



Nation's \$17T debt is boon for one W.Va. town

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(Photo: Gregory Korte, USA TODAY)

Story Highlights

- It takes a team of 19 accountants to calculate the national debt to the penny each day
- The Bureau of the Public Debt has 1,800 employees in Parkersburg, with a payroll of \$123 million
- The Cold War and pork-barrel politics helped Parkersburg land its largest employer

PARKERSBURG, W.Va. — Rarely do politicians invoke the national debt without prefacing it by an ominous adjective like "crushing" or "unconscionable." Even President Obama once called it "unpatriotic."

But in Parkersburg, W.Va., the debt has no adjectives. Only decimal places.

More than 1,800 federal employees work at the Bureau of the Public Debt in Parkersburg, responsible for managing, selling and accounting for the more than \$17 trillion that U.S. taxpayers owe to themselves, to Social Security, and to foreign investors.

"Say what you want about the amount of debt. It's good, it's bad, whatever," says Assistant Commissioner Matthew Miller, who oversees the Office of Public Debt Accounting. "But rest assured, it's accounted for every day."

It's a debt so large it takes a team of 19 accountants just to calculate it each day. Clad in jeans and sweaters, they work quietly in cubicles on the first floor of a 39-year-old federal office building in downtown Parkersburg, compiling data from hundreds of sources to calculate the national debt to the penny.

As of Wednesday, that number was \$17,088,263,258,631.09.

Oct. 17 was a busy day in Parkersburg. The day after Congress and the president reached a deal to reopen the government and suspend the \$16.7 trillion limit on the debt, the public debt increased — if only on paper — by \$328 billion, the largest one-day increase on record.

Miller takes a newly minted 2013 penny out of his pocket to underscore the enormity of these numbers. "Now imagine 1.7 quadrillion of these," he says.

Parkersburg, population 31,492, is West Virginia's third-largest city, and the federal government is the city's largest employer. Treasury's Parkersburg operation had a payroll of \$123 million last year, according to a USA TODAY analysis of data from the Office of Personnel Management. The average salary was \$68,077, and 162 employees made more than \$100,000.

Public Debt occupies two buildings downtown, plus a warehouse, mail center and emergency backup center just outside the city limits. Since a merger last year with the Financial Management Service, the agency is technically known as the Bureau of the the Fiscal Service. But the signs still say Public Debt, and everyone but the most senior Treasury officials still call it that.

Parkersburg may seem an odd place for the nation to manage its debt. Chemical plants line the banks of the Ohio River. Local attractions include the Oil and Gas Museum, a 1926 vaudeville theater and Blennerhassett Island, the Ohio River enclave where Aaron Burr is reputed to have hatched a treasonous plot to steal Texas territory away from the United States.

The bureau is critical to the global financial system and the U.S. government, and yet its distance from the nation's capital is nearly 300 miles — a number that was the secret to Parkersburg landing the bureau during the Cold War.

In 1954, President Eisenhower met with his National Security Council to discuss where to relocate vital government functions in the event of a nuclear "sneak attack" by the Soviet Union. The White House instructed agencies to find "a habitable city outside a critical target area," preferably within 300 miles of Washington.

In the event of a nuclear war, the nation would still pay its debts.

At the same time, Treasury was looking to buy a new computer to automate the processing of bonds, and Parkersburg was about halfway between Washington and Chicago, where most of the bond processing was being done. The Parkersburg office opened in 1957 with just 20 employees.

Two years later, Democrat Robert Byrd was elected to the Senate, and he would champion the complete relocation of the Chicago office to Parkersburg. That happened in 1975, and at the dedication ceremony Byrd dubbed Parkersburg "the Savings Bonds Capital of the World," according to Byrd's archives. When Byrd became chairman of the powerful Senate Appropriations Committee in 1989, he saw to it that all but a handful of jobs moved from Washington to Parkersburg.

"Sen. Byrd had the central role in moving that to West Virginia, just like he did everything else in West Virginia," said Raymond Smock, director of the Robert C. Byrd Center for Legislative Studies in Shepherdstown, W.Va.

Parkersburg is also the physical home to the Social Security Trust Fund. It's often said that the trust fund exists only on paper, and that's literally true. About \$2.7 trillion in Social Security IOUs are contained in a single three-ring binder and kept in a locked vault — an oversized filing cabinet with a combination lock. In all, more than \$5 trillion of the national debt is money the government owes to itself — borrowing from various pension funds and trust funds to pay for ongoing expenses.

"Imagine — the retirement security for future generations is sitting in a filing cabinet," said then-president George W. Bush during a 2005 visit to Parkersburg.

The actual Social Security balance is kept electronically, but a 1994 law requires that the Treasury maintain a "paper instrument" as evidence that it's borrowing from Social Security. Susan Chapman, director of federal investments, is the official who signs those IOUs. "We understand the symbolism of these," Chapman said.

Last year, the bureau conducted 264 auctions of bonds and notes worth \$7.7 trillion. The auctions are so quietly efficient that the bureau has come under criticism for making it look too easy. "I watched the Treasury Department borrow \$40 billion in about 4 minutes," said Rep. Paul Ryan, R-Wis., after touring the bureau's auction room in 2009 — one of the few offices still in Washington. "We had very talented people sitting around a room of flat-screened TVs and laptop computers sipping coffee as if it were just another day at the office."

"I take it as a compliment that we can get it down to where it looks routine," Miller said.

The accountants in Parkersburg can boast that they deal with bigger numbers than any accountants in the world.

"When the numbers are right, we get that 'numbers high,'" said Ann Fallon, director of the Division of Accounting Operations.

By all accounts, the agency is a good place to work. The only significant workplace dispute came in 2000, when the union and the bureau couldn't agree on which workers should get the coveted window cubicles. A federal mediator offered a compromise.

"It's not necessarily the greatest issues that we have. That was just one of them," says Charles Evans Jr., president of the National Treasury Employees Union Chapter 190.

The bureau's primary mission is simple: "To borrow the money needed to operate the federal government and to account for the resulting debt." That means selling debt to institutional and individual investors, making \$415 billion a year in interest payments. The bureau also invests \$166 billion for state and local governments and accepts tax-deductible contributions to pay down the national debt.

Much of the growth at the bureau has been in the shared services division, which specializes in procuring some of the odder things that other federal agencies need. Current procurements include an administrative assistant in Malawi for the African Development Foundation, a golf-cart maintenance contract for the Armed Forces Retirement Home in Washington, D.C., and a subscription to the International Journal of Finance and Economics for the Financial Stability Oversight Council.

While most of the bureau makes sure investors get paid on time, one office has the job of making sure some people don't get paid. Under a 2010 executive order, the bureau runs the federal Do Not Pay Business Center, responsible for reducing the \$115 billion in improper payments the government makes each year.

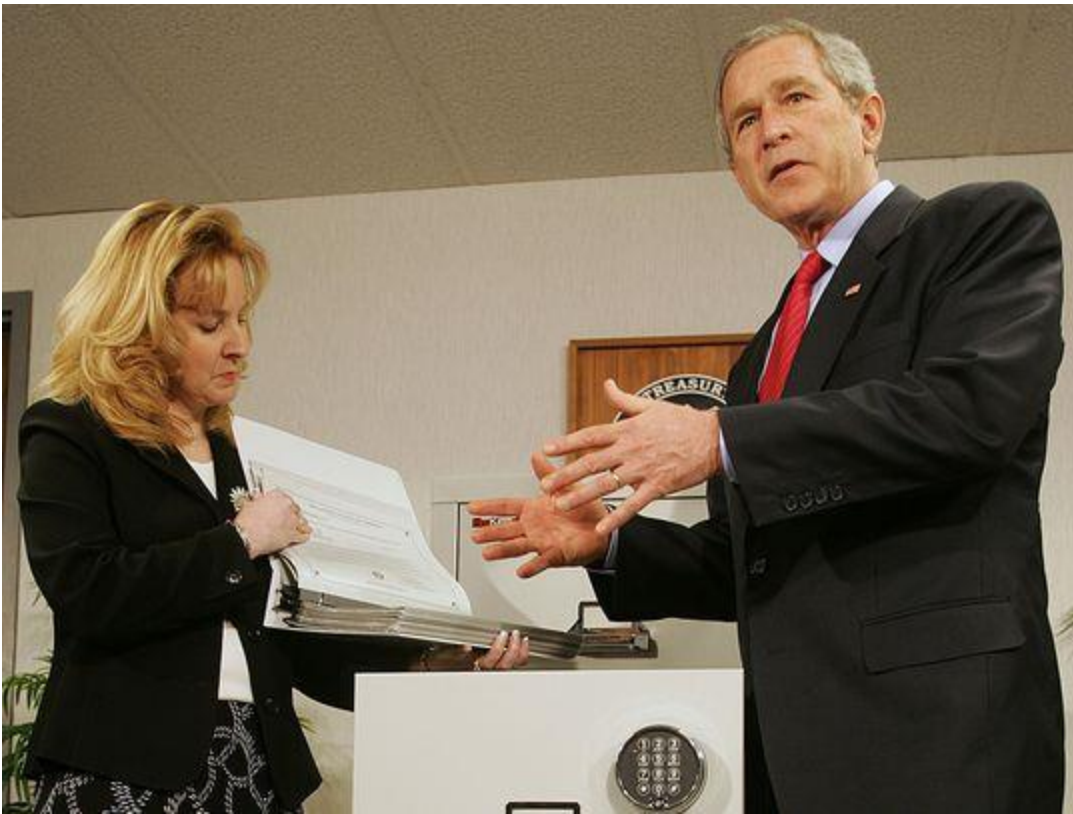
Because of all the other things the bureau does, Parkersburg Mayor Bob Newell says he's not worried about the public debt ever going away and putting the town's largest employer out of business. But he doesn't take it for granted, either. "If Byrd moved it in here, I suspect someone else could move it out," Newell said.

Indeed, politics is holding up the transfer of 450 federal jobs to Parkersburg. That's because the chairwoman of the Senate Appropriations Committee is now Sen. Barbara Mikulski, D-Md.

Treasury had planned to move 450 jobs at the old Financial Management Service from Hyattsville, Md., to Parkersburg beginning in November. Mikulski — along with other Maryland lawmakers and the National Treasury Employees Union — have fought the move, saying it would be "a terrible loss" for the suburban Washington community that now houses those jobs. "These are good middle-class jobs for hundreds of trained accountants who have spent their careers in Maryland," she wrote to the Treasury Department last year.

In January, Mikulski won a delay until 2019. Parkersburg's mayor sees it as a temporary setback.

"There's a lot of optimism around town that Public Debt will continue to grow," Newell says.



President George W. Bush is shown paper evidence of U.S. Treasury bonds in two of the four Social Security trust funds by Susan Chapman, director of the Division of Federal Investments, during a tour of the Bureau of the Public Debt in Parkersburg, W.Va., on April 5, 2005. (Photo: Luke Frazza, AFP/Getty Images)