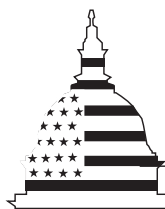


September 1999

FEDERAL DEBT

Debt Management in a Period of Budget Surplus



GAO

Accountability * Integrity * Reliability



United States General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-283077

September 29, 1999

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives

You asked us to provide additional information on debt management issues to supplement our recent publication, *Federal Debt: Answers to Frequently Asked Questions—An Update* (GAO/OCG-99-27, May 28, 1999). In this report, we discuss actions taken by the Department of the Treasury to manage the marketable debt held by the public during the recent period of unified budget surpluses.

The Treasury's stated goals for debt management—to have sufficient operating cash to meet the government's obligations, to achieve lowest financing cost, and to promote broad and deep capital markets—have remained the same to date regardless of whether the unified budget is in surplus or deficit. However, surpluses raise different debt management challenges in meeting these goals. The smaller amount of outstanding debt reduces the Treasury's flexibility to sustain efficient markets across the wide variety of instruments in demand by potential investors. Balancing debt management goals in a time of surplus has prompted the Treasury to consider new approaches affecting

- the profile (type and maturity) of debt held by the public,
- the management of cash balances, and
- the development of strategies to actively change the characteristics and volume of outstanding debt.

To answer your request, we reviewed publications¹ and interviewed officials of the Treasury Department from May 1999 through August 1999 in Washington, D.C.

Background

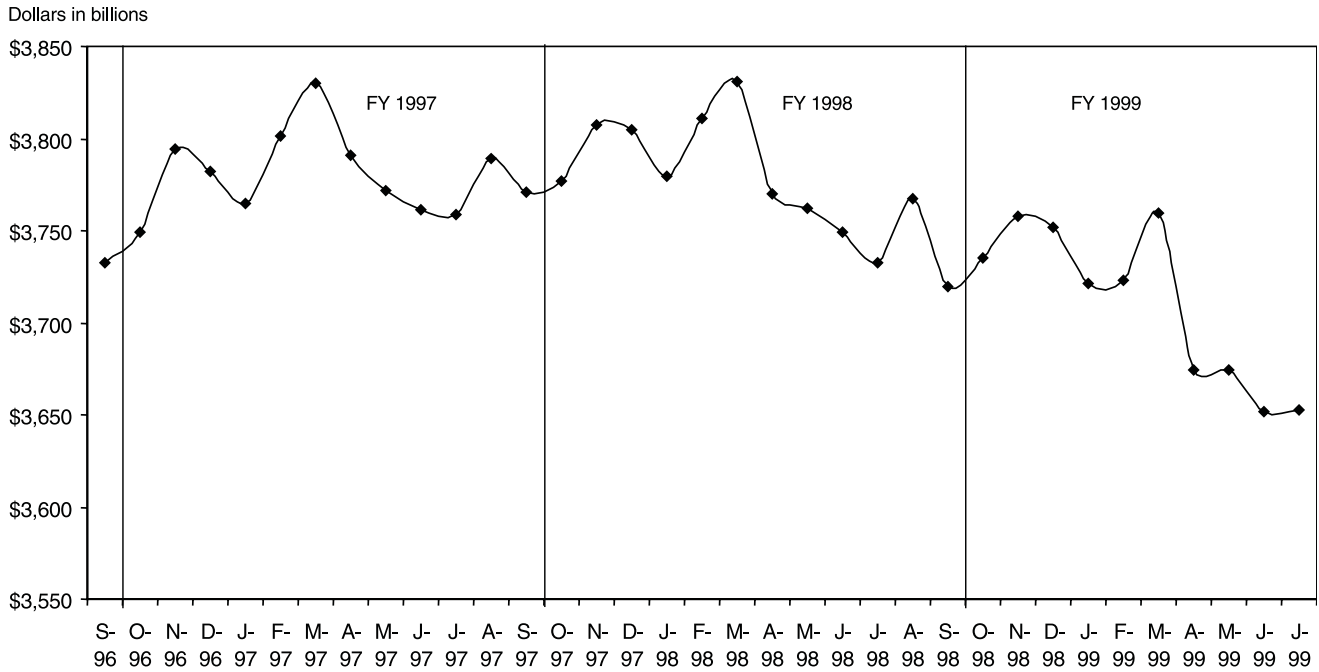
In fiscal year 1998, the federal unified budget turned from having an annual deficit to having a surplus—the first unified budget surplus since 1969. The fiscal year 1998 unified budget surplus resulted in about a \$51 billion reduction in debt held by the public. Because a unified budget surplus reduces the amount of outstanding debt held by the public, this change has implications for the Treasury's management of the federal debt. The Congressional Budget Office's (CBO) recent projections show that continuing unified budget surpluses could reduce outstanding debt held by the public from about \$3.6 trillion in fiscal year 1999 to \$0.9 trillion over the next 10 years.² As figure 1 shows, the debt held by the public reached a peak of \$3.83 trillion in March 1998 and dropped to \$3.65 trillion on July 31, 1999.³

¹For this report, we used the *Daily Treasury Statement* and *Monthly Treasury Statement*, published by the Treasury's Financial Management Service, and the *Monthly Statement of the Public Debt of the United States*, published by the Treasury's Bureau of the Public Debt, as the sources of data.

²These budget projections assume compliance with discretionary spending caps on such spending through 2002, that discretionary spending will grow at the rate of inflation thereafter, and that all surpluses are used to reduce debt.

³This total is net of unamortized premiums and discounts on public debt securities.

