

U.S. Senate Sends Debt Ceiling Bill to White House

On June 1, 2023, the U.S. Senate passed the [Fiscal Responsibility Act of 2023](#) to raise the debt ceiling by a bipartisan vote of 63-36 only three days before the United States risked defaulting on its debt for the first time. The U.S. House of Representatives approved the bill on May 31, 2023, by an overwhelming bipartisan vote of 314-117, and President Joe Biden is expected to sign the bill on June 2, 2023.

“America can breathe a sigh of relief, a sigh of relief, because in this process, we are avoiding default.”

- Senate Majority Leader Chuck Schumer

What Does the Senate Bill Address?

The Fiscal Responsibility Act of 2023 increases the federal debt limit, establishes new discretionary spending limits, rescinds unobligated funds and expands work requirements for federal programs. Specifically, the bill suspends the federal debt limit through Jan. 1, 2025. It also increases the debt limit on Jan. 2, 2025, to accommodate the obligations issued during the suspension period.

The bill also includes provisions that:

- Rescind certain unobligated funds provided to address COVID-19

- Redirect some IRS funding for other uses
- Provide funding to the U.S. Department of Veterans Affairs Cost of War Toxic Exposure Fund
- Provide funding for the U.S. Department of Commerce Nonrecurring Expenses Fund
- Provide statutory authority through 2024 for the requirement that agencies proposing certain administrative actions that will increase direct spending also must propose at least one administrative action that will decrease direct spending by at least the same amount (also known as pay-as-you-go rules)
- Terminate the suspension of federal student loan payments
- Expand the work requirements for the Supplemental Nutritional Assistance Program and the Temporary Assistance for Needy Families program
- Expedite the permitting process for certain energy projects

What's Next?

With the passage of the Fiscal Responsibility Act, the country's debt ceiling crisis has been averted, staving off a potential financial crisis. The U.S. Department of the Treasury had established a deadline of June 5, 2023, for raising or suspending the debt ceiling, stating that the United States was unlikely to meet its debt obligations after that date unless the federal debt limit was raised. Additionally, American credit rating agency Moody's announced that it would not downgrade U.S. debt after the Senate passed the bill.

We will keep you apprised of any notable updates. Contact Central PA Benefit Solutions for additional resources.