

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1233

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.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 14, 1995

Mr. WISE introduced the following bill; which was referred to the Committee on Government Reform and Oversight, and in addition to the Committees on Rules and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## 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 1995”.

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, 1996, 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 1997  
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 RE-**  
9 **FORM AND OVERSIGHT.**

10 Not later than September 30, 1996, the Committee  
11 on Government Reform and Oversight of the House of  
12 Representatives shall report legislation directing the  
13 Comptroller 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, 1996, 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 1995, and annually thereafter, the Sec-  
9 retary of Transportation shall report to the House Com-  
10 mittee on Transportation and Infrastructure 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 1995 and annually thereafter, the Ad-  
22 ministrator of the Environmental Protection Agency shall  
23 report to the House Committee on Transportation and In-  
24 frastructure and the Senate Committee on Environment  
25 and Public Works, at the account and function levels, the  
26 actual, estimated, and proposed appropriations, receipts,

1 and expenditures for capital activities and operating ac-  
2 tivities associated with waste water treatment, water dis-  
3 tribution 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 1995 and annually thereafter, the As-  
7 sistant Secretary of the Army for Civil Works shall report  
8 to the House Committee on Transportation and Infra-  
9 structure 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 1995 and annually thereafter, the Ad-  
17 ministrator of the General Services Administration shall  
18 report to the House Committee on Transportation and In-  
19 frastructure and the Senate Committee on Environment  
20 and Public Works, at the account and function levels, the  
21 actual, estimated, and proposed appropriations, receipts,  
22 and expenditures for capital activities and operating ac-  
23 tivities associated with public buildings.”.

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