



Increasing the Debt Ceiling

What is the national debt ceiling and why is it important to older Americans?

The debt ceiling is a legal restriction on how much money the federal government can borrow to pay its bills. Congress instituted the debt ceiling in 1917 as a way to rein in federal agencies that were ignoring Congress and setting their own budgets, and it has been raised 78 times since 1960.

Raising the debt limit is necessary to meet the financial obligations the government has already made and ensures that vital payments to Social Security and Medicare beneficiaries continue uninterrupted. The federal government borrows money by issuing bonds to pay its bills. Raising the debt limit allows the federal government to continue issuing bonds, which are backed by the full faith and credit of the United States.

If Congress does not raise the debt ceiling and defaults by not paying its obligations on its bonds, the consequences would be disastrous for the United States and the world economy. Under a default, the government would be forced to prioritize among various expenditures it is already legally bound to pay. It is also possible that a default could lead the government to have to delay or disrupt Social Security payments, the issuance of tax refunds or the payment of salaries for federal employees and military personnel.

Serious concern about increasing the debt ceiling has arisen since the Republican Party became the majority party in the House of Representatives in January. In exchange for votes to become the House Speaker, Rep. Kevin McCarthy promised to cap spending at 2022 levels, which would cut \$130 billion from last year's FY 2023 funding bill, enacted in December, and also severely reduce FY 2024 government funding. These federal agency funding cuts would harm seniors, communities and families across the country.

At least 127 members of the House Republican Study Committee have released a budget for fiscal 2023 that will increase the eligibility ages for Social Security and Medicare, and reduce benefits for people 54 and younger by changing the Social Security benefit formula. In addition, many House Freedom Caucus members demanded that Speaker McCarthy commit to leverage the debt ceiling vote to force President Biden and Democrats to agree to slash Social Security and Medicare in exchange for voting for him as Speaker.

Alliance for Retired Americans Position

The Alliance for Retired Americans supports increasing the debt ceiling with no strings attached to it. Moreover, the Alliance is strongly opposed to the harmful cuts to Social Security, Medicare and the federal budget as a whole proposed by the Republican Party. This position is also shared by House and Senate Democrats and the White House.

Retirees have earned their Social Security and Medicare benefits after a lifetime of hard work. These earned benefits ensure that older Americans receive the health care they need and provide necessary income for more than 66 million Americans. Nearly 50% of retired Americans depend on Social Security for half of their income, while one in four over age 65 relies on Social Security for 90% of their income.

Medicare guarantees quality health care coverage to over 64 million older Americans. Both Social Security and Medicare are earned benefits, not government handouts, and should absolutely not be cut or compromised.

The Alliance demands that Congress reject the threats to cut Social Security, Medicare and other critical social programs for seniors. We believe that Congress must not, under any circumstances, allow MAGA Republicans to dictate destructive policies that would be harmful not only to seniors but to all Americans.