debt limit to:	8,965.0
121 Stat. 988	September 29, 2007	Increased the debt limit to:	9,815.0
122 Stat. 2908	July 30, 2008	Increased the debt limit to:	10,615.0
122 Stat. 3790	October 3, 2008	Increased the debt limit to:	11,315.0
123 Stat. 366	February 17, 2009	Increased the debt limit to:	12,104.0
123 Stat. 3483	December 28, 2009	Increased the debt limit to:	12,394.0
124 Stat. 8	February 12, 2010	Increased the debt limit to:	14,294.0
125 Stat. 251	August 2, 2011	Increased the debt limit to: Effective after September 21, 2011, increased the debt limit to: Effective after January 27, 2012, increased the debt limit to:	14,694.0 15,194.0 16,394.0
127 Stat. 51	February 4, 2013	Suspended the existing debt limit from February 4, 2013, through May 18, 2013, and prospectively increased the limit to accommodate the increase in such debt outstanding as of May 19, 2013. Effective May 19, 2013, reestablished the debt limit at:	16,699.4
127 Stat. 566	October 17, 2013	Suspended the existing debt limit from October 17, 2013, through February 7, 2014, and prospectively increased the limit to accommodate the increase in such debt outstanding as of February 8, 2014. Effective February 8, 2014, reestablished the debt limit at:	17,211.6
128 Stat. 1011	February 15, 2014	Suspended the existing debt limit from February 15, 2014, through March 15, 2015, and prospectively increased the limit to accommodate the increase in such debt outstanding as of March 16, 2015. Effective March 16, 2015, reestablished the debt limit at:	18,113.0

Statute	Date	Description	Limit
129 Stat. 620	November 2, 2015	Suspended the existing debt limit from November 2, 2015, through March 15, 2017, and prospectively increased the limit to accommodate the increase in such debt outstanding as of March 16, 2017. Effective March 16, 2017, reestablished the debt limit at:	19,808.8
131 Stat. 1139	September 8, 2017	Suspended the existing debt limit from September 8, 2017, through December 8, 2017, and prospectively increased the limit to accommodate the increase in such debt outstanding as of December 9, 2017. Effective December 9, 2017, reestablished the debt limit at:	20,456.0
132 Stat. 132	February 9, 2018	Suspended the existing debt limit from February 9, 2018, through March 1, 2019, and prospectively increased the limit to accommodate the increase in such debt outstanding as of March 1, 2019. Effective March 1, 2019, reestablished the debt limit at:	21,987.7
133 Stat. 1057	August 2, 2019	Suspended the existing debt limit from August 2, 2019, through July 31, 2021, and prospectively increased the limit to accommodate the increase in such debt outstanding as of July 31, 2021. Effective August 1, 2021, reestablished the debt limit at:	28,401.5
135 Stat. 407	October 14, 2021	Increased the debt limit to:	28,881.5
135 Stat. 1514	December 16, 2021	Increased the debt limit to:	31,381.5

Source: U.S. Government Publishing Office, *Budget of the United States Government, FY2016-FY2023*, Historical Tables*; Table 7.3—Statutory Limits on Federal Debt: 1940-Current*, March 28, 2022, https://www.whitehouse.gov/omb/budget/historical-tables/.

Author Information

Megan S. Lynch
Specialist on Congress and the Legislative Process

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