

## Lawmakers poised to defuse debt limit time-bomb

Congressional leaders this week reached an accord on a bill setting up a complicated legislative process that appears poised to result in the statutory debt limit being lifted in advance of an impending December 15 deadline beyond which the Treasury Department has warned the US government could be at risk of default.

### One-time debt limit reprieve from Senate GOP filibuster

The legislation paving the way for action on the debt ceiling, which was negotiated by Senate Majority Leader Charles Schumer, D-N.Y., and Minority Leader Mitch McConnell, R-Ky., cleared the House on December 7 by a vote of 222-212 and was approved in the Senate on December 9 by a vote of 59-35. President Biden is expected to quickly sign the measure into law.

**URL:** <https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117S610-RCP117-22.pdf>

Among the Senate Republicans backing the measure were Minority Whip John Thune of South Dakota as well as centrist Republicans such as Sens. Susan Collins of Maine, Lisa Murkowski of Alaska, and Mitt Romney of Utah.

This week's bill does not itself raise the federal borrowing cap, but instead establishes a time-limited window during which congressional Democrats may move separate debt-limit increase legislation under a parliamentary process that would be shielded from a filibuster in the Senate. Under this novel strategy, Republicans effectively are able to help Democrats avoid a catastrophic default without actually voting in favor of the subsequent debt limit increase.

The process bill also requires Democrats to lift the statutory cap by a specific dollar amount—an approach that many GOP lawmakers view as more politically disadvantageous than simply suspending the application of the debt limit until a date certain as lawmakers from both parties have done on several occasions over roughly the last decade. Though the dollar amount is not yet set, it is expected that Democrats will lift the cap by an amount sufficient to dispense with the issue until after the November 2022 mid-term elections.

The legislation also delays, through March 31, 2022, impending automatic reductions to Medicare provider payments (so-called “sequester” cuts) that are otherwise scheduled to take effect on January 1 of next year—language that helped secure the votes of several Republicans and therefore ease the bill's passage.

### Votes on debt limit increase will beat December 15 default date

The separate bill to increase the debt limit is expected to receive a vote in the Senate on December 13 and in the House on December 14—just one day ahead of the December 15 “X-date” that Treasury Secretary Janet Yellen identified in a letter to congressional leaders last month.

**URL:** <https://home.treasury.gov/news/press-releases/jy0488>

## **Finding a middle ground**

Though Sen. McConnell and a handful of other GOP senators lent their support to a short-term debt limit hike earlier this fall, McConnell subsequently vowed that Republicans would not back further debt cap increases while Democrats control Congress and instead insisted that Democrats solve the problem on their own through the budget reconciliation process—a move that would have required Democrats to amend the already-adopted fiscal year 2022 budget resolution to include reconciliation instructions calling for such a policy. Democratic leaders, however, remained adamant that the debt limit required a bipartisan solution since both parties bear responsibility for running up the nation’s credit card.

By requiring at least some GOP support to set up the filibuster-proof process, the agreement reached this week by Sens. Schumer and McConnell may be viewed as a middle ground between a pure bipartisan solution and a Democrat-only effort moved under budget reconciliation.

Republicans, however, are sure to focus more on the upcoming debt limit hike and not the bipartisan bill that enabled its passage.

“The fact of the matter is that next week, [Republicans] are going to vote against raising the debt ceiling,” said Sen. Tom Tillis, R-N.C. “Democrats are going to have to own it.”

## **Next up: Final push on Build Back Better**

With a debt limit solution now at hand and a short-term continuing resolution funding the government through February 18 of next year signed into law, the deck is cleared for Democrats to make a final push in their drive toward enactment of the large-scale tax-and-spending package known as the Build Back Better Act. (See separate coverage in this issue for details on the latest Build Back Better developments.)

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