

116TH CONGRESS  
2D SESSION

# S. 4735

To address recommendations made to Congress by the Government Accountability Office as detailed in its annual report on duplication, fragmentation, and overlap, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 24, 2020

Ms. HASSAN (for herself and Mr. PAUL) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## A BILL

To address recommendations made to Congress by the Government Accountability Office as detailed in its annual report on duplication, fragmentation, and overlap, 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 “Acting on the Annual  
5 Duplication Report Act of 2020”.

6 **SEC. 2. FINDINGS; SENSE OF CONGRESS.**

7 (a) FINDINGS.—Congress makes the following find-  
8 ings:

1           (1) The annual reports prepared by the Comp-  
2 troller General of the United States under section 21  
3 of the Joint Resolution entitled “Joint Resolution  
4 increasing the statutory limit on the public debt”,  
5 approved February 12, 2010 (13 U.S.C. 712 note),  
6 have produced approximately \$429,000,000,000 in  
7 financial benefits for the Federal Government.

8           (2) 2020 marks the tenth year that the Comp-  
9 troller General has prepared this valuable report,  
10 and during that time, agencies have made significant  
11 progress fully or partially addressing the over 900  
12 actions identified by the Comptroller General in the  
13 past decade.

14           (3) The 2020 report entitled “Additional Op-  
15 portunities to Reduce Fragmentation, Overlap, and  
16 Duplication and Achieve Billions in Financial Bene-  
17 fits” (GAO–20–2440SP) identified 168 new actions  
18 that Congress or the executive branch can take to  
19 improve efficiency and effectiveness across the Fed-  
20 eral Government, and potentially to save tens of bil-  
21 lions of dollars.

22           (4) Those financial benefits cannot be realized  
23 without full implementation of the actions and rec-  
24 ommendations set forth by the Comptroller General.

1           (5) Of the 168 new actions, several require leg-  
2 islation to be fully implemented, including—

3           (A) requiring the Secretary of the Treas-  
4 ury to set cybersecurity standards for third-  
5 party tax preparation companies to better pro-  
6 tect taxpayer information, as well as requiring  
7 the Commissioner of the Internal Revenue Serv-  
8 ice to organize and coordinate all aspects of the  
9 Service’s efforts to protect taxpayer information  
10 received from third-party preparers;

11           (B) requiring the Secretary of the Depart-  
12 ment of Housing and Urban Development to  
13 evaluate and report to Congress on the ade-  
14 quacy of the Government National Mortgage  
15 Association’s guaranty fee for single-family  
16 mortgage-backed securities to provide capital  
17 reserves to endure losses, as well as the Govern-  
18 ment National Mortgage Association’s reliance  
19 on contractors and their associated costs; and

20           (C) requiring the Secretary of the Navy to  
21 submit reports to Congress if a critical cost es-  
22 timate breach occurs within the major defense  
23 ship acquisition program.

24           (b) SENSE OF CONGRESS.—It is the sense of Con-  
25 gress that—

1           (1) it is the responsibility of Congress and the  
2 executive branch to take action to implement rec-  
3 ommendations made in the annual reports of the  
4 Government Accountability Office on reducing dupli-  
5 cation, fragmentation, and overlap in Federal pro-  
6 grams to be good stewards of taxpayer dollars by  
7 achieving significant savings and avoiding wasteful  
8 spending; and

9           (2) legislation and adequate resources are need-  
10 ed to ensure that all potential financial benefits are  
11 realized from the implementation of those rec-  
12 ommendations.

13 **SEC. 3. PROTECTING THE SECURITY OF TAXPAYER INFOR-**  
14 **MATION HELD BY THIRD-PARTY PROVIDERS**  
15 **BY IMPROVING COORDINATION AND ESTAB-**  
16 **LISHING MINIMUM SECURITY REQUIRE-**  
17 **MENTS TO REDUCE FRAGMENTATION.**

18           (a) REGULATION OF SECURITY REQUIREMENTS FOR  
19 TAX RETURN PREPARERS AND AUTHORIZED E-FILE  
20 PROVIDERS.—

21           (1) IN GENERAL.—Not later than 180 days  
22 after the date of the enactment of this Act, the Sec-  
23 retary of the Treasury (or the Secretary's delegate)  
24 shall prescribe standards for the security of return  
25 information and information technology systems that

1 are consistent with security standards issued by the  
2 National Institute for Standards and Technology.

