What GAO Found

In GAO’s opinion, BPD’s Schedules of Federal Debt for fiscal years 2008 and 2007 were fairly presented in all material respects, and BPD maintained effective internal control relevant to the Schedule of Federal Debt as of September 30, 2008. GAO found no instances of noncompliance in fiscal year 2008 with the statutory debt limit.

As of September 30, 2008 and 2007, federal debt managed by BPD totaled about $10,011 billion and $8,993 billion, respectively. As shown in figure 1 below, total federal debt increased over each of the last 4 fiscal years.

During the last 4 fiscal years, managing the federal debt has continued to be a challenge as evidenced by the growth of total federal debt by $2,632 billion, or 36 percent, from $7,379 billion as of September 30, 2004, to $10,011 billion as of September 30, 2008. In fiscal year 2008 alone, total federal debt increased by $1,018 billion, the single largest annual increase in history. Of this amount, about $760 billion was from the increase in debt held by the public, which included $300 billion in cash management bills issued in September 2008 under the Supplementary Financing Program initiated by Treasury. The remaining increase in federal debt of about $258 billion was from intragovernmental debt holdings. On July 30, 2008, legislation was enacted to raise the statutory debt limit from $9,815 billion to $10,615 billion. In addition, in response to the nation’s growing financial crisis, on October 3, 2008, the President signed into law legislation authorizing the Secretary of the Treasury to purchase up to $700 billion in troubled assets from financial institutions. This legislation increased the statutory debt limit by $700 billion to $11,315 billion. These increases in the statutory debt limit were the fourth and fifth such occurrences since fiscal year 2004.