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H. R. 1182

To improve budgetary information by requiring that the unified budget presented by the President contain an operating budget and a capital budget, distinguish between general funds, trust funds, and enterprise funds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 1993

Mr. WISE (for himself, Mr. BORSKI, Mr. ABERCROMBIE, Mr. BARCIA, Ms. DANNER, Mr. MANN, Ms. KAPTUR, Mr. McCLOSKEY, Mr. HINCHEY, Mrs. BYRNE, Mr. SUNDQUIST, Mrs. MINK, Mr. PETERSON of Minnesota, Mr. BLUTE, Mr. FILNER, Mr. HUGHES, Mr. CLINGER, and Mr. LANCASTER) introduced the following bill; which was referred jointly to the Committees on Government Operations, Rules, and Public Works and Transportation

A BILL

To improve budgetary information by requiring that the unified budget presented by the President contain an operating budget and a capital budget, distinguish between general funds, trust funds, and enterprise funds, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Capital Budgeting Act
5 of 1993”.

1 **SEC. 2. STATEMENT OF FINDING AND PURPOSE.**

2 (a) STATEMENT OF FINDING.—The Congress finds
3 that the existing budget obscures the distinctions between
4 capital activities and operating activities, and between
5 general funds, trust funds, and enterprise funds, so as to
6 hinder identification of the resources needed to meet the
7 needs of the Government and the investment needs of the
8 economy that are necessary for sustained economic
9 growth.

10 (b) PURPOSE.—It is the purpose of this Act that the
11 unified budget present a capital budget and an operating
12 budget, and distinguish between general funds, trust
13 funds, and enterprise funds, in order to provide better and
14 more relevant information on the revenues, expenses, and
15 financing requirements of Government programs and
16 activities.

17 **SEC. 3. CAPITAL AND OPERATING BUDGETS.**

18 Title 31, United States Code, is amended by inserting
19 after section 1105 the following new section:

20 **§ 1105a. Capital and operating budgets**

21 “(a)(1) The budget of the United States submitted
22 by the President under section 1105 of this title shall be
23 a unified budget composed of an operating budget and a
24 capital budget.

1 “(2) Operating and capital budgets shall be presented
2 separately for unified funds, general funds, trust funds,
3 and enterprise funds.

4 “(b)(1) Actual, estimated, and proposed amounts
5 shall be presented for unified funds, general funds, trust
6 funds, and enterprise funds, and, at a minimum, shall con-
7 tain—

8 “(A) for the operating budget the following: (i)
9 operating revenues, (ii) operating expenses, (iii) op-
10 erating surplus/deficit before interfund transfers,
11 (iv) interfund transfers, (v) operating surplus/deficit,
12 and (vi) Federal expenditures financing the operat-
13 ing expenses of State and local governments;

14 “(B) for the capital budget the following: (i)
15 capital revenues, (ii) capital investments, (iii) capital
16 financing requirements before interfund transfers,
17 (iv) interfund transfers, and (v) capital financing
18 requirements; and

19 “(C) unified budget financing requirements.

20 “(2) The capital budget shall represent only the
21 major activities, projects, and programs which support the
22 acquisition, construction, alteration, and rehabilitation of
23 capital assets. All other activities, projects, and programs
24 shall be represented in the operating budget.

1 “(c) In addition to the unified budget submitted by
2 the President as required by subsections (a) and (b) of
3 this section, the President shall present information in the
4 form required by subsection (b)(1) for accounts, agencies,
5 and functions, to the extent applicable, the capital invest-
6 ments by State and local governments not financed by the
7 Federal Government.

8 “(d) In this section—

9 “(1) ‘unified budget’ means a budget in which
10 revenues and expenses for general funds, trust
11 funds, and enterprise funds are consolidated to dis-
12 play totals for the Federal Government as a whole;

13 “(2) ‘trust funds’ means—

14 “(A) the Federal Old-Age and Survivors
15 Insurance Trust Fund,

16 “(B) the Federal Hospital Insurance Trust
17 Fund,

18 “(C) the Civil Service Retirement and Dis-
19 ability Fund,

20 “(D) the Military Retirement Fund,

21 “(E) the Federal Supplementary Medical
22 Insurance Trust Fund,

23 “(F) the Unemployment Trust Fund,

24 “(G) the Federal Disability Insurance
25 Trust Fund,

1 “(H) the Highway Trust Fund,

2 “(I) the Airport and Airway Trust Fund,

3 and

4 “(J) such other funds or accounts of the
5 Government that the Director of the Office of
6 Management and Budget, in consultation with
7 the Comptroller General, determines should be
8 classified as trust funds in order to fulfill the
9 purpose of this section;

