

**Report on the Operation and Status of the
Government Securities Investment Fund
April 4 to April 16, 2002
Pursuant to 5 U.S.C. § 8438(h)**

April 17, 2002

On April 4, 2002, Treasury's outstanding debt reached the statutory limit of \$5,950 billion. In order to protect the full faith and credit of the United States, the Secretary of the Treasury from April 4 employed statutory authority to suspend investment in the Government Securities Investment Fund (G-Fund) of the Federal Employees' Retirement System. On April 16, 2002, additional revenues enabled the Treasury to reduce the debt subject to limit to below \$5,950 billion, and rendered further suspensions unnecessary.

Legal authority. Section 8438(g)(1) of Title 5, United States Code, empowers the Secretary of the Treasury to "suspend the issuance of additional amounts of obligations of the United States [in this fund], if such issuances could not be made without causing the public debt of the United States to exceed the public debt limit." The statute defines the period of this suspension as a "debt issuance suspension period." § 8438(g)(6)(B).

Reporting requirement. Section 8438(h) requires submission of a report to Congress on the operation and status of the G-Fund during this period. The report is to be made "as soon as possible after the expiration of such period, but not later than 30 days after the first business day after the expiration of such period." § 8438(h)(2). This document fulfills the requirement of U.S.C. § 8438(h). A copy is being concurrently transmitted to the Executive Director of the Federal Retirement Thrift Investment Board.

Restoration requirement. Section 8438(g) requires the Secretary, immediately upon expiration of such a period, to make the G-Fund whole. Treasury must issue obligations sufficient to ensure that the G-Fund's portfolio replicates what it would have been upon the expiration of the period, as if the suspension had not occurred. § 8438(g)(3). Treasury must also pay the G-Fund for the interest that the G-Fund would have earned. § 8438(g)(4).

Status and operations. Throughout this period, a fraction of the G-Fund's holdings could not be re-invested without exceeding the debt limit. Treasury has now replicated the portfolio the G-Fund would have held but for the suspension; and has paid the G-Fund \$27,696,703.42 for interest it would have earned, accounting for receipts and withdrawals.

The following table details the daily and cumulative amounts of G-Fund principal and interest that were suspended and restored:

	<u>Principal</u>		<u>Interest</u> *	
	Daily (Suspension) or Restoration	Cumulative (Suspension)	Daily (Suspension) or Restoration	Cumulative (Suspension)
April 4, 2002	(\$13,694,786,000)	(\$13,694,786,000)	(\$2,139,810)	(\$2,139,810)
April 5, 2002	(\$25,066,000)	(\$13,719,852,000)	(\$6,432,184)	(\$8,571,994)
April 8, 2002	(\$958,733,000)	(\$14,678,585,000)	(\$2,294,868)	(\$10,866,862)
April 9, 2002	\$233,252,000	(\$14,445,333,000)	(\$2,258,781)	(\$13,125,644)
April 10, 2002	\$1,741,598,000	(\$12,703,735,000)	(\$1,987,010)	(\$15,112,653)
April 11, 2002	(\$5,983,197,000)	(\$18,686,932,000)	(\$2,922,195)	(\$18,034,848)
April 12, 2002	\$188,474,000	(\$18,498,458,000)	(\$8,679,606)	(\$26,714,454)
April 15, 2002	\$12,238,775,000	(\$6,259,683,000)	(\$982,250)	(\$27,696,703)
April 16, 2002	\$6,259,683,000	\$0	\$27,696,703	\$0

With restoration on April 16 of \$6,259,683,000 in principal and \$27,696,703 in interest, the G-Fund was fully restored to the condition it would have been in had there not been a suspension.

Sincerely,

Brian C. Roseboro
Assistant Secretary of the Treasury for Financial Markets

* Interest calculated on principal and on prior due interest.