

## Money Talks June 2023

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The Fiscal Responsibility Act of 2023, signed into law on June 3, 2023, suspends the federal debt ceiling until January 2025. The legislation also includes a number of spending cuts. It is estimated to reduce federal budget deficits by about \$1.5 trillion over the 2023-2033 period relative to the May 2023 baseline projections, according to the Congressional Budget Office. Some of the details are yet to be worked out but there were a number of significant provisions I will try to summarize.

The federal debt is suspended through January 1, 2025. On January 2, 2025, the debt limit would be increased by the amount of obligations incurred up to that point. This increase will then be dependent on appropriations between now and January, 2025. These dates will also be after the 2024 election but prior to the new Congress taking office following the election.

Statutory caps are established on some discretionary spending for 2024 and 2025 and other limits will now apply for discretionary spending from 2026 through 2029. Discretionary funding generally means budget authority provided in legislation.

Certain funds provided in previous legislation have been rescinded (and either will not be spent or are allocated elsewhere). These will include some of the funds provided to IRS by the Inflation Reduction Act of 2022 for enforcement and modernization of its technology. Also included are certain unspent pandemic related funds provide by six laws between 2020 and 2021.

The executive branch is now required to follow administrative pay-as-you-go procedures before finalizing certain administrative actions. Under those procedures, discretionary administrative actions that would increase direct spending by more than a certain threshold would be required to include additional proposed actions to fully offset the increase in direct spending.

Work requirements for the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) are modified. Work requirements for SNAP are expanded to include able-bodied adults age 50 to 54 who do not live with dependent children, and exemptions are now provided for people experiencing homelessness, veterans, and people ages 18 to 24 who were in foster care when they turned 18. Certain program requirements for states are also modified.

The current suspension of payments, interest accrual, and collections on defaulted loans in the student loan program are terminated 60 days after June 30, 2023.