



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

October 1, 2013

The Honorable John A. Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am writing to follow up on my previous letters regarding the Department of the Treasury's responsibility to finance the government and to protect the full faith and credit of the United States.

In May of this year, the U.S. government reached the statutory debt limit, and Treasury began taking certain extraordinary measures to be able to continue, on a temporary basis, to pay the nation's bills. Today, I am writing to inform Congress that as of today Treasury has begun using the final extraordinary measures. There are no other legal and prudent options to extend the nation's borrowing authority. The impact of these measures was incorporated into the forecast that I shared with you last week, and Treasury continues to believe that extraordinary measures will be exhausted no later than October 17, 2013.

Each of these measures is authorized by law, and each has been used by previous Secretaries of the Treasury during past debt limit impasses:

- Treasury will suspend, as necessary, the daily reinvestment of the portion of the Exchange Stabilization Fund that is invested in Treasury securities.
- Treasury will enter into a debt swap with the Federal Financing Bank and the Civil Service Retirement and Disability Fund (CSRDF), which will lead to the elimination of a limited amount of debt that counts against the debt limit. Although this measure is of limited value, I have determined that it should be used given the urgency of the situation.
- With regard to the CSRDF, I have previously determined that a "debt issuance suspension period" exists through October 11. I have now determined that, by reason of the statutory debt limit, I will continue to be unable to fully invest the portion of the CSRDF not immediately required to pay beneficiaries, and that the debt issuance suspension period will continue through October 17.

As previously noted, all of these measures were incorporated into the estimate that I provided last week and do not provide Congress with more time to act. It is important to note that once the final extraordinary measures are exhausted, no later than October 17, we will be left to meet our country's commitments at that time with only approximately \$30 billion. This amount would be far short of net expenditures on certain days, which can be as high as \$60 billion. Although the current lapse in appropriations creates some additional uncertainty, we do not believe it will impact our projections materially unless it continues for an extended period of time. If we have insufficient cash on hand, it would be impossible for the United States of America to meet all of its obligations for the first time in our history. For this reason, I respectfully urge Congress to act immediately to meet its responsibility by extending the nation's borrowing authority.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew". The signature is fluid and cursive, with a large initial "J" and "L".

Jacob J. Lew

Identical letter sent to:

The Honorable Nancy Pelosi, House Democratic Leader
The Honorable Harry Reid, Senate Majority Leader
The Honorable Mitch McConnell, Senate Republican Leader

cc: The Honorable Dave Camp, Chairman, House Committee on Ways and Means
The Honorable Sander M. Levin, Ranking Member, House Committee on Ways and Means
The Honorable Max Baucus, Chairman, Senate Committee on Finance
The Honorable Orrin G. Hatch, Ranking Member, Senate Committee on Finance
All other Members of the 113th Congress