

GAO Highlights

Highlights of [GAO-24-106340](#), a report to the Secretary of the Treasury

Why GAO Did This Study

GAO audits the consolidated financial statements of the U.S. government. Because of the significance of the federal debt to the government-wide financial statements, GAO audits Fiscal Service's Schedules of Federal Debt annually to determine whether, in all material respects, (1) the schedules are fairly presented and (2) Fiscal Service management maintained effective internal control over financial reporting relevant to the Schedule of Federal Debt. Further, GAO tests compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements related to the Schedule of Federal Debt.

Federal debt managed by Fiscal Service consists of debt held by the public and intragovernmental debt holdings. Debt held by the public primarily represents the amount the federal government has borrowed to finance cumulative cash deficits and is held by investors outside of the federal government. Intragovernmental debt holdings represent federal debt owed by Treasury to federal government accounts that typically have an obligation to invest their excess annual receipts (and interest earnings) over disbursements in federal securities.

What GAO Recommends

GAO has previously recommended that Congress consider developing a plan that includes fiscal rules and targets to place the government on a sustainable fiscal path and that the plan include considering alternative approaches to the debt limit.

In commenting on a draft of this report, Fiscal Service concurred with GAO's conclusions.

View [GAO-24-106340](#). For more information, contact Cheryl E. Clark at (202) 512-3406 or clarkce@gao.gov.

November 2023

FINANCIAL AUDIT

Bureau of the Fiscal Service's FY 2023 and FY 2022 Schedules of Federal Debt

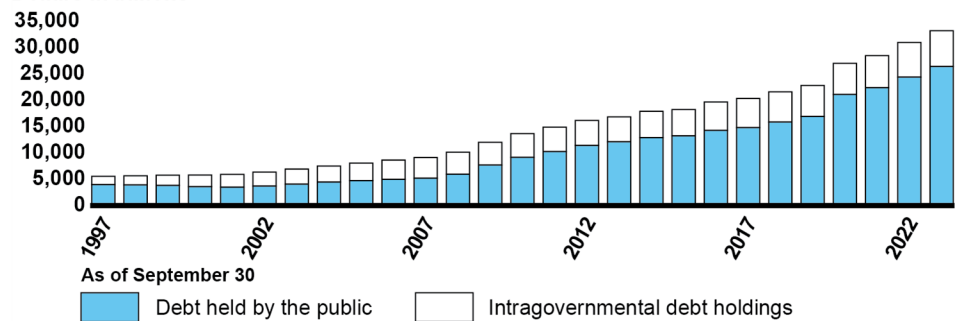
What GAO Found

GAO found (1) the Bureau of the Fiscal Service's Schedules of Federal Debt for fiscal years 2023 and 2022 are fairly presented in all material respects, and (2) Fiscal Service maintained, in all material respects, effective internal control over financial reporting relevant to the Schedule of Federal Debt as of September 30, 2023. GAO's tests of selected provisions of applicable laws, regulations, contracts, and grant agreements related to the Schedule of Federal Debt disclosed no instances of reportable noncompliance for fiscal year 2023.

From fiscal year 1997, GAO's first year auditing the schedules, through fiscal year 2023, total federal debt managed by Fiscal Service has increased from \$5.4 trillion to \$33.2 trillion, and the debt limit has been raised 22 times.

Total Federal Debt Outstanding, September 30, 1997, through September 30, 2023

Dollars in billions



Source: GAO analysis of Bureau of the Fiscal Service information. | GAO-24-106340

Note: A small amount of total federal debt is not subject to the debt limit.

During fiscal year 2023, total federal debt increased by about \$2.2 trillion, with about \$2.0 trillion of the increase in debt held by the public. Additionally, interest on debt held by the public increased to \$678 billion in fiscal year 2023—up from \$497 billion in fiscal year 2022 and \$392 billion in fiscal year 2021. The primary reason for the increase in debt held by the public was the federal deficit, which was \$1.7 trillion for fiscal year 2023.

On January 19, 2023, the Department of the Treasury determined that the federal debt had reached the debt limit and began taking extraordinary actions—consistent with relevant laws—to avoid exceeding the debt limit. On June 3, 2023, the Fiscal Responsibility Act of 2023 was enacted, suspending the debt limit through January 1, 2025. On June 5, 2023, Treasury discontinued its use of extraordinary actions and resumed normal debt operations.

The current approach to the debt limit has created uncertainty and disruptions in the Treasury securities market and increased borrowing costs. Under current policy, spending is expected to exceed revenue, causing debt held by the public to rise continuously relative to the economy, which is an unsustainable fiscal path over the long term.