

# How Do “Extraordinary Measures” Work?

In One Day

## At the Debt Limit

The debt limit is reached.



## Extraordinary Measures Taken

Treasury uses “extraordinary measures” by decreasing the amount invested in particular intragovernmental accounts (e.g., trust funds), delaying or suspending sales of particular securities (i.e., debt), or redeeming other securities early to create room under the debt limit.



## Treasury Issues Public Debt

Treasury issues more debt to the public, generating cash to pay bills. This uses up the room under the debt limit that was created using the extraordinary measures.



When the Limit is Raised

## Debt Limit Raised, Extraordinary Measures Unwound

Congress passes and the president signs legislation increasing the debt limit. Intragovernmental debt that was reduced using extraordinary measures must be restored immediately. Treasury can operate as normal to generate cash to pay bills.

