

Note 12. Federal Debt and Interest Payable

Federal Debt and Interest Payable as of September 30, 2022, and 2021 (held by the public)

(In billions of dollars)	2021	Net Change	2022	Average Interest Rate	
				2022	2021
Treasury securities:					
Marketable securities:					
Treasury bills	3,712.9	(69.2)	3,643.7	2.5%	0.1%
Treasury notes	12,570.5	1,126.0	13,696.5	1.6%	1.4%
Treasury bonds	3,340.8	526.9	3,867.7	3.0%	3.1%
Treasury inflation-protected securities (TIPS)	1,652.0	187.8	1,839.8	0.5%	0.5%
Treasury floating rate notes (FRN)	579.3	46.6	625.9	3.3%	0.4%
Total marketable Treasury securities..	21,855.5	1,818.1	23,673.6		
Nonmarketable securities.....	427.4	198.2	625.6	2.7%	1.3%
Net unamortized premiums/(discounts).	(26.8)	(44.9)	(71.7)		
Total Treasury securities, net (public).	22,256.1	1,971.4	24,227.5		
Agency securities:					
Tennessee Valley Authority.....	19.3	(0.3)	19.0		
Total agency securities, net of unamortized premiums and discounts...	19.3	(0.3)	19.0		
Accrued interest payable	69.4	12.1	81.5		
Total federal debt and interest payable.....	22,344.8	1,983.2	24,328.0		

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 5 years or more.

FRN—Term of 2 years.

Federal debt held by the public consists of securities outside the government 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).

In FY 2020, Treasury expanded its domestic series to include a new special nonmarketable Treasury security, known as a 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. The total amount of SPV redemptions in FY 2022 was \$7.0 billion, including \$0.1 billion in capitalized interest, and there were no issuances. As of September 30, 2022, and 2021, the total amount of SPV securities outstanding were \$15.4 and \$22.3 billion, respectively.

Gross federal debt, with some adjustments, is the sum of debt held by the public and intra-governmental debt holdings (discussed on the next page) and 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 \$65.0 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.

A delay in raising the debt limit that began in FY 2021 continued into FY 2022. During the period August 2, 2021, through December 15, 2021, Treasury departed from its normal debt management operations and undertook extraordinary measures to avoid exceeding the debt limit. On October 14, 2021, P.L. 117-50 was enacted, which raised the statutory debt limit by \$480.0 billion, from \$28,401.5 billion to \$28,881.5 billion. Even with this increase, extraordinary measures continued for Treasury to manage below the debt limit. Many of the extraordinary actions taken by Treasury resulted in federal debt securities not being issued to certain federal government accounts. As a result of Treasury securities not being issued to the federal employees' TSP's G Fund as of September 30, 2021, Treasury reported other liabilities of \$157.0 billion that would have been reported as Federal Debt and Interest Payable had there not been a delay in raising the statutory debt limit as of September 30, 2021, and had the Treasury securities been issued. On December 16, 2021, P.L. 117-73 was enacted, increasing the debt limit by \$2,500.0 billion from \$28,881.5 billion to \$31,381.5 billion. Treasury subsequently restored the uninvested principal and related interest to the TSP's G Fund, resulting in an increase in federal debt securities held by the public from FY 2021 to FY 2022. See Note 18—Other Liabilities and Note 23—Fiduciary Activities for additional information.

From FY 2021 to FY 2022, interest on Treasury securities held by the public increased from \$392.0 billion to \$496.5 billion. This \$104.5 billion increase primarily resulted from an increase in inflation adjustments, an increase in the average interest rate (see table above), and an increase in the outstanding debt held by the public.

As of September 30, 2022, and 2021, debt subject to the statutory debt limit was \$30,869.3 billion and \$28,401.4 billion, respectively. The debt subject to the limit includes Treasury securities held by the public and government guaranteed debt of federal entities (shown in the table above) and intra-governmental debt holdings (shown in the following table). On January 19, 2023, Treasury began taking extraordinary measures. See Note 30—Subsequent Events.

Intra-governmental Debt Holdings: Federal Debt Securities**Held as Investments by Government Accounts as of September 30, 2022, and 2021**

(In billions of dollars)	2021	Net Change	2022
Social Security Administration, Federal Old-Age and Survivors Insurance Trust Fund	2,755.8	(32.2)	2,723.6
Department of Defense, Military Retirement Fund	1,032.0	162.7	1,194.7
Office of Personnel Management, Civil Service Retirement and Disability Fund	925.8	85.9	1,011.7
Department of Defense, Medicare-Eligible Retiree Health Care Fund	289.7	32.3	322.0
Department of Health and Human Services, Federal Hospital Insurance Trust Fund	136.2	41.2	177.4
Department of Health and Human Services, Federal Supplementary Medical Insurance Trust Fund	170.7	(2.7)	168.0
Department of Transportation, Highway Trust Fund	12.0	115.5	127.5
Federal Deposit Insurance Corporation, Deposit Insurance Fund	115.5	10.0	125.5
Department of Housing and Urban Development, FHA, Mutual Mortgage Insurance Capital Reserve Account	94.1	25.8	119.9
Social Security Administration, Federal Disability Insurance Trust Fund ...	98.0	16.7	114.7
Department of Labor, Unemployment Trust Fund	53.1	20.5	73.6
Department of Energy, Nuclear Waste Disposal Fund	55.3	1.3	56.6
Pension Benefit Guaranty Corporation	50.3	5.3	55.6
Office of Personnel Management, Employees Life Insurance Fund	50.2	0.8	51.0
Office of Personnel Management, Postal Service Retiree Health Benefits Fund	38.8	(3.2)	35.6
Office of Personnel Management, Employees Health Benefits Fund	28.0	(0.7)	27.3
U.S. Postal Service, Postal Service Fund	24.7	(3.8)	20.9
Department of State, Foreign Service Retirement and Disability Fund	20.3	0.4	20.7
National Credit Union Share Insurance Fund	18.5	2.2	20.7
Department of the Treasury, ESF	22.8	(4.4)	18.4
Department of Housing and Urban Development, Guarantees of Mortgage-Backed Securities Capital Reserve Account	14.2	4.2	18.4
Department of the Interior, Abandoned Mine Reclamation Fund	2.6	11.8	14.4
Pension Benefit Guaranty Corporation Deposit Fund	15.0	(1.3)	13.7
Department of Transportation, Airport and Airway Trust Fund	15.9	(5.1)	10.8
Department of Commerce, Public Safety Trust Fund, NTIA	12.2	(12.2)	-
All other programs and funds	94.1	13.0	107.1
Subtotal	6,145.8	484.0	6,629.8
Total net unamortized premiums/(discounts) for intra-governmental	86.2	2.5	88.7
Total intra-governmental debt holdings, net	<u>6,232.0</u>	<u>486.5</u>	<u>6,718.5</u>

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. As noted above, the delay in raising the debt limit still existed as of September 30, 2021. On December 16, 2021, P.L. 117-73 was enacted, increasing the debt limit by \$2,500.0 billion from \$28,881.5 billion to \$31,381.5 billion. Treasury subsequently restored uninvested principal and related interest, resulting in an increase to the CSRDF from 2021 to 2022.

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 22—Funds from Dedicated Collections. These intra-governmental debt holdings are eliminated in the consolidation of these financial statements.