

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4178

To amend the Federal Credit Reform Act of 1990 to include administrative costs in the estimated long-term costs to the Government of direct loans and loan guarantees and to systematically reduce the Federal credit subsidy rate, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 1994

Mr. SMITH of Texas (for himself, Mr. KASICH, Mr. COX, and Mr. FRANKS of New Jersey) introduced the following bill; which was referred jointly to the Committees on Government Operations and Rules

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## A BILL

To amend the Federal Credit Reform Act of 1990 to include administrative costs in the estimated long-term costs to the Government of direct loans and loan guarantees and to systematically reduce the Federal credit subsidy rate, 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 “Federal Credit Cost  
5        Reduction Act of 1994”.

1 **SEC. 2. TREATMENT OF ADMINISTRATIVE COSTS REGARD-**  
2 **ING DIRECT AND GUARANTEED LOANS.**

3 Paragraph (5)(A) of section 502 of the Federal Cred-  
4 it Reform Act of 1990 (2 U.S.C. 661a(5)(A)) is amended  
5 by striking “excluding” and inserting “including”.

6 **SEC. 3. TREATMENT OF ADMINISTRATIVE COSTS IN THE**  
7 **PRESIDENT’S ANNUAL BUDGET SUBMISSION.**

8 Section 1105(a) of title 31, United States Code, is  
9 amended by adding at the end the following new para-  
10 graphs:

11 “(29) a separate listing of administrative costs  
12 for direct loans and loan guarantees computed on a  
13 cash accounting basis for any such loans and guar-  
14 antees originating before enactment of this para-  
15 graph.

16 “(30) an appendix setting forth on a cash ac-  
17 counting basis the administrative costs of all loans  
18 and loan guarantees by program, by agency, and for  
19 the Government.”.

20 **SEC. 4. FEDERAL CREDIT SUBSIDY RATES.**

21 (a) DEFINITION OF SUBSIDY RATE.—Section 502 of  
22 the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)  
23 is amended by adding at the end the following new para-  
24 graph:

25 “(10) The term ‘subsidy rate’ for a fiscal year  
26 means—

1           “(A) in the case of a direct loan, the cost  
2 of all loans made for a covered program during  
3 that year divided by the total direct loan obliga-  
4 tions for that same covered program; and

5           “(B) in the case of a loan guarantee com-  
6 mitment, the cost of all loan guarantees in-  
7 curred for a covered program during that year  
8 divided by the total amount of the loan guaran-  
9 tee commitments for that same covered pro-  
10 gram.”.

11       (b) MAXIMUM SUBSIDY RATES.—(1) The Federal  
12 Credit Reform Act of 1990 is amended by adding at the  
13 end the following new section:

14 **“SEC. 508. MAXIMUM FEDERAL CREDIT SUBSIDY RATES.**

15       “(a) MAXIMUM SUBSIDY RATES.—The maximum  
16 permissible subsidy rate for each covered program for a  
17 fiscal year is the following: 40 percent for fiscal year 1995,  
18 30 percent for fiscal year 1996, 20 percent for fiscal year  
19 1997, 10 percent for fiscal year 1998, and 5 percent for  
20 fiscal year 1999.

21       “(b) COVERED PROGRAMS.—The covered programs  
22 to which subsection (a) applies are the credit reform pro-  
23 gram accounts covered by the Federal Credit Reform Act  
24 of 1990.

1       “(c) ESTIMATES.—The subsidy rates for a fiscal year  
2 shall be determined on the basis of estimates made by the  
3 Director of the Congressional Budget Office.”.

4       (2) Section 1(b) of the Congressional Budget and Im-  
5 poundment Control Act of 1974 is amended by inserting  
6 after the item relating to section 507 the following new  
7 item:

      “Sec. 508. Maximum Federal credit subsidy rates.”.

8       (c) POINT OF ORDER.—Section 301 of the Congres-  
9 sional Budget Act of 1974 is amended by adding at the  
10 end the following new subsection:

11       “(j) It shall not be in order in the House of Rep-  
12 resentatives or the Senate to consider any concurrent reso-  
13 lution on the budget for any fiscal year that would allow  
14 the maximum permissible subsidy rate (as set forth in sec-  
15 tion 508) for any covered program for that fiscal year to  
16 be breached.”.

17       (d) ALLOCATIONS.—(1) Section 602(a)(1)(A) of the  
18 Congressional Budget Act of 1974 is amended by striking  
19 “and” at the end of clause (ii), by striking the comma  
20 and inserting “; and” at the end of clause (iii), and by  
21 inserting after clause (iii) the following new clause:

22               “(iv) total credit authority (that does  
23               not cause the maximum permissible sub-  
24               sidy rate (as set forth in section 508) for  
25               any covered program to be breached);”.

1           (2) Section 602(a)(2) of the Congressional Budget  
2 Act of 1974 is amended by striking “and” at the end of  
3 subparagraph (B), by inserting “and” at the end of sub-  
4 paragraph (C), and by inserting after subparagraph (C)  
5 the following new subparagraph:

6                         “(D) total credit authority (that does not  
7                         cause the maximum permissible subsidy rate  
8                         (as set forth in section 508) for any program  
9                         to be breached);”.

10           (e) CONTENTS OF BUDGET RESOLUTIONS.—Section  
11 301(a) of the Congressional Budget Act of 1974 is amend-  
12 ed by striking “and” at the end of paragraph (6), by strik-  
13 ing the period and inserting “; and” at the end of para-  
14 graph (7), and by inserting after paragraph (7) the follow-  
15 ing new paragraph:

16                         “(8) for purposes of enforcement of section  
17                         508, the total credit authority for each covered pro-  
18                         gram, but which total shall not cause the maximum  
19                         permissible subsidy rate (as set forth in that section)  
20                         for that program to be breached.”.

21 **SEC. 5. EFFECTIVE DATE.**

22           This Act and the amendments made by it shall apply  
23 with respect to fiscal years beginning after the date of en-  
24 actment of this Act.

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