Figure 1: Federal Debt Held by the Public, September 1996 through July 1999



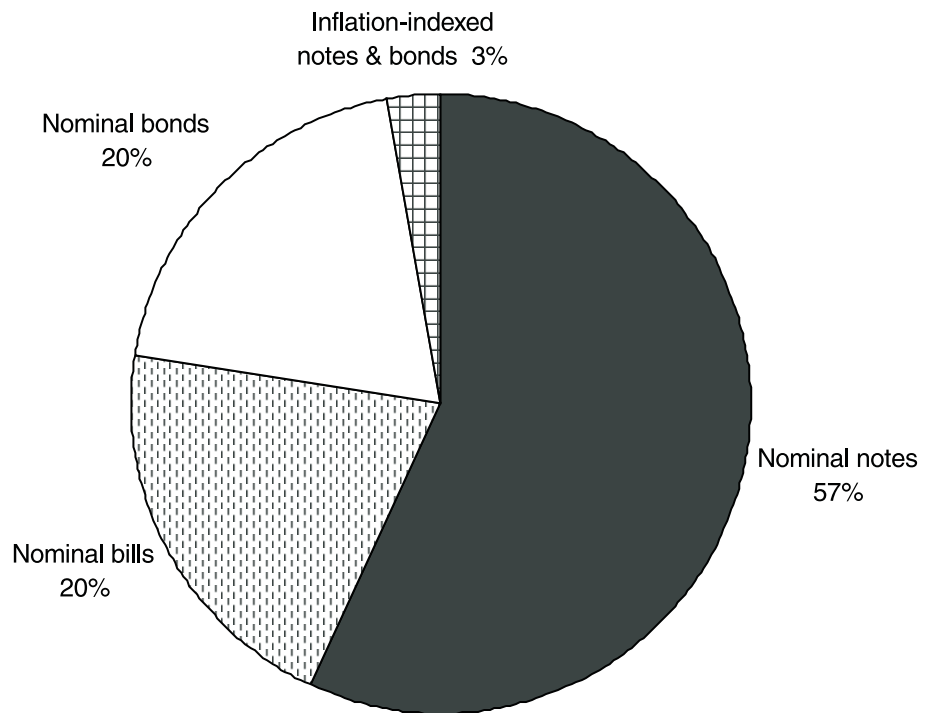
Source: Monthly Treasury Statement, Department of the Treasury.

Just as deficits lead to increased borrowing, surpluses generally result in the Treasury retiring debt. These two actions are not symmetrical, however. When the debt is increasing, the Treasury is issuing more securities than are maturing and is adding to the amount of debt outstanding. By selecting the instruments with which to borrow, the Treasury can have a greater effect on the maturity profile of the outstanding debt. In contrast, during periods of surplus, the Treasury is retiring more debt than it is issuing. Because the Treasury is not adding to the amount of debt outstanding, the maturity profile is more determined by the maturities of the remaining outstanding debt. As a result, the profile of outstanding marketable debt—both the type of security and when the debt matures—is a significant determinant of how and when the Treasury can reduce debt.

The profile of the Treasury's marketable securities consists of bills that mature in a year or less, notes with original maturities of at least 1 year to not over 10 years, and bonds with original maturities of more than 10 years

out to 30 years. As figure 2 illustrates, as of July 1999, 57 percent of the outstanding marketable public debt is nominal (not adjusted for inflation) notes, 20 percent is bills, 20 percent is nominal bonds, and the remaining 3 percent is inflation-indexed notes and bonds.

Figure 2: Treasury Bills, Notes, and Bonds as Percentages of Marketable Public Debt Outstanding, July 31, 1999



Source: *Monthly Statement of the Public Debt of the United States*, Department of the Treasury.

The mix of Treasury securities outstanding—the profile of maturing debt—changes as new debt is issued or existing debt is retired. The profile of securities is important because it can have a significant influence on interest payments and liquidity.⁴ For example, over an extended period of time, a long-term bond typically carries a higher interest rate—or cost to the government—than a shorter-term security because investors demand

⁴A liquid market is one in which trading can be completed at will and the offer and purchase prices differ only slightly.

higher interest to compensate for what they see as greater risks, such as higher inflation in the future. However, long-term bonds offer the government the certainty of knowing what the Treasury's payments will be over a longer period and spread out refinancing requirements over a longer period. At the other end, short-term debt generally carries a lower interest rate because the risks are carried over a shorter period of time. However, issuing too much short-term debt exposes the Treasury to increased interest rate risk as it must go to the market more often. The debt profile is also important because it can influence the Treasury's choices about how to reduce debt held by the public and its ability to respond to market changes.

Results in Brief

The transition from annual unified budget deficits to surpluses has had consequences for both the profile of outstanding federal debt held by the public as well as the Treasury's strategies for achieving its debt management objectives. The effect of better-than-expected fiscal outcomes in 1997 and 1998 initially resulted in reductions in short-term debt. The "April surprise" that occurred in fiscal years 1997 and 1998 created a situation in which the Treasury suddenly and quickly absorbed unexpectedly high tax revenue. Since some bills mature each week, the unexpected cash inflows were used to redeem bills. However, according to a Treasury official, bills were redeemed at such high levels that the liquidity of the bill market was adversely affected and the average life of marketable debt increased modestly.

The Treasury took steps subsequent to April 1998 to position itself better to reduce debt while promoting market liquidity for its securities, keeping its costs low, and achieving cash management goals. Rather than across-the-board reductions in all issues, the Treasury decided to concentrate its borrowing in fewer but larger debt offerings, eliminating the 3-year note and reducing the frequency of the 5-year note from monthly to quarterly in May 1998. To better prepare for the possibility of another larger-than-expected influx of April tax receipts in fiscal year 1999, the Treasury operated with a lower cash balance and issued cash management bills to ensure adequate cash balances. This cash management strategy increased the Treasury's flexibility and permitted the Treasury to more quickly apply the surplus to debt reduction in fiscal year 1999 than in fiscal year 1998.

In the first 10 months of fiscal year 1999, the Treasury rebalanced its debt portfolio by shifting its debt reduction efforts from Treasury bills to Treasury notes. The Treasury chose to reduce the volume of notes

outstanding even during months when spending exceeded receipts, issuing more bills during this period. Collectively, these actions shortened the average maturity of outstanding debt while improving liquidity in the bill market.

While total debt held by the public continues to decrease because of the unified budget surplus, the Treasury may use other tools to concentrate new debt into larger issues and to redeem higher cost or less liquid outstanding debt before it matures. These actions include reopening the most recent securities issues (selling more of the most recent issue rather than opening a new issue), repurchasing outstanding debt before it matures, and redeeming callable securities as they become callable. If implemented, these initiatives could enhance the Treasury's ability to support two of its goals—a broad, deep market for Treasury securities and lowest cost financing—while at the same time ensuring adequate cash balances.