10 “(3) ‘enterprise funds’ means—

11 “(A) the Postal Service,

12 “(B) the Resolution Trust Corporation,

13 “(C) the Federal Deposit Insurance Cor-
14 poration Fund,

15 “(D) the Federal Housing Administration,

16 “(E) the Tennessee Valley Authority
17 Fund,

18 “(F) the Bonneville Power Administration
19 Fund,

20 “(G) the Rural Electrification and Tele-
21 phone Revolving Loan Fund,

22 “(H) the Export-Import Bank of the
23 United States,

24 “(I) the Southeastern Power Administra-
25 tion,

1 “(J) the Southwestern Power Administra-
2 tion,

3 “(K) the Western Area Power Administra-
4 tion,

5 “(L) the Alaska Power Administration,

6 “(M) the Overseas Private Investment Cor-
7 poration,

8 “(N) the St. Lawrence Seaway Develop-
9 ment Corporation,

10 “(O) the Rural Telephone Bank,

11 “(P) the Pension Benefit Guaranty Cor-
12 poration, and

13 “(Q) such other funds or accounts of the
14 Government that the Director of the Office of
15 Management and Budget, in consultation with
16 the Comptroller General, determines should be
17 classified as enterprise funds in order to fulfill
18 the purpose of this section;

19 “(4) ‘general funds’ includes all accounts of the
20 Government that are not trust funds or enterprise
21 funds;

22 “(5) ‘unified funds’ means general funds, trust
23 funds, and enterprise funds and represents the
24 unified budget;

1 “(6) ‘capital assets’ means physical assets and
2 financial assets, but does not include consumable
3 inventories;

4 “(7) ‘physical assets’ means tangible assets
5 (other than assets used for national defense or
6 security)—

7 “(A) the ownership of which is or will be
8 in the public domain;

9 “(B) that produce services or benefits for
10 more than 5 years;

11 “(C) that have an initial cost equal to or
12 more than \$500,000; and

13 “(D) including—

14 “(i) roadways and bridges;

15 “(ii) airports and airway facilities;

16 “(iii) mass transportation systems;

17 “(iv) waste water treatment, water
18 distribution delivery, and related facilities;

19 “(v) water resource projects;

20 “(vi) medical facilities;

21 “(vii) resource recovery facilities;

22 “(viii) public structures;

23 “(ix) space and communication facili-
24 ties; and

1 “(x) strategic petroleum reserves and
2 mineral stockpiles;

3 “(8) ‘financial assets’ means interests of the
4 Federal Government in, and claims of the Federal
5 Government against, foreign governments, States
6 and their political subdivisions, corporations, asso-
7 ciations, and individuals and their resources which
8 are represented by a legal instrument (such as
9 bonds, debentures, notes, and other securities), less
10 any credit subsidy costs attributable to such finan-
11 cial assets;

12 “(9) ‘credit subsidy costs’ means the losses in-
13 curred by the Federal Government as a result of its
14 direct and guaranteed loans, including such costs as
15 interest and default;

16 “(10) ‘consumable inventories’ means tangible
17 assets of the Federal Government, including stock-
18 piles, supplies, and inventories, which typically are
19 consumed within 5 years or which have an initial
20 price less than \$500,000;

21 “(11) ‘operating revenues’ means all receipts of
22 the Federal Government, other than those identified
23 in paragraph (17), including profits and interest
24 earned on financial assets;

1 “(12) ‘operating expenses’ means all expenses
2 of the Federal Government, other than those identi-
3 fied in paragraph (18), including interest payments
4 on debts, asset consumption charge, and credit
5 subsidy costs;

6 “(13) ‘the operating surplus/deficit before
7 interfund transfers’ means the difference between
8 operating revenues and operating expenses before
9 interfund transfers;

10 “(14) ‘interfund transfers’ means the flow of
11 revenues between general and enterprise funds and
12 trust funds accounts that are expenses from the
13 account making the payments and revenues to the
14 account receiving the payments;

15 “(15) ‘operating surplus/deficit’ means the op-
16 erating surplus/deficit before interfund transfers
17 plus or minus interfund transfers;

18 “(16) ‘asset consumption charge’ means the
19 systematic and rational allocation of the cost—his-
20 torical, replacement, or current value—of a physical
21 asset (having a useful life of more than 5 years) fi-
22 nanced by the appropriation accounts for which the
23 capital budget required by this section applies;

24 “(17) ‘capital revenues’ means receipts of the
25 Federal Government derived from taxes, collections,

1 and receipts dedicated by statute, for the rehabilita-
2 tion of capital assets which relate to the activities,
3 functions, and programs represented by the capital
4 budget;

5 “(18) ‘capital investments’ means expenditures
6 of the Federal Government, including those under
7 grants, contracts, and leases, which are for the ac-
8 quisition, construction, and rehabilitation of capital
9 assets; and Federal expenditures (including tax ex-
10 penditures) which are for the acquisition, construc-
11 tion, and rehabilitation of the physical assets of
12 State and local governments;

13 “(19) ‘capital financing requirements before
14 interfund transfers’ means the difference between
15 capital revenues and capital investments before
16 interfund transfers;

17 “(20) ‘capital financing requirements’ means fi-
18 nancing requirements before interfund transfers plus
19 or minus interfund transfers; and

20 “(21) ‘unified budget financing requirements’
21 means the total of the operating surplus/deficit and
22 the capital financing requirements; and

