



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-270619

February 23, 1996

The Honorable Daniel Patrick Moynihan
United States Senate

Dear Senator Moynihan:

Your January 16, 1996, letter requested information on past debt ceiling limitations and actions that the Department of the Treasury (Treasury) has taken to avoid defaulting on government obligations. In our January 26, 1996, letter to you, we discussed actions taken by Treasury during debt ceiling crises since September 30, 1984.¹ As agreed with your office, the enclosure to this letter provides information on (1) when the outstanding debt subject to the statutory debt limit was within \$25 million² of the public debt limit between July 1, 1954, and September 30, 1984, (2) the debt ceiling crises occurring between September 30, 1984, and February 15, 1996, and (3) when the statutory debt ceiling has been revised since June 26, 1946.

CHANGES IN THE DEBT CEILING

The federal government began with a public debt of about \$78 million in 1789 and since then the Congress has attempted to control the size of the debt by imposing ceilings on the amount of public debt that can be issued. Until 1941, the Congress set ceilings on the various types of Treasury securities that could be issued. In February 1941, the Congress set an overall ceiling of \$65 billion on all types of Treasury securities that could be outstanding at any one time. This ceiling was raised several times between February 1941 and June 1946 when a ceiling of \$275 billion was set and remained in effect until August 1954. At that time, the Congress imposed the first temporary debt ceiling which added \$6 billion to the \$275 billion permanent ceiling. Since that time, the Congress has enacted

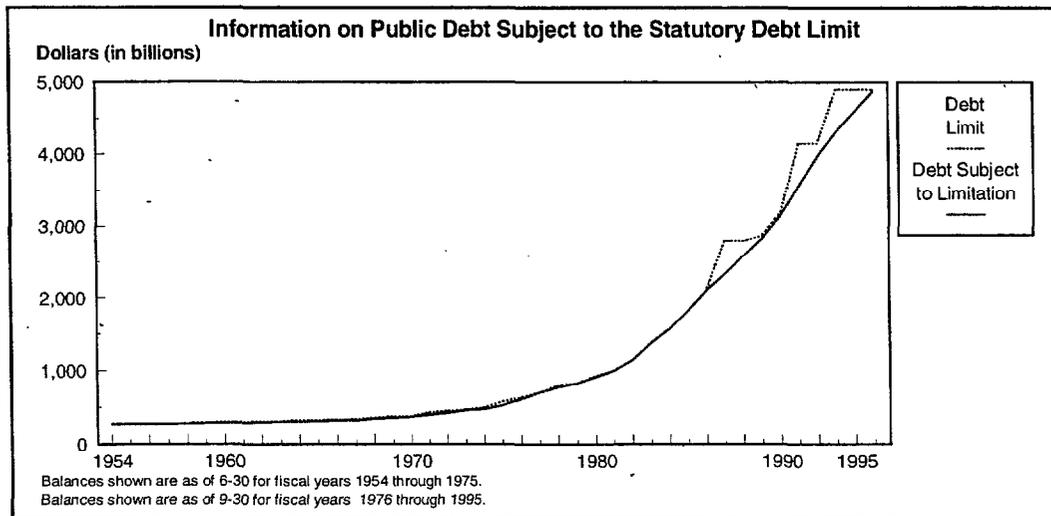
¹Debt Ceiling Limitations and Treasury Actions (GAO/AIMD-96-38R, January 26, 1996).

²During the current crisis, Treasury has maintained a \$25 million difference between the outstanding debt and the debt limit.

numerous temporary and permanent increases in the debt ceiling which currently stands at \$4.9 trillion.

RELATIONSHIP OF THE DEBT
CEILING TO THE OUTSTANDING DEBT

As shown in the following chart, the relationship between the public debt limit and the amount of outstanding debt is very close.³



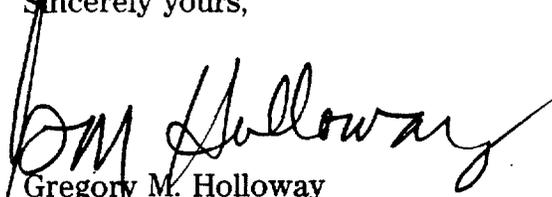
In order to determine when a debt ceiling crisis may have arisen, we reviewed historical Treasury documents for the period July 1, 1954, through February 15, 1996, and identified 21 periods when the outstanding debt subject to the statutory debt limit was within \$25 million of the debt ceiling.

