

Fiscal Responsibility Act of 2023

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 significant provisions in the legislation are summarized below.



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Debt Ceiling Suspended

The federal debt ceiling 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.

Spending Caps

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.



Rescission of Certain Funds

Certain funds provided in previous legislation have been rescinded (and either will not be spent or are allocated elsewhere), including the following:

- Some of the funds provided to the IRS by the Inflation Reduction Act of 2022 for enforcement and modernization of its technology
- Certain unspent pandemic-related funds provided by six laws between 2020 and 2022

Administrative Pay-As-You-Go

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.

Termination of Student Loan Payment Moratorium

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





Work Requirements for Social Programs Modified

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 ages 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.

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