DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

May 1, 2023

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am writing to follow up on my previous letters regarding the debt limit and to provide additional information regarding the Treasury Department's ability to continue to finance the operations of the federal government.

In my January 13 letter, I noted that it was unlikely that cash and extraordinary measures would be exhausted before early June. After reviewing recent federal tax receipts, our best estimate is that we will be unable to continue to satisfy all of the government's obligations by early June, and potentially as early as June 1, if Congress does not raise or suspend the debt limit before that time. This estimate is based on currently available data, as federal receipts and outlays are inherently variable, and the actual date that Treasury exhausts extraordinary measures could be a number of weeks later than these estimates.

It is impossible to predict with certainty the exact date when Treasury will be unable to pay the government's bills, and I will continue to update Congress in the coming weeks as more information becomes available. Given the current projections, it is imperative that Congress act as soon as possible to increase or suspend the debt limit in a way that provides longer-term certainty that the government will continue to make its payments.

Additionally, Treasury is suspending the issuance of State and Local Government Series (SLGS) Treasury securities. SLGS are special-purpose Treasury securities issued to states and municipalities to help them comply with certain tax rules. When Treasury issues SLGS, they count against the debt limit. Treasury will take this action to manage the risks associated with the debt limit, but it is not without costs, as it will deprive state and local governments of an important tool to manage their finances.

We have learned from past debt limit impasses that waiting until the last minute to suspend or increase the debt limit can cause serious harm to business and consumer confidence, raise short-term borrowing costs for taxpayers, and negatively impact the credit rating of the United States. If Congress fails to increase the debt limit, it would cause severe hardship to American families, harm our global leadership position, and raise questions about our ability to defend our national security interests.

I respectfully urge Congress to protect the full faith and credit of the United States by acting as soon as possible.

Sincerely,

Janet L. Yellen

Identical letter sent to:

The Honorable Hakeem Jeffries, House Democratic Leader
The Honorable Charles E. Schumer, Senate Majority Leader
The Honorable Mitch McConnell, Senate Republican Leader

cc: The Honorable Jason Smith, Chairman, House Committee on Ways and Means
The Honorable Richard E. Neal, Ranking Member, House Committee on Ways and Means
The Honorable Ron Wyden, Chairman, Senate Committee on Finance
The Honorable Mike Crapo, Ranking Member, Senate Committee on Finance