



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

July 15, 2011

The Honorable Bill Nelson
United States Senate
Washington, DC 20510

Dear Senator Nelson:

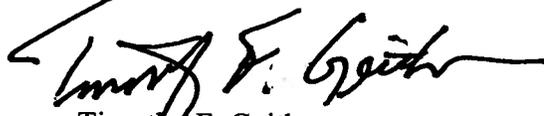
Thank you for your letter of July 13, 2011, regarding Social Security. I share your concern about the impact on Social Security recipients, and on all other recipients of government payments, should Congress fail to prevent a default crisis. Senior citizens, many of whom rely on Social Security for all or most of their income, would be particularly vulnerable to the payment disruptions that would become unavoidable in such a scenario.

Of course, the impact of a default crisis would be felt much more broadly, affecting our men and women in uniform, people who rely on Medicare and Medicaid, veterans, civil servants, businesses that supply goods and services to the government, and many others. This is why the President and I have urged that Congress avoid such an outcome by increasing the debt limit.

As you note in your letter, during a similar debt limit impasse in 1996, Congress enacted special, temporary legislation which authorized additional borrowing to ensure that Social Security payments could be made notwithstanding the debt limit. The Treasury's General Counsel, George Madison, has reviewed your draft legislation, and advises me that it would provide Treasury special borrowing authority to pay Social Security benefits notwithstanding the expiration of borrowing authority on August 2, 2011.

However, I would emphasize that failure to increase the debt limit would raise questions about the creditworthiness of the United States and about our ability to borrow for any purpose, including payment of Social Security. Therefore, the only solution for the nation as a whole is to enact an increase in the debt limit as soon as possible.

Sincerely,



Timothy F. Geithner