

February 19, 2003

The Honorable Dennis Hastert
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

In December of last year, Deputy Secretary Kenneth Dam wrote Congress requesting an increase in the statutory debt limit. Because the debt limit has not yet been raised, I must inform Congress that, pursuant to 5 U.S.C. § 8438(h)(2), it is my determination that, by reason of the public debt limit, I will be unable to fully invest the Government Securities Investment Fund (“G-Fund”) of the Federal Employees Retirement System in special interest-bearing Treasury securities, beginning on February 20, 2003. The statute governing G-Fund investments explicitly authorizes the Secretary of the Treasury to suspend this G-Fund investment to avoid breaching the statutory debt limit. Such a suspension action was taken by my predecessors both last year and also in 1995.

G-Fund beneficiaries are fully protected and will suffer no adverse consequences from this action. The statute ensures that once the Secretary of the Treasury can make the G-Fund whole without exceeding the public debt limit, he is to do so. Under the governing law in this case, the G-Fund will receive complete restoration of all funds temporarily affected by this necessary action, including full and automatic restoration of any interest that would have been credited to the Fund. In short, the result on the G-Fund and its beneficiaries will be the same as if this temporary action had never taken place.

I know that you share the President’s and my commitment to maintaining the full faith and credit of the U.S. government, especially at this critical time. Together we must continue working to enact an increase in the statutory debt limit as quickly as possible to avoid any negative repercussions at home or abroad.

Sincerely,

John W. Snow

Also sent to:

Rep. DeLay - House Majority Leader

Rep. Pelosi - House Minority Leader

Rep. Thomas - Ways & Means Chairman

Rep. Rangel - Ways & Means Ranking Member

Rep. Nussle - Budget Committee Chairman

Rep. Spratt - Budget Committee Ranking Member

Rep. Oxley - Financial Services Committee Chairman

Rep. Frank - Financial Services Ranking Member

Rep. Davis - Government Reform Chairman

Rep. Waxman - Government Reform Ranking Member

Sen. Frist - Senate Majority Leader

Sen. Daschle - Senate Minority Leader

Sen. Stevens - President Pro Tempore of the Senate

Sen. Grassley - Finance Chairman

Sen. Baucus - Finance Ranking Member

Sen. Shelby - Banking, Housing, and Urban Affairs Chairman

Sen. Sarbanes - Banking, Housing, and Urban Affairs Ranking Member

Sen. Nickles - Budget Chairman

Sen. Conrad - Budget Ranking Member

Sen. Collins - Governmental Affairs Chairman

Sen. Lieberman - Governmental Affairs Ranking Member