The Treasury's Evolving Debt Management Strategy

The transition from unified budget deficits to unified budget surpluses was accelerated by greater-than-projected net revenues. In fiscal years 1997 and 1998, both the Office of Management and Budget and the Congressional Budget Office underestimated revenues. As a result, cash flows from tax receipts in April of each of these years provided substantially more cash than expected. Because fiscal year 1998 was the first year with an annual unified budget surplus, the Treasury initially retained the cash, increasing operating cash balances, and did not significantly reduce total debt held by the public. However, over the full fiscal year, the Treasury did change the profile of outstanding debt by significantly reducing bills, reducing some notes, and continuing to issue bonds and inflation-indexed securities. (See figure 3.) Bills are the most readily available instrument with which to make changes in the securities mix because new bills are issued and maturing bills are redeemed weekly. Although in fiscal year 1998 total marketable debt declined 3.2 percent, the amount of outstanding bills fell 9.2 percent. The result of concentrating fiscal year 1998 debt reduction on bills is that about \$64 billion fewer bills will mature in 1999 than matured in 1998.

In addition, this disproportionate redemption of short-term debt also caused the average maturity of the debt to lengthen modestly (from 5 years and 3 months at the beginning of fiscal year 1997 to 5 years and 8 months in May 1998). If left unaddressed, the shortage of bills and the lengthening of the average maturity of outstanding debt could have increased the

Treasury's cost of borrowing. According to Treasury and Federal Reserve officials, the amount of bills reduced was sufficiently large to cause the market for bills to become less liquid.

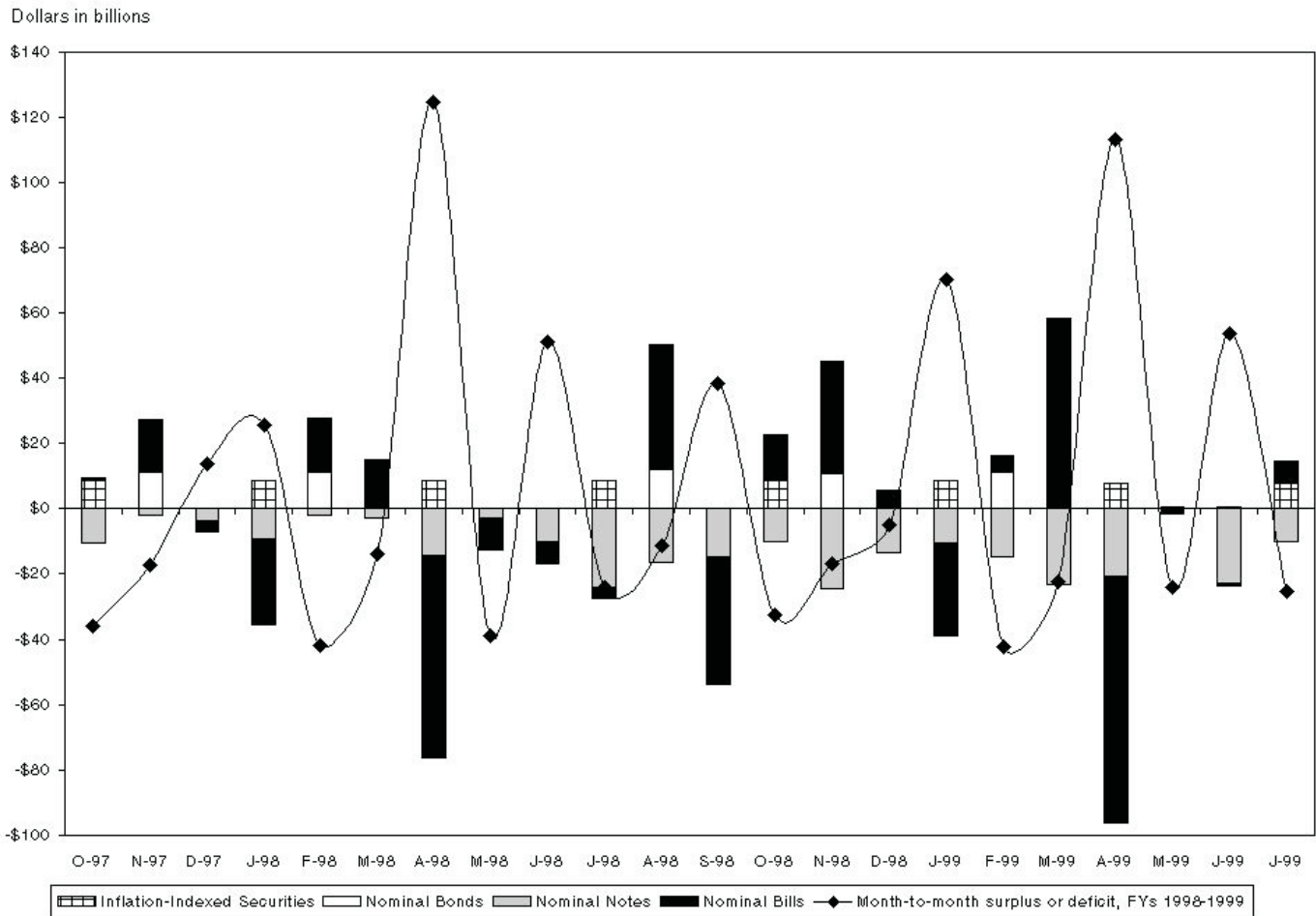
Immediately following the April 1998 surge in tax receipts, the Treasury began to take actions to better position itself to reduce debt while continuing to support its three debt management goals. The Treasury decided to concentrate its borrowing on fewer, larger issues instead of making across-the-board cuts among all debt issues. As part of this initiative, in May 1998, the Treasury eliminated the 3-year note and reduced the frequency of issuance of the 5-year note from monthly to quarterly.

In fiscal year 1999, the Treasury continued to address the liquidity in the bill market by rebalancing its portfolio of debt. To prevent further erosion of bill liquidity, the Treasury targeted its debt reduction on notes rather than on bills—a decision that also helped to shorten the average maturity of outstanding debt.⁵ Targeting debt reduction to notes was complicated by the fact that slightly more than half of the notes coming due in 1999 matured in the first half of the fiscal year—a time when outlays generally are greater than receipts and the Treasury needs to be a net issuer of debt. As figure 3 shows, cash flows follow cyclical patterns driven by the seasonal nature of receipts and outlays, and the Treasury has to borrow during months of negative cash flow even when the unified budget is expected to be in surplus for the full year.

Despite these hurdles, the Treasury has reduced the volume of notes outstanding in 9 of the first 10 months in fiscal year 1999, even in months when outlays exceeded receipts. The Treasury has used two strategies to facilitate rebalancing the portfolio of outstanding debt. First, by issuing more bills during months of negative cash flows, the Treasury generally could redeem notes. (See figure 3.) This strategy also addressed the liquidity problem in the bill market and shortened the average maturity of outstanding debt.

⁵The Treasury continues to replace some nominal debt with inflation-indexed debt. Inflation-indexed notes and bonds, which were introduced in January 1997, grew to 1.8 percent of privately held marketable securities by the end of fiscal year 1998 and to 3 percent as of June 1999.

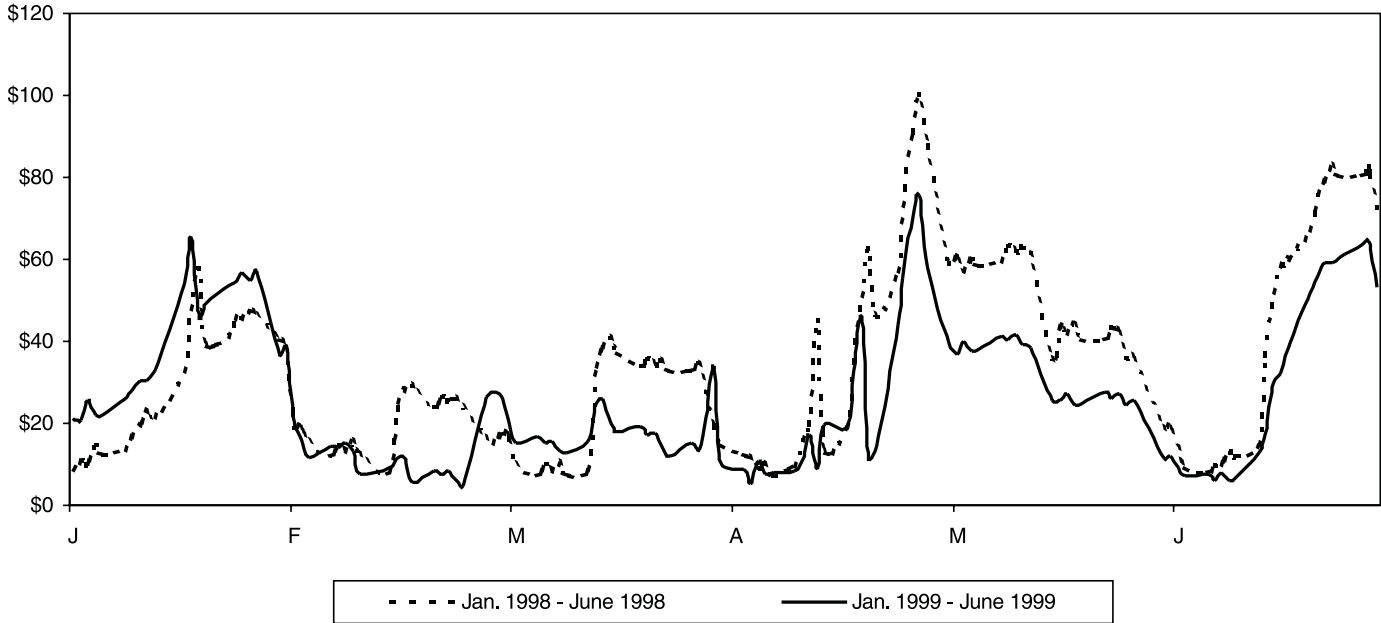
Figure 3: Month-to-Month Change in Treasury Securities and Budget Deficit or Surplus, October through July, Fiscal Year 1999 and 1998



Source: *Monthly Treasury Statement and Monthly Statement of the Public Debt of the United States*; Department of the Treasury.

Portfolio rebalancing also was facilitated by the Treasury's willingness to hold lower cash operating balances. As figure 4 shows, cash balances generally have been lower from February to June in fiscal year 1999 than in comparable months during fiscal year 1998. The Treasury was able to use more of the cash from the surplus to reduce outstanding debt because they operated with lower cash balances.

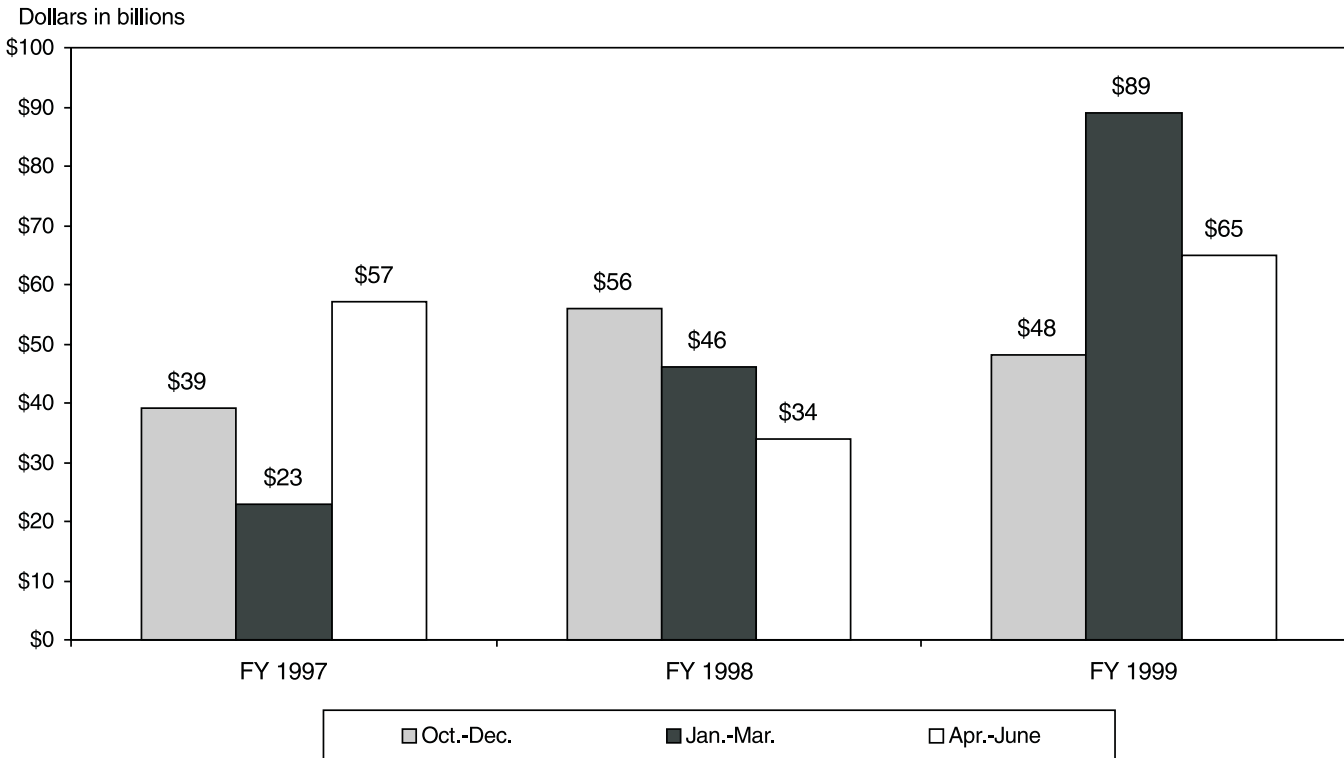
Figure 4: Treasury's Daily Cash Balance, January through June, Fiscal Years 1998 and 1999 (Dollars in billions)



Source: *Daily Treasury Statement*; Department of the Treasury.

This cash management strategy included a more active use of cash management bills in 1999. The Treasury uses cash management bills to bridge the low points in cash flow, thereby facilitating lower cash operating balances. Issuing cash management bills in months when cash flows were negative also helped the Treasury to reduce debt in these months when it otherwise would not have been able to do so. (See figure 5, which compares the Treasury's use of cash management bills in the first 9 months of fiscal years 1997 through 1999).

Figure 5: Treasury's Cash Management Bills Issued in the First 9 Months of Fiscal Years 1997 through 1999



Source: *Daily Treasury Statement*, Department of the Treasury.

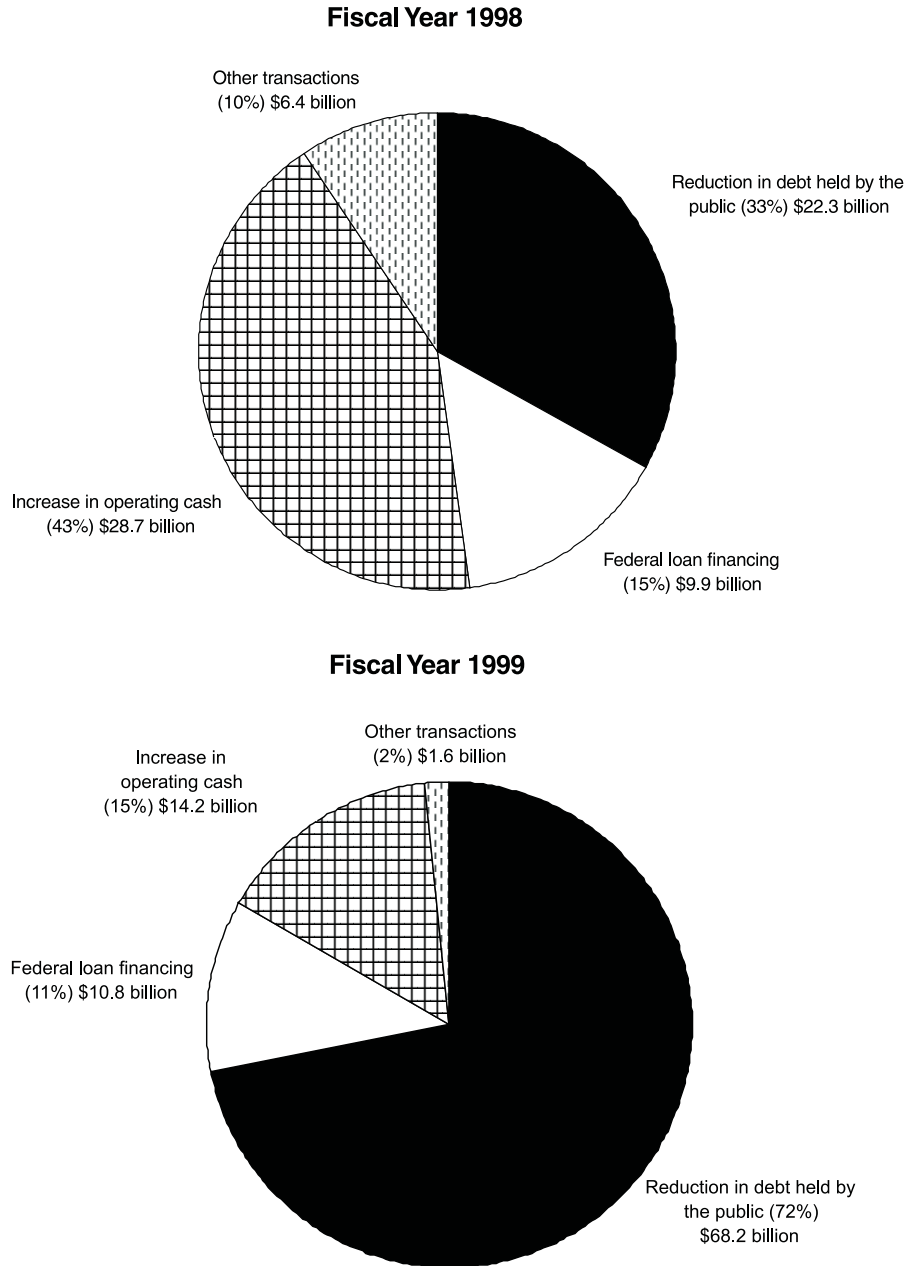
Cash management bills are the Treasury's most flexible debt management instrument. These bills are issued at irregular intervals with maturities generally ranging from a few days to about 6 months. Although the initial yield is generally higher than regular bills with fixed maturities, these bills allow the Treasury to make lower interest payments overall because of their generally shorter maturity. The expanded use of cash management bills and the Treasury's willingness to hold lower cash balances together contributed to the Treasury's ability to reduce notes in months when cash flows were negative.

When viewed over the entire 9-month period, these strategies helped the Treasury use a larger share of unified budget surpluses for debt reduction in 1999 than in 1998. As figure 6 shows, a budget surplus does not translate dollar-for-dollar into debt reduction because the cash obtained from surpluses can be used to increase cash balances, to finance Federal direct loan and loan guarantee programs,⁶ and for other transactions (largely changes to accrued interest and checks outstanding).⁷ Figure 6 compares the allocation of the surpluses for the first 9 months of fiscal years 1999 and 1998. Seventy-two percent, (\$68 billion), of the fiscal year 1999 unified budget surplus through June 1999 has been used to reduce debt. In contrast, in a comparable period in fiscal year 1998 only 33 percent, (\$22 billion), of the surplus was used to reduce debt.

⁶The Federal loan and loan guarantee financing accounts are not included in the budget surplus, but they do affect the Treasury's financing needs. The amount of the surplus used to fund direct and loan guarantees made by the government results from the size of program activity not decisions by Treasury officials.

⁷Several items in the federal budget, such as interest and federal loan programs, are recorded on an accrual or present value basis. The Treasury's cash balances must be adjusted for these and other accrued outlays and receipts so that the Treasury can ensure that it maintains a positive cash balance. This adjusted cash balance is the basis for the Treasury's borrowing.

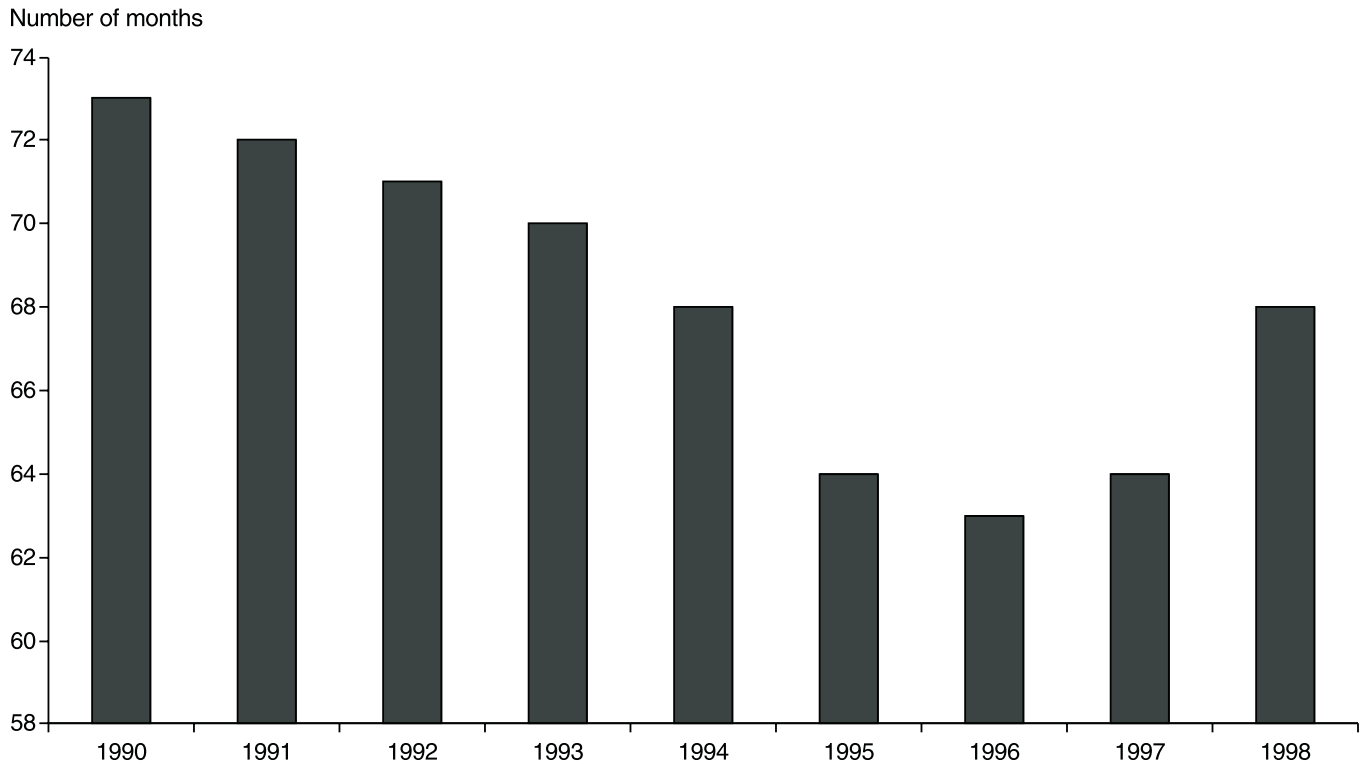
Figure 6: Allocation of Unified Budget Surpluses, October to June, Fiscal Years 1998 and 1999



Source: *Monthly Treasury Statement*, Department of the Treasury.

The average maturity of outstanding debt has lengthened from 5 years and 3 months in 1996 to 5 years and 9 months in February 1999. The Treasury's actions in fiscal year 1999—reducing relatively more notes than bills—have been aimed at partially offsetting this trend and in March 1999 the average maturity of outstanding debt stood at 5 years and 6 months. Nevertheless, if the Treasury continued to sell new securities on the May 1999 schedule, the average maturity of the outstanding debt would continue to grow. This would happen because the Treasury would redeem short-term securities as they mature and longer-term securities would remain outstanding. Figure 7 shows the trend in average maturity of outstanding debt from 1990 to 1998. The Treasury recently announced further changes to its auction schedule intended to enable it to counter the lengthening in the average maturity of debt.

Figure 7: Average Length of Marketable Public Debt, 1990-1998



Source: *Treasury Bulletin*, Department of the Treasury.

The Treasury announced in August 1999 that it will reduce the frequency of issuance of 30-year bonds from 3 times a year to twice a year. This will allow the Treasury to continue to concentrate on fewer but larger benchmark issues and to partially counter the current lengthening of the average maturity of outstanding debt. Treasury officials also announced that they are considering reducing the frequency of issuance of 1-year bills and 2-year notes. This move would allow the Treasury to increase the liquidity of the remaining benchmark issues.

