RSC Republican Study Committee

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Budget and Spending Task Force
Weekly Report

Congressman Scott Garrett (R-NJ), Chairman

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The Recent History of Debt Limit Increases

The Administration's debt ceiling increase request would be the eleventh such increase since 2002. Below is a table summarizing the ten previous ones.

Enacted Debt Limit Increases, 2002-2010
(in billions of dollars)

Date	Debt Limit Increase	Limit After Increase
June 2002	450	6,400
May 2003	984	7,384
November 2004	800	8,184
March 2006	781	8,965
September 2007	850	9,815
July 2008	800	10,615
October 2008	700	11,315
February 2009	789	12,104
December 2009	290	12,394
February 2010	1,900	14,294

From the above table, two things may be noted. First, the average debt limit increase is $790 billion. The most recent debt limit increase—$1.9 trillion—is by far the largest in American history. Any request for a debt limit increase of that magnitude, excepting only last year's unique circumstances, would be outside the historic norm.

Second, debt limit increases have often been attached to other legislation. In July 2008, a debt limit increase was attached to the Housing and Economic Recovery Act of 2008. In October 2008, an increase was attached to the legislation establishing the Troubled Asset Relief Program (TARP). In 2009, it was attached to the "stimulus."

Quote of the Week:

"The first order of business is the elimination of the annual deficit."

-President Dwight D. Eisenhower, 1953 address to Congress.

In these cases, the debt limit was attached to legislation increasing the federal government's budget problems. However, there is also precedent for debt limit increases to be used as vehicles for budget reform legislation. In 2010, Democrats used the debt limit as a vehicle to enact statutory PAYGO. In 1985, conservatives succeeded in enacting Gramm-Rudman-Hollings budget reforms as part of legislation increasing the debt limit.

Efforts by conservatives to attach spending restraint provisions to a debt limit increase would be in line with recent precedent. Indeed, the majority of debt limit increases approved by the recent Democrat Congress came attached to other legislation. The purpose of the debt ceiling is to give Congress a tool to check the growth of the national debt. Demands by conservatives to make future debt limit increases unnecessary, by attaching spending restraint to this one, are fully consistent with this purpose.

Spending on Just Interest and Entitlements Exceeds Recent Deficits

One way of illustrating our present budget problem is to compare mandatory spending and net interest payments to federal revenues. In 2009 and 2010 combined, the federal government spent $389 billion on interest payments and $4.02 trillion on all other mandatory spending—for a total of $4.4 trillion. During the same period, the federal government collected $4.25 trillion in revenue. In other words, even had the federal government not spent one penny on discretionary spending programs (including the Defense Department), the federal budget deficit would have averaged $75 billion annually in FY 2009 and FY 2010. As it was, federal deficits amounted to $1.4 trillion (FY 09) and $1.3 trillion (FY 10).

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