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COMMITTEE ON ENERGY AND COMMERCE

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June 30, 2009

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The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Dodaro:

We are contacting you to request that the Government Accountability Office (GAO) consider the design of a study that would address the cost of financing future government debt and entitlement program obligations. The federal government currently faces large and persistent structural budget deficits. This structural deficit is in the process of being converted into large annual operating deficits, as the nation's 78 million baby boomers are becoming eligible to receive Social Security, Medicare, and in some cases Medicaid benefits.

Because of these escalating expenses and the resulting budget deficits, GAO has written that "the federal government faces unsustainable growth in debt." GAO has also pointed out that this surge of government borrowing could lead to rising interest rates. Higher interest rates could make it even more expensive for the federal government to finance its debt, and consequently require the federal government to undertake even more borrowing to meet its obligations.

The new Medicare trustees report highlights the need to focus on this problem. It estimates that Medicare's dedicated tax revenues will not cover required spending this year, and that Medicare's trust fund assets will be gone by 2017 – just as millions of baby boomers become eligible for Medicare benefits.

Members of the Committee on Energy and Commerce will consider many health care and entitlement spending proposals this session. As we evaluate the consequences of those decisions, we believe it will be helpful for us to better understand the current track America faces under our existing spending obligations.

Therefore, we would like to request a meeting between GAO and Republican Committee staff to discuss whether GAO could estimate the possible interest costs the federal government could face as deficits soar over time. We would like to discuss the extent to which rising government debt would impact interest rates, and how those impacts would in turn increase future budget deficits. As part of this effort, the study could examine historical examples when other countries faced debt levels and structural deficits similar to those the United States is projected to experience.

Thank you for your prompt attention to this request. Please do not hesitate to contact us or to have your staff contact Marie Fishpaw at (202) 225 -3641 if you have any questions about this request.

Sincerely,



Joe Barton
Ranking Member



Nathan Deal
Ranking Member
Subcommittee on Health



Greg Walden
Ranking Member
Subcommittee on Oversight and Investigations