

Note 12. Federal Debt and Interest Payable

Federal Debt and Interest Payable as of September 30, 2020, and 2019

(In billions of dollars)	2019	Net Change	2020	Average Interest Rate	
				2020	2019
Treasury securities (public):					
Marketable securities:					
Treasury bills	2,376.4	2,651.7	5,028.1	0.2%	2.1%
Treasury notes	9,756.0	899.9	10,655.9	1.9%	2.2%
Treasury bonds	2,311.5	356.6	2,668.1	3.5%	3.9%
Treasury inflation-protected securities (TIPS)	1,454.7	67.7	1,522.4	0.7%	0.8%
Treasury floating rate notes (FRN)	424.1	54.2	478.3	0.3%	2.0%
Total marketable Treasury securities	16,322.7	4,030.1	20,352.8		
Nonmarketable securities	486.4	179.6	666.0	1.1%	2.2%
Net unamortized premiums/(discounts)	(42.7)	16.0	(26.7)		
Total Treasury securities, net (public)	16,766.4	4,225.7	20,992.1		
Agency securities:					
Tennessee Valley Authority	21.0	(1.2)	19.8		
All other agencies	0.1	-	0.1		
Total agency securities, net of unamortized premiums and discounts	21.1	(1.2)	19.9		
Accrued interest payable	73.5	(2.6)	70.9		
Total federal debt and interest payable	<u>16,861.0</u>	<u>4,221.9</u>	<u>21,082.9</u>		

Types of marketable securities:

Bills—Short-term obligations issued with a term of 1 year or less.

Notes—Medium-term obligations issued with a term of 2-10 years.

Bonds—Long-term obligations of more than 10 years.

TIPS—Term of more than 5 years.

FRN—Term of 2 years.

Federal debt securities held by the public outside the government are held by individuals, corporations, state or local governments, FRBs, foreign governments, and other non-federal entities. The above table details government borrowing primarily to finance operations and shows marketable and nonmarketable securities at face value less net unamortized premiums and discounts including accrued interest.

Securities that represent federal debt held by the public are issued primarily by Treasury and include:

- Interest-bearing marketable securities (bills, notes, bonds, inflation-protected, and FRN).

- Interest-bearing nonmarketable securities (Government Account Series held by fiduciary and certain deposit funds, foreign series, state and local government series, domestic series, and savings bonds).
- Non-interest-bearing marketable and nonmarketable securities (matured and other).

This fiscal year, Treasury expanded its domestic series to include a new special non-marketable Treasury security, known as a Special Purpose Vehicle (SPV) security. Treasury issued these securities to SPVs, which were established by the Federal Reserve to implement its emergency lending facilities under Section 13(3) of the Federal Reserve Act to respond to the COVID-19 pandemic. An SPV security is a demand deposit certificate of indebtedness for which interest accrues daily and is paid at redemption. As of September 30, 2020, the total amount of SPV securities outstanding was \$96 billion.

Gross federal debt (with some adjustments) is subject to a statutory ceiling (i.e., the debt limit). Prior to 1917, Congress approved each debt issuance. In 1917, to facilitate planning in World War I, Congress and the President first enacted a statutory dollar ceiling for federal borrowing. With the *Public Debt Act of 1941* (P.L. 77-7), Congress and the President set an overall limit of \$65 billion on Treasury debt obligations that could be outstanding at any one time; since then, Congress and the President have enacted a number of debt limit increases.

During FY 2019, Treasury faced a delay in raising the statutory debt limit that required it to depart from its normal debt management procedures and to invoke legal authorities to avoid exceeding the statutory debt limit. During this period, extraordinary actions taken by Treasury resulted in federal debt securities not being issued to certain federal government accounts with the securities being restored including lost interest to the affected federal government accounts subsequent to the end of the delay period. The delay in raising the statutory debt limit occurred from March 2, 2019 through August 1, 2019. On Friday, August 2, 2019, the *BBA of 2019* (P.L. 116-37) was enacted suspending the statutory debt limit through July 31, 2021.

As of September 30, 2020, and 2019, debt subject to the statutory debt limit was \$26,920.4 billion and \$22,686.6 billion, respectively. The debt subject to the limit includes Treasury securities held by the public and government guaranteed debt of federal agencies (shown in the table above) and intra-governmental debt holdings (shown in the following table).

**Intra-governmental Debt Holdings: Federal Debt Securities
Held as Investments by Government Accounts as of September 30, 2020, and 2019**

(In billions of dollars)	2019	Net Change	2020
Social Security Administration, Federal Old-Age and Survivors Insurance Trust Fund	2,804.4	6.8	2,811.2
Office of Personnel Management, Civil Service Retirement and Disability Fund	939.7	22.4	962.1
Department of Defense, Military Retirement Fund	827.4	88.9	916.3
Department of Defense, Medicare-Eligible Retiree Health Care Fund	254.2	14.7	268.9
Department of Health and Human Services, Federal Hospital Insurance Trust Fund	198.6	(64.9)	133.7
Federal Deposit Insurance Corporation, Deposit Insurance Fund	104.0	4.9	108.9
Social Security Administration, Federal Disability Insurance Trust Fund	96.5	0.7	97.2
Department of Health and Human Services, Federal Supplementary Medical Insurance Trust Fund	104.7	(17.2)	87.5
Department of Housing and Urban Development, FHA, Mutual Mortgage Insurance Capital Reserve Account	50.6	17.3	67.9
Department of Energy, Nuclear Waste Disposal Fund	54.0	0.7	54.7
Department of Labor, Unemployment Trust Fund	84.4	(33.9)	50.5
Office of Personnel Management, Employees Life Insurance Fund	48.2	0.9	49.1
Pension Benefit Guaranty Corporation	36.7	8.9	45.6
Office of Personnel Management, Postal Service Retiree Health Benefits Fund	44.6	(2.7)	41.9
Office of Personnel Management, Employees Health Benefits Fund	27.8	0.5	28.3
Department of State, Foreign Service Retirement and Disability Fund	19.3	0.7	20.0
National Credit Union Share Insurance Fund	15.3	1.3	16.6
U.S. Postal Service, Postal Service Fund	9.3	5.7	15.0
Pension Benefit Guaranty Corporation Deposit Fund	13.6	(0.7)	12.9
Department of Transportation, Highway Trust Fund	28.2	(16.1)	12.1
Department of the Treasury, Exchange Stabilization Fund	22.6	(11.4)	11.2
Department of Housing and Urban Development, Guarantees of Mortgage-Backed Securities Capital Reserve Account	15.7	(7.3)	8.4
Department of Transportation, Airport and Airway Trust Fund	15.0	(7.1)	7.9
All other programs and funds	95.4	3.2	98.6
Subtotal	5,910.2	16.3	5,926.5
Total net unamortized premiums/(discounts) for intra-governmental	73.1	(0.8)	72.3
Total intra-governmental debt holdings, net	5,983.3	15.5	5,998.8

Intra-governmental debt holdings represent the portion of the gross federal debt held as investments by government entities such as trust funds, revolving funds, and special funds.

Government entities that held investments in Treasury securities include trust funds that have funds from dedicated collections. For additional information on funds from dedicated collections, see Note 21—Funds from Dedicated Collections. These intra-governmental debt holdings are eliminated in the consolidation of these financial statements.