



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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B-138524

October 9, 1985

RELEASED

The Honorable Bob Packwood
Chairman, Committee on Finance
United States Senate

Dear Mr. Chairman:

You have requested our views on whether the Secretary of the Treasury has authority to determine the order in which obligations are to be paid should the Congress fail to raise the statutory limit on the public debt or whether Treasury would be forced to operate on a first-in-first-out basis. Because of your need for an immediate answer, our conclusions must, of necessity, be tentative, being based on the limited research we have been able to do. It is our conclusion that the Secretary of the Treasury does have the authority to choose the order in which to pay obligations of the United States.

On a daily basis the Treasury Department receives a normal flow of revenues from taxes and other sources. As they become available in the operating cash balance, Treasury may use these funds to pay obligations of the Government and to reissue existing debt as it matures. See generally H.R. Rept. No. 31, 96th Cong., 1st Sess. 9-10 (1979).

We are aware of no statute or any other basis for concluding that Treasury is required to pay outstanding obligations in the order in which they are presented for payment unless it chooses to do so. Treasury is free to liquidate obligations in any order it finds will best serve the interests of the United States.

Unless it is released earlier or we hear otherwise from you, this letter will be available for release to the public 30 days from today.

Sincerely yours,

Milton J. Fowler
for Comptroller General
of the United States