



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

May 19, 2003

The Honorable J. Dennis Hastert
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am notifying you, as required under 5 U.S.C. § 8348 (1)(2), that it is my determination that by reason of the statutory debt limit I will continue to be unable to invest fully the portion of the Civil Service Retirement and Disability Fund (CSRDF) not immediately required to pay beneficiaries. For purposes of the CSRDF statute, I have determined that a "debt issuance suspension period", previously determined to last until July 11, 2003, will last until December 19, 2003. Therefore, during this debt issuance suspension period, the Treasury Department will continue to suspend additional investments of amounts credited to the CSRDF and redeem an additional portion of the investments held by the CSRDF, as authorized by law. Beneficiaries will be fully protected and will suffer no adverse consequences. The CSRDF statute requires that the Treasury restore all due interest and principal to the CSRDF as soon as this can be done without exceeding the public debt limit.

This action is necessary because the United States Senate has yet to take up legislation to increase the public debt limit. The Treasury faces payment obligations in late May that cannot be met without an increase in the statutory debt limit. During the latter half of May and through the first week of June, projected incoming receipts will be insufficient to cover government expenditures. Such expenditures include individual and business tax refunds of approximately \$21 billion, payments of over \$5 billion to active and retired military personnel, payments of over \$12 billion to defense vendors, and Social Security and Medicare benefits of over \$40 billion.

This final action by the Treasury will provide room under the debt ceiling until on or about May 28, 2003. The Treasury has now taken all prudent and legal steps to avoid reaching the statutory debt limit, including reducing the size of our regular bill auctions and drawing down available cash. An immediate permanent increase in the debt limit is crucial to preserve the confidence in the US Government and to prevent uncertainty that would adversely affect our economic recovery. I therefore strongly urge the Senate to immediately pass the debt limit increase that has already been transmitted by the House.

Sincerely,

John W. Snow