3 (2) PENALTY FOR FAILURE TO SECURE INFOR-  
4 MATION.—

5 (A) IN GENERAL.—Section 6695 of the In-  
6 ternal Revenue Code of 1986 is amended by re-  
7 designating subsection (h) as subsection (i) and  
8 by inserting after subsection (g) the following  
9 new subsection:

10 “(h) FAILURE TO COMPLY WITH ELECTRONIC RE-  
11 TURN SECURITY STANDARDS.—Any person who is author-  
12 ized by the Secretary to provide electronic filing services  
13 and who fails to secure return information and informa-  
14 tion technology standards in such manner as prescribed  
15 by the Secretary shall pay a penalty of \$500 for each such  
16 failure. The maximum penalty imposed under this sub-  
17 section on any person with respect to any calendar year  
18 shall not exceed \$25,000.”.

19 (B) INFLATION ADJUSTMENT.—Section  
20 6695(i) of such Code, as redesignated by sub-  
21 paragraph (A), is amended—

22 (i) by redesignating paragraph (2) as  
23 paragraph (3);

24 (ii) by inserting after paragraph (1)  
25 the following new paragraph:

1           “(2) FAILURE TO COMPLY WITH SECURITY  
2 STANDARDS.—In the case of any failure described in  
3 subsection (h) in a calendar year beginning after  
4 2021, each of the dollar amounts under subsection  
5 (h) shall be increased by an amount equal to such  
6 dollar amount multiplied by the cost-of-living adjust-  
7 ment determined under section 1(f)(3) for the cal-  
8 endar year determined by substituting ‘calendar year  
9 2020’ for ‘calendar year 2016’ in subparagraph  
10 (A)(ii) thereof.”; and

11                           (iii) in paragraph (3) (as redesignated  
12 by clause (i)), by striking “paragraph (1)”  
13 and inserting “paragraph (1) or (2)”.

14           (C) EFFECTIVE DATE.—The amendments  
15 made by this paragraph shall apply to failures  
16 described in section 6695(h) of the Internal  
17 Revenue Code of 1986 (as added by subpara-  
18 graph (A)) after the date that is 60 days after  
19 the date the Secretary prescribes the standards  
20 required under paragraph (1).

21           (b) COORDINATION OF TAXPAYER INFORMATION SE-  
22 CURITY.—Not later than 180 days after the date of enact-  
23 ment of this Act, the Commissioner of Internal Revenue  
24 shall develop an organizational plan to create a centralized  
25 body or other governance structure to coordinate all as-

1 pects of the Internal Revenue Service’s efforts to protect  
2 return information while being held or transmitted by  
3 those authorized by the Internal Revenue Service to pro-  
4 vide electronic filing services. The Commissioner shall  
5 transmit the organizational plan to the Committee on Fi-  
6 nance of the Senate, the Committee on Homeland Security  
7 and Governmental Affairs of the Senate, the Committee  
8 on Ways and Means of the House of Representatives, and  
9 the Committee on Oversight and Reform of the House of  
10 Representatives.

11 **SEC. 4. OPTIMIZING REVENUE INTAKE AND SAVING TAX-**  
12 **PAYER DOLLARS AT GINNIE MAE BY ASSESS-**  
13 **ING CURRENT PRACTICES AND EXPLORING**  
14 **ALTERNATIVE GOVERNANCE STRUCTURES**  
15 **TO PROVIDE BETTER OVERSIGHT.**

16 (a) DEFINITIONS.—In this section—

17 (1) the term “appropriate congressional com-  
18 mittees” means—

19 (A) the Committee on Banking, Housing,  
20 and Urban Affairs of the Senate;

21 (B) the Committee on Homeland Security  
22 and Governmental Affairs of the Senate;

23 (C) the Committee on Financial Services of  
24 the House of Representatives; and

1 (D) the Committee on Oversight and Re-  
2 form of the House of Representatives;

3 (2) the term “Association” means the Govern-  
4 ment National Mortgage Association; and

5 (3) the term “Secretary” means the Secretary  
6 of Housing and Urban Development.

7 (b) GUARANTY FEE STUDY AND REPORT.—Not later  
8 than 1 year after the date of enactment of this Act, the  
9 Secretary shall conduct a study and submit to the appro-  
10 priate congressional committees and the Comptroller Gen-  
11 eral of the United States a report on the adequacy of the  
12 guaranty fee of the Association for single-family mort-  
13 gage-backed securities, which shall—

14 (1) evaluate the extent to which the level of the  
15 guaranty fee for single-family mortgage-backed secu-  
16 rities provides the Association with sufficient re-  
17 serves to cover potential losses under different eco-  
18 nomic scenarios, including adverse scenarios, based  
19 on an actuarial or similar analysis;

20 (2) identify the types of standards that the As-  
21 sociation could use to set the guaranty fee for single-  
22 family mortgage-backed securities and evaluate  
23 which standard or standards would enable the Asso-  
24 ciation to set the guaranty fee at an appropriate  
25 level in line with the mission of the Association;

1           (3) assess the benefits and costs of adopting a  
2 risk-based guaranty fee for single-family mortgage-  
3 backed securities that imposes a higher fee on higher  
4 risk issuers;

5           (4) analyze how and to what extent an increase  
6 in the guaranty fee (for all issuers and a subset of  
7 riskier issuers) would affect borrowers' financing,  
8 closing, and other related costs for federally insured  
9 mortgage loans; and

10          (5) if warranted, include recommendations for  
11 any necessary amendments to the National Housing  
12 Act (12 U.S.C. 1701 et seq.) to change the guaranty  
13 fee for single-family mortgage-backed securities, in-  
14 cluding for establishing a standard under which the  
15 Association can determine the level of the guaranty  
16 fee for single-family mortgage-backed securities.

17          (c) RELIANCE ON CONTRACTORS STUDY AND RE-  
18 PORT.—Not later than 1 year after the date of enactment  
19 of this Act, the Secretary shall conduct a study and submit  
20 to the appropriate congressional committees and the  
21 Comptroller General of the United States a report evalu-  
22 ating the workforce composition of the Association in con-  
23 sideration of the critical functions of the Association,  
24 which shall—

25           (1) analyze—

1 (A) the number of Federal employees and  
2 contractors by type of role or position that the  
3 Association uses to perform compliance, risk  
4 management, and other critical functions, and  
5 the cost of a full-time equivalent Federal em-  
6 ployee versus a contractor for comparable roles  
7 or positions;

8 (B) the extent to which the Association  
9 could use Federal employees instead of contrac-  
10 tors by role or position to perform critical func-  
11 tions;

12 (C) the types and amounts of costs that  
13 the Association could save by using Federal em-  
14 ployees instead of contractors, where possible,  
15 to perform critical functions, such as savings  
16 from differences in pay and not having to over-  
17 see contractors;

18 (D) whether the Association would face  
19 any legal or other obstacles in using Federal  
20 employees instead of contractors to perform  
21 critical functions; and

22 (E) the potential negative and positive ef-  
23 fects of using Federal employees instead of con-  
24 tractors on the ability of the Association to  
25 achieve the mission of the Association; and

1           (2) if warranted, include recommendations for  
2           any necessary amendments to the National Housing  
3           Act (12 U.S.C. 1701 et seq.) to change the funding  
4           structure of the Association.

5           (d) COMPENSATION STRUCTURE STUDY AND RE-  
6           PORT.—Not later than 1 year after the date of enactment  
7           of this Act, the Secretary shall conduct a study and submit  
8           to the appropriate congressional committees and the  
9           Comptroller General of the United States a report evalu-  
10          ating the workforce challenges of the Association, which  
11          shall—

12           (1) analyze, quantitatively to the extent pos-  
13          sible, the challenges of the Association in hiring and  
14          retaining staff, including compensation, during the  
15          3-year period preceding the report;

16           (2) identify and summarize the options that the  
17          Association has pursued within existing authorities  
18          to address the staffing challenges of the Association,  
19          including which agencies or offices were involved,  
20          and the key decisions and outcomes of those efforts;

21           (3) identify options that the Association did not  
22          pursue within existing authorities to address the  
23          staffing challenges of the Association and the rea-  
24          sons for not pursuing those options;

1           (4) identify and evaluate options outside of ex-  
2           isting authorities that the Association could use to  
3           address the staffing challenges of the Association  
4           and the potential benefits and costs of those options;  
5           and

6           (5) if warranted, include recommendations for  
7           any necessary amendments to the National Housing  
8           Act (12 U.S.C. 1701 et seq.) to change how the  
9           Government National Mortgage Association sets  
10          compensation.

11          (e) REVIEW OF REFORMS TO GINNIE MAE'S ORGANI-  
12          ZATIONAL AND OVