

Reading file P.02

Attachment 2



FEDERAL DEPOSIT INSURANCE CORPORATION, Washington, DC 20429

OFFICE OF THE CHAIRMAN

cc: R. Cherry
Kirchman

January 10, 1992

[Handwritten initials]

Honorable Richard Darman
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Director Darman:

We have been advised by your staff that FDIC's appropriation request for the Savings Association Insurance Fund will not be submitted in the President's budget for fiscal year 1993. Our submission included a request for \$1.285 billion in Treasury funding as provided for by FIRREA to bring the SAIF's revenue to the designated level of \$2 billion.

We strongly urge you to reconsider FDIC's appropriation request for SAIF. The Congress and Administration outlined in FIRREA an extensive funding plan from a combination of S&L industry and taxpayer resources to put the SAIF on a sound financial footing. According to legislation, modified slightly by the recent Recap Bill, Treasury is to pay SAIF sufficient funds to maintain its income at \$2 billion during fiscal years 1993 through 2000. The FY93 Treasury payments for revenues, if skipped, would not be available to the SAIF in the future.

The General Accounting Office in its 1990 financial audit of the SAIF, expressed concern regarding the adequacy of funding sources for SAIF to meet future resolution demands and achieve net worth goals set by FIRREA. Clearly, not funding SAIF at this point will not allow the fund to build the resources, as envisioned by Congress, to meet its future obligations.

Sincerely,

William Taylor