June 24, 2014

The Honorable Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G. Street N.W.
Washington, D.C. 20548

Dear Mr. Dodaro:

As you may know, the United States Department of the Treasury declared publicly in 2002 that it would continue to offer savings bonds to the public because it believes Treasury Securities should not be made available exclusively to those who can pay the $1,000 minimum denomination of other marketable securities. However, since then, the savings bonds program has become inaccessible to millions of small savers and investors who do not have bank accounts, access to high speed internet, and/or digital literacy.

We are writing to request that the Government Accountability Office (GAO) undertake a review of the policies and practices of the Treasury Department concerning the savings bond program, as well as a study of other potential asset building strategies for low and moderate income individuals. The reasoning and policy changes behind our request are described in detail below. In 2012, Treasury discontinued the paper savings bond program, meaning that savings bonds are no longer sold in paper form. Instead, they must be purchased electronically through TreasuryDirect, which requires a bank account, Internet and computer access, and digital literacy/comfort with technology. It is also very difficult to give savings bonds as gifts via Treasury Direct.

The only way to currently purchase paper savings bonds is through the Tax Time Savings program, which allows taxpayers to purchase them directly on their tax forms. These tax-time savings bonds have allowed more than 100,000 tax filers to collectively save more than $60 million dollars since the program began in 2009. They have been notably effective at reaching low- to moderate-income Americans because of several features unique to the Series I U.S. Savings Bond: they have a low $50 minimum purchase amount; they are “giftable” (meaning one can purchase a savings bond in a loved one’s name); and they are accessible to those without bank accounts. According to IRS Data, 29 percent of tax-time savings bond purchasers in 2013 were Earned Income Tax Credit (EITC) recipients, and 65 percent had AGIs of $50k or less.

With the demise of the paper program, tax-time savings bonds, which had been distributed by paper since their inception, remain the only way the small-saver-friendly Series I savings bond can obtain paper savings bonds. But the policy is not guaranteed beyond the 2015 tax season.
The end of the Tax Time Savings program will prevent tens of millions of Americans from purchasing this safe and accessible savings vehicle.

Many of the same questions about equitable accessibility have become more relevant in light of the new savings bond-based retirement account, myRA. Announced in January 2014 by President Obama, myRA is a retirement savings account that will hold a new add-on Treasury security in an individual retirement account. This product, which also meant for small and new savers and investors, would benefit from the same infrastructure improvements as the savings bond program to increase accessibility and use.

Given the overwhelming savings crisis in this country, any elimination of an accessible savings vehicle aimed at low to moderate income Americans needs to be carefully examined. We request that the GAO undertake a review of the policies and practices of the Treasury Department concerning the savings bond program, as well as a study of other savings strategies for low and moderate income individuals. Specifically, we request that the GAO seek to address the following questions:

**Cost & Revenue of Retail Securities Program**

- What has been the estimated savings to the Bureau of Public Debt by eliminating paper savings bonds?
- What is the annual cost to the Bureau of Public Debt to keep the savings bond paper press operational? What are the ongoing costs of paper savings bond redemptions?
- What has been the loss in savings bond purchases as a result of eliminating paper savings bonds?
- What is the current yearly cost of TreasuryDirect? What is the cost per user? At what level of bond sales does TreasuryDirect become cost efficient?

**Accessibility of TreasuryDirect**

- Given that TreasuryDirect is a complex interface that requires both a bank account, reliable Internet access and technological savvy, how many people will be unable to purchase savings bonds after paper tax-time savings bonds are eliminated?
- What actions has Treasury taken to keep savings bonds accessible and equitable to all Americans?
- A report accompanying the Financial Services and General Government Subcommittee 2014 Appropriations Bill includes in the Budget of the Bureau of Fiscal Services a line item of $4,210,000, available until September 30, 2016, for information systems modernization. Is this sufficient to modernize Treasury Direct so that it is easier and more accessible for consumers and makes the process of gifting savings bonds easier?
- Given these potential upgrades to TreasuryDirect, what would be the additional cost to enhance TreasuryDirect to make gifting savings bonds easier and more accessible?
- Is there currently a plan to use this upgrade to make TreasuryDirect accessible to those without bank accounts? Is there currently a plan to use this upgrade to make TreasuryDirect accessible to those without home internet access?
• Is there a plan to make savings bonds accessible to those without bank accounts or internet access through a different medium?

**Impact of Tax Time Savings Program**

1) Since their introduction in 2009, tax-time savings bonds have been increasingly popular. What is the potential loss in taxpayer savings over the next 10 years if the tax-time savings bond policy is discontinued?
2) What would be the cost to Treasury of integrating the tax-time savings bond policy with TreasuryDirect?

We appreciate your prompt attention to this matter.

Sincerely,

Matt Cartwright  
Member of Congress

Dan Benishek  
Member of Congress

Keith Ellison  
Member of Congress

Rubén Hinojosa  
Member of Congress

Mike Michaud  
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Niki Tsongas  
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