23 **SEC. 4. CONFORMING AMENDMENTS**

24 Section 1112 of title 31, United States Code, is
25 amended—

1 (1) in subsection (c)(1) by inserting “criteria,
2 principles, and standards for determining the con-
3 tents of the operating and capital budgets required
4 under section 1105a of this title, and” after “includ-
5 ing”; and

6 (2) by adding the following subsection at the
7 end thereof:

8 “(g) The Comptroller General shall review and report
9 to the Congress on the implementation of section 1105a
10 of this title as the Comptroller General deems necessary.
11 A review by the Comptroller General may include deter-
12 mining whether—

13 “(1) the actual, estimated, and proposed appro-
14 priations, receipts, and investments presented in the
15 capital budget represent activities, functions, and
16 programs which support the acquisition, construc-
17 tion, alteration, and rehabilitation of capital assets;
18 and

19 “(2) the classifications made by the Director of
20 the Office of Management and Budget under section
21 1105a(d)(2)(H) of this title further the purposes of
22 section 1105a.”.

23 **SEC. 5. REPORT BY THE COMMITTEE ON THE BUDGET.**

24 Not later than September 30, 1994, the Committee
25 on the Budget shall submit to the House of Representa-

1 tives proposed legislation which shall establish additional
2 deficit targets under the Balanced Budget and Emergency
3 Deficit Control Act of 1985 beginning in fiscal year 1995
4 which would require the eventual elimination of deficits
5 in the operating account as set forth in the amendments
6 made by this Act in accordance with the Committee on
7 the Budget's proposed deficit targets.

8 **SEC. 6. REPORT BY THE COMMITTEE ON GOVERNMENT OP-**
9 **ERATIONS.**

10 Not later than September 30, 1994, the Committee
11 on Government Operations of the House of Representa-
12 tives shall report legislation directing the Comptroller
13 General to evaluate—

14 (1) on an annual basis, the value and useful-
15 ness of capital investments in the capital account as
16 set forth in the amendments made by this Act; and

17 (2) the value and usefulness of proposed capital
18 investments submitted to the House of Representa-
19 tives after the enactment of this Act.

20 **SEC. 7. REPORT BY THE COMMITTEE ON RULES.**

21 Not later than September 30, 1994, the Committee
22 on Rules of the House of Representatives shall report leg-
23 islation establishing rules to facilitate the enforcement of
24 the amendments made by this Act to title 31, United
25 States Code.

1 **SEC. 8. PUBLIC WORKS FINANCING INFORMATION.**

2 Title VII of the Public Works and Economic Develop-
3 ment Act of 1965 (42 U.S.C. 3211–3226) is amended by
4 adding at the end the following new section:

5 **“SEC. 717. PUBLIC WORKS FINANCING INFORMATION.**

6 “(a) TRANSPORTATION REPORTS.—Not later than
7 12 months after the date of enactment of the Capital
8 Budgeting Act of 1993, and annually thereafter, the Sec-
9 retary of Transportation shall report to the House Com-
10 mittee on Public Works and Transportation and the Sen-
11 ate Committee on Environment and Public Works, at the
12 account, function, and agency levels, the actual, estimated,
13 and proposed appropriations, receipts, and expenditures
14 for capital activities and operating activities associated
15 with the following:

16 “(1) roadways and bridges;

17 “(2) airports and airway facilities; and

18 “(3) mass transportation systems.

19 “(b) WATER POLLUTION REPORTS.—Not later than
20 12 months after the date of enactment of the Capital
21 Budgeting Act of 1993 and annually thereafter, the Ad-
22 ministrator of the Environmental Protection Agency shall
23 report to the House Committee on Public Works and
24 Transportation and the Senate Committee on Environ-
25 ment and Public Works, at the account and function lev-
26 els, the actual, estimated, and proposed appropriations, re-

1 receipts, and expenditures for capital activities and operat-
2 ing activities associated with waste water treatment, water
3 distribution delivery, and related facilities.

4 “(c) WATER RESOURCES REPORTS.—Not later than
5 12 months after the date of enactment of the Capital
6 Budgeting Act of 1993 and annually thereafter, the As-
7 sistant Secretary of the Army for Civil Works shall report
8 to the House Committee on Public Works and Transpor-
9 tation and the Senate Committee on Environment and
10 Public Works, at the account and function levels, the ac-
11 tual, estimated, and proposed appropriations, receipts,
12 and expenditures for capital activities and operating ac-
13 tivities associated with water resource projects.

14 “(d) PUBLIC BUILDINGS REPORTS.—Not later than
15 12 months after the date of enactment of the Capital
16 Budgeting Act of 1993 and annually thereafter, the Ad-
17 ministrator of the General Services Administration shall
18 report to the House Committee on Public Works and
19 Transportation and the Senate Committee on Environ-
20 ment and Public Works, at the account and function lev-
21 els, the actual, estimated, and proposed appropriations, re-
22 cepts, and expenditures for capital activities and operat-
23 ing activities associated with public buildings.”.

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