Other Tools to Increase the Treasury's Flexibility in Managing the Debt

While the surplus is leading to a decrease in total debt held by the public, the continued ability to issue new debt securities is important to a number of the Treasury's goals. Continuing to issue new debt across the maturity spectrum and especially in certain "benchmark" securities⁸ would support the Treasury's current goals of obtaining the lowest financing cost and maintaining a broad, deep market for U.S. securities.

Three actions that allow the Treasury more flexibility in debt management are (1) to reopen an issue, that is, to increase the size of an existing issue to make it more liquid rather than open a new issue, (2) to repurchase outstanding Treasury securities before their maturity dates, and (3) to redeem callable securities before their original maturity dates.

Reopen Current Issues

The Treasury can increase the liquidity of outstanding issues by continuing to sell debt from the most recent issue (reopening) rather than opening new issues. This strategy is useful when the Treasury wants to issue a small amount of a given type of security and it determines that the overall cost of reopening is lower than it would be for new issues. The Treasury uses reopenings regularly for bills and has used this tool in the past for notes and bonds. Reopening allows the Treasury to concentrate its new debt into larger, more liquid issues.

Two other tools—advance repurchase of securities and redeeming callable bonds—would target one segment of outstanding debt by either inviting or requiring investors respectively to redeem securities they currently hold. Reducing the amount of outstanding debt through advance repurchase of non-callable and callable securities allows the Treasury to reduce specific, less liquid debt issues and to issue new, more liquid (and generally lower

⁸The most recently issued Treasury securities, known as "benchmark" issues, are used by other financial services to price their products.

cost) benchmark securities across the maturity spectrum and in greater volume than would otherwise be possible.

Advance Repurchase of Debt

In a period of unified budget surpluses, when the Treasury is reducing the amount of debt held by the public, repurchasing debt in advance of its maturity is one tool to allow the Treasury to use the cash obtained from budget surpluses to retire outstanding debt. This tool would allow the Treasury to maintain a higher volume of new, more liquid benchmark securities. Although not a primary reason for the advance repurchases, the Treasury said that it might also occasionally reduce the government's interest outlays by replacing repurchased debt with new lower-yield debt.

Section 3111 of title 31, United States Code, authorizes the Treasury to purchase back its outstanding securities, at or before maturity. As indicated by the Treasury in its response to congressional inquiry, this statute provides that money received from the sale of obligations, as well as other money in the general fund of the Treasury, may be used to buy, redeem, or refund outstanding securities (bonds, notes, certificates of indebtedness, or savings certificates) at or before maturity, including securities trading at a premium. In 1978, the Attorney General decided that this provision constitutes a permanent indefinite appropriation, which the Treasury could use for purchase, redemption, or refund of securities. Likewise, the Comptroller General has recognized that section 3111 provides the Treasury with discretion to use any money in the general fund to purchase, redeem, or refund public debt obligations.

Earlier this year, Treasury officials said that they were studying the “mechanics and the advisability” of inviting investors to offer to sell notes and bonds they hold to the Treasury. On August 4, 1999, the Treasury published proposed rules that would establish a reverse auction—where primary dealers submit offers to sell (rather than buy) a security. Comments on these proposed rules are due on or before October 4, 1999.

Repurchasing debt could necessitate the payment of a premium since most of Treasury's older securities were issued with interest rates higher than those of securities issued today. Any premium paid to buy back debt might be treated as an interest outlay in the budget year when the securities are repurchased.

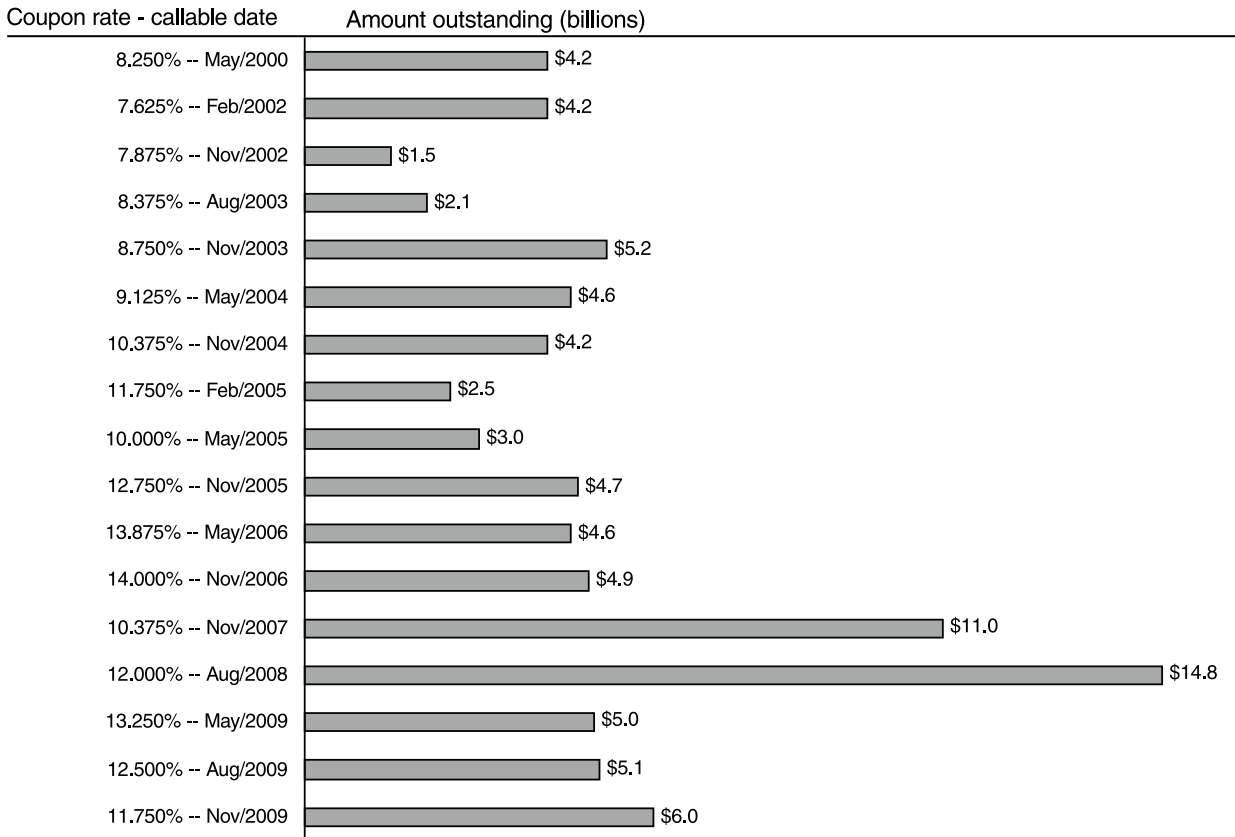
In 1998, Canada introduced a pilot program—a reverse auction to repurchase existing, less liquid bonds from primary dealers and the issuance of replacement current benchmark bonds. This is one part of

Canada's strategy to maintain a well-functioning market in benchmark securities. The goal of the buy back program was to improve the liquidity of the 2-, 5-, 10-, and 30-year notes. According to an official of Canada's Ministry of Finance, an assessment of the pilot program's results will be available later this year.

Callable Bonds

In some years, the Treasury has another way to redeem certain securities before their maturity dates. Before December 1984, the Treasury issued bonds that can be redeemed at the Treasury's option 5 years in advance of the maturity dates (or on any interest payment date thereafter, after providing four months notice) without paying a premium. Although the Treasury has not issued these "callable" bonds since November 1984, a number of outstanding callable bonds with relatively high interest rates could be redeemed beginning in 2000. There are \$87.6 billion in high-interest bonds that can be called between May 2000 and November 2009. The Treasury could redeem these bonds as one strategy to reduce the amount of debt held by the public and reduce interest costs. (See figure 8.)

Figure 8: Callable High-Interest Rate Treasury Bonds (End of Fiscal Year 1998)



Source: *Monthly Statement of the Public Debt of the United States*; Department of the Treasury.

Future Debt Challenges

Budget surpluses offer the prospects of significant benefits for both the budget and the economy in the near and longer term. However, surpluses pose challenges to the Treasury's debt management. Declining levels of debt prompt the need to make choices over how to allocate debt reduction across the full maturity range of securities used.

The stakes associated with debt reduction strategies are considerable. As debt declines, the Treasury faces more difficult trade-offs in achieving broad and deep markets for its securities and the lowest cost financing for the government. Moreover, a wide variety of government and private sector participants both here and abroad have come to rely on Treasury securities to meet their investment needs. Both declining amounts of Treasury

securities as well as shifts in their composition affect the interests of these participants. These changes, for instance, may very well affect the use of Treasury securities as benchmarks to price other financial transactions. Although markets tend to adjust to these shifts over time, changes may not be seamless or without cost.

Projections of continuing and increased unified budget surpluses suggest that the challenges to debt management experienced in 1998 and 1999 are a harbinger of more difficult decisions yet to come. The CBO July 1999 baseline projected that debt held by the public would decrease from \$3,618 billion in fiscal year 1999 to \$865 billion in fiscal year 2009, assuming compliance with discretionary spending caps through 2002, growth at the rate of inflation thereafter, and that all projected surpluses are used to reduce debt. To gain an appreciation of the size of the projected reduction, consider that the level of debt held by the public projected by CBO for 2009 is less than the dollar amount of federal securities owned by the Federal Reserve and state and local governments combined at the end of fiscal year 1998. The particular allocation of securities will be determined by a number of factors but the comparison above gives a sense of the size of the continuing and more extensive adjustments by both the Treasury and market participants.

As debt held by the public continues to shrink, there will be greater pressure on the Treasury to further concentrate debt in fewer issues to maintain deep and liquid markets. Moreover, the Treasury will need to reassess its issuance of nonmarketable securities such as state and local government securities series and savings bonds. In a similar situation, Canada has begun a pilot program to consolidate its portfolio by buying back outstanding smaller, less liquid issues, allowing a simultaneous auction of new, larger replacement benchmark issues. The U.S. Treasury has taken a number of actions to concentrate its portfolio already and is considering other strategies to enable them to issue new and more liquid issues as overall debt declines, such as buying back outstanding less liquid debt.

Given the wide range of interests at stake, initiatives to concentrate debt on fewer issues are bound to raise concerns among various groups of market participants. The Treasury has a tradition of working closely with these groups. Obtaining information from the Treasury's ongoing contacts with market participants is especially valuable as debt held by the public decreases. The Treasury formally solicits recommendations on debt structure and the mix of securities from primary security dealers and from the Bond Market Association's Treasury Borrowing Advisory Committee. Treasury officials meet quarterly with the Treasury Borrowing Advisory Committee⁹ to discuss economic forecasts and the government's borrowing needs. Treasury officials present the Committee with questions on specific issues and ask for its views on how to improve the government's debt programs. The Treasury also meets with dealers selected by the Federal Reserve Bank of New York before each quarterly auction announcement. This information from market participants assists the Treasury in balancing its goals of maintaining sufficient cash on hand, achieving lowest financing cost, and promoting efficient markets.

The Treasury and Congressional Budget Office generally agreed with this report and provided technical comments. We have incorporated these comments as appropriate.

We are sending copies of this report to Senator Frank R. Lautenberg, Ranking Minority Member, Senate Committee on the Budget; Representative Charles B. Rangel, Ranking Minority Member, House Committee on Ways and Means; the Honorable Lawrence H. Summers, Secretary of the Treasury; and other interested parties. We will also make copies available to others upon request.

⁹The Treasury Borrowing Advisory Committee was chartered under the Federal Advisory Committee Act, as amended, and is comprised of between 20 to 25 members who represent securities firms, banks, and investor groups. The Committee is self-selecting in that new members are nominated by the Committee and approved by the Treasury.

If you or your staff have any questions concerning this letter, please contact me at (202) 512-9573. Key contributors to this assignment were Thomas James, Jose Oyola, and Carolyn Litsinger.

A handwritten signature in cursive script that reads "Paul L. Posner".

Paul L. Posner
Director, Budget Issues

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary, VISA and MasterCard credit cards are accepted, also.

Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (202) 512-6061, or TDD (202) 512-2537.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

<p>Bulk Rate Postage & Fees Paid GAO Permit No. GI00</p>