³These figures are nominal dollars. They are not adjusted for inflation or for growth in the economy.

B-270619

If you have any questions regarding the information in this letter, please call me at (202) 512-9510, or Gary Engel, Assistant Director, at (202) 512-8815.

Sincerely yours,



Gregory M. Holloway
Director, Governmentwide Audits

Enclosure

INFORMATION ON WHEN THE OUTSTANDING DEBT WAS
WITHIN \$25 MILLION OF THE DEBT CEILING,
DEBT CEILING CRISES, AND DEBT CEILING CHANGES

<u>Dates</u>	<u>Situation or Event</u>
June 26, 1946	- Debt ceiling set at \$275 billion.
August 28, 1954	- Debt ceiling raised to \$281 billion.
July 9, 1956	- Debt ceiling lowered to \$278 billion.
February 26, 1958	- Debt ceiling raised to \$280 billion.
September 2, 1958	- Debt ceiling raised to \$288 billion.
July 1, 1959	- Debt ceiling raised to \$295 billion.
July 1, 1960	- Debt ceiling lowered to \$293 billion.
July 1, 1961	- Debt ceiling raised to \$298 billion.
March 13, 1962	- Debt ceiling raised to \$300 billion.
July 1, 1962	- Debt ceiling raised to \$308 billion.
April 1, 1963	- Debt ceiling lowered to \$305 billion.
May 29, 1963	- Debt ceiling raised to \$307 billion.
July 1, 1963	- Debt ceiling raised to \$309 billion.
November 27, 1963	- Debt ceiling raised to \$315 billion.
June 29, 1964	- Debt ceiling raised to \$324 billion.
July 1, 1965	- Debt ceiling raised to \$328 billion.

ENCLOSURE

ENCLOSURE

July 1, 1966	- Debt ceiling raised to \$330 billion.
March 3, 1967	- Debt ceiling raised to \$336 billion.
June 30, 1967	- Debt ceiling raised to \$358 billion.
July 1, 1968	- Debt ceiling raised to \$365 billion.
April 7, 1969	- Debt ceiling raised to \$377 billion.
June 30, 1970	- Debt ceiling raised to \$395 billion.
March 17, 1971	- Debt ceiling raised to \$430 billion.
March 15, 1972	- Debt ceiling raised to \$450 billion.
October 27, 1972	- Debt ceiling raised to \$465 billion.
December 1-2, 1973	- Outstanding debt within \$25 million of ceiling.
December 3, 1973	- Debt ceiling raised to \$475.7 billion.
June 30, 1974	- Debt ceiling raised to \$495 billion.
February 19, 1975	- Debt ceiling raised to \$531 billion.
June 30, 1975	- Debt ceiling raised to \$577 billion.
November 14, 1975	- Debt ceiling raised to \$595 billion.
February 27-March 14, 1976 ^b	- Outstanding debt within \$25 million of ceiling.
March 15, 1976	- Debt ceiling raised to \$627 billion.
June 30, 1976	- Debt ceiling raised to \$636 billion.
October 1, 1976	- Debt ceiling raised to \$682 billion.
April 1, 1977	- Debt ceiling raised to \$700 billion.

ENCLOSURE

ENCLOSURE

- | | |
|-----------------------------------|--|
| October 1-3, 1977 | - Outstanding debt within \$25 million of ceiling. |
| October 4, 1977 | - Debt ceiling raised to \$752 billion. |
| August 1-2, 1978 ^a | - Outstanding debt within \$25 million of ceiling. |
| August 3, 1978 | - Debt ceiling raised to \$798 billion. |
| April 2, 1979 ^a | - Debt ceiling raised to \$830 billion. |
| September 29, 1979 | - Debt ceiling raised to \$879 billion. |
| May 30-June 11, 1980 ^b | - Outstanding debt within \$25 million of ceiling. |
| June 28, 1980 | - Debt ceiling raised to \$925 billion. |
| December 19, 1980 | - Debt ceiling raised to \$935.1 billion. |
| January 30-February 2, 1981 | - Outstanding debt within \$25 million of ceiling. |
| February 7, 1981 | - Debt ceiling raised to \$985 billion. |
| September 30, 1981 | - Debt ceiling raised to \$1,079.8 billion. |
| June 3-6, 1982 | - Outstanding debt within \$25 million of ceiling. |
| June 28, 1982 | - Debt ceiling raised to \$1,143.1 billion. |
| September 30, 1982 | - Debt ceiling raised to \$1,290.2 billion. |
| May 26, 1983 | - Debt ceiling raised to \$1,389 billion. |
| November 21, 1983 | - Debt ceiling raised to \$1,490 billion. |
| April 4, 1984 | - Outstanding debt within \$25 million of ceiling. |
| May 1-16, 1984 ^b | - Outstanding debt within \$25 million of ceiling. |
| May 25, 1984 | - Debt ceiling raised to \$1,520 billion. |

ENCLOSURE

ENCLOSURE

- | | |
|--|--|
| June 4-July 5, 1984 ^b | - Outstanding debt within \$25 million of ceiling. |
| July 6, 1984 | - Debt ceiling raised to \$1,573 billion. |
| September 4-October 12, 1984 ^{b,c} | - Debt ceiling crisis. |
| October 13, 1984 | - Debt ceiling raised to \$1,823.8 billion. |
| September 3-December 11, 1985 ^{b,c} | - Debt ceiling crisis. |
| November 14, 1985 | - Debt ceiling raised to \$1,903.8 billion. |
| December 12, 1985 | - Debt ceiling raised to \$2,078.7 billion. |
| August 1-20, 1986 ^b | - Debt ceiling crisis. |
| August 21, 1986 | - Debt ceiling raised to \$2,111 billion. |
| September 30-October 20, 1986 | - Debt ceiling crisis. |
| October 21, 1986 | - Debt ceiling raised to \$2,300 billion. |
| May 15, 1987 | - Debt ceiling raised to \$2,320 billion. |
| July 18-29, 1987 | - Debt ceiling crisis. |
| August 7-9, 1987 | - Debt ceiling crisis. |
| August 10, 1987 | - Debt ceiling raised to \$2,352 billion. |
| September 24-28, 1987 | - Debt ceiling crisis. |
| September 29, 1987 | - Debt ceiling raised to \$2,800 billion. |
| August 1-6, 1989 ^b | - Debt ceiling crisis. |
| August 7, 1989 | - Debt ceiling raised to \$2,870 billion. |
| November 1-7, 1989 | - Debt ceiling crisis. |

ENCLOSURE

ENCLOSURE

- November 8, 1989 - Debt ceiling raised to \$3,122.7 billion.
- August 9, 1990 - Debt ceiling raised to \$3,195 billion.
- October 19-27, 1990^b - Debt ceiling crisis.
- October 28, 1990 - Debt ceiling raised to \$3,230 billion.
- November 5, 1990 - Debt ceiling raised to \$4,145 billion.
- April 6, 1993 - Debt ceiling raised to \$4,370 billion.
- August 10, 1993 - Debt ceiling raised to \$4,900 billion.
- November 15, 1995-February 15, 1996 - Debt ceiling crisis.

^aSpecific actions taken by Treasury during these periods are discussed in the following GAO report: A New Approach to the Public Debt Legislation Should Be Considered (FGMSD-79-58, September 7, 1979).

^bOn one or more days during this period, the difference between the amount of debt subject to the limit and the debt limit was greater than \$25 million. As noted in the letter, we were unable to specifically identify the debt ceiling crises prior to September 30, 1984. Therefore, in order to better estimate the periods when Treasury may have had difficulty in performing its normal financing operations, we assumed that Treasury's difficulties continued if the following occurred: the outstanding debt subject to the limit fell below the \$25 million threshold and then rose to the \$25 million threshold during a 14-day period.

^cSpecific actions taken by Treasury during these debt ceiling crises are discussed in the following GAO reports: Civil Service Fund: Improved Controls Needed Over Investments (GAO/AFMD-87-17, May 7, 1987) and Treasury's Management of Social Security Trust Funds During the Debt Ceiling Crisis (GAO/HRD-86-45, December 5, 1985).

(901695)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

Orders may also be placed by calling (202) 512-6000 or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

**United States
General Accounting Office
Washington, D.C. 20548-0001**

<p>Bulk Rate Postage & Fees Paid GAO Permit No. G100</p>

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
