What GAO Found

In GAO’s opinion, BPD’s Schedules of Federal Debt for fiscal years 2007 and 2006 were fairly presented in all material respects and BPD maintained effective internal control relevant to the Schedule of Federal Debt as of September 30, 2007. GAO also found no instances of noncompliance in fiscal year 2007 with the statutory debt limit.

As of September 30, 2007 and 2006, federal debt managed by BPD totaled about $8,993 billion and $8,493 billion, respectively. As shown in figure 1 below, total federal debt increased over each of the last 4 fiscal years.

Total federal spending has exceeded total federal revenues which have resulted in increases in debt held by the public. Further, certain trust funds (e.g., Social Security) continue to run cash surpluses, resulting in increased intragovernmental debt holdings since the federal government spends these surpluses on other operating costs and replaces them with federal debt instruments. These debt holdings are backed by the full faith and credit of the U.S. government and represent a priority call on future budgetary resources. As a result, total gross federal debt has increased about 33 percent between the end of fiscal years 2003 and 2007. On September 29, 2007, legislation was enacted to raise the statutory debt limit by $850 billion to $9,815 billion. This was the third occurrence since the end of fiscal year 2003 that the statutory debt limit had to be raised to avoid breaching the statutory debt limit. During that time, the debt limit has increased by over $2.4 trillion, or about 33 percent, from $7,384 billion on September 30, 2003, to the current limit of $9,815 billion.