

GAO Highlights

Highlights of [GAO-25-107138](#), 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 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-25-107138](#). For more information, contact Cheryl E. Clark at (202) 512-3406 or clarkce@gao.gov.

November 2024

FINANCIAL AUDIT

Bureau of the Fiscal Service's FY 2024 and FY 2023 Schedules of Federal Debt

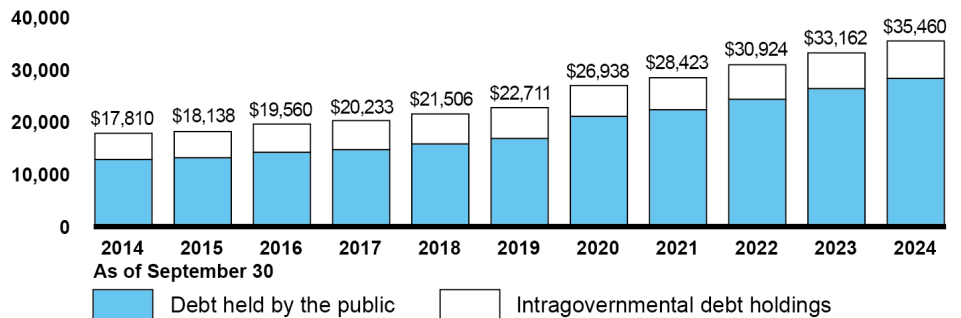
What GAO Found

GAO found (1) the Bureau of the Fiscal Service's Schedules of Federal Debt for fiscal years 2024 and 2023 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, 2024. 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 2024.

Over the past 10 years, from fiscal year 2014 through fiscal year 2024, total federal debt managed by Fiscal Service has increased from \$17.8 trillion to \$35.5 trillion.

Total Federal Debt Outstanding, September 30, 2014, through September 30, 2024

Dollars in billions



Source: GAO analysis of Bureau of the Fiscal Service information. | GAO-25-107138

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

During fiscal year 2024, total federal debt increased by about \$2.3 trillion, with about \$2.0 trillion of the increase in debt held by the public. The primary reason for increases in debt held by the public is a consequence of borrowing to finance annual budget deficits. The budget deficit for fiscal year 2024 was \$1.8 trillion. Additionally, interest on debt held by the public has increased significantly over the last 3 fiscal years, from \$497 billion in fiscal year 2022 to \$909 billion in fiscal year 2024 (an 83 percent increase).

The statutory debt limit was last raised on December 16, 2021. On June 3, 2023, the Fiscal Responsibility Act of 2023 was enacted, suspending the debt limit through January 1, 2025, thereby covering all of fiscal year 2024. Absent action to increase or suspend the debt limit by the end of the current suspension period, on January 2, 2025, the debt limit will be increased to the amount of qualifying federal debt securities outstanding on that date.

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, resulting in persistent and widening budget deficits, causing debt held by the public to rise continuously relative to the economy. The federal government is on an unsustainable fiscal path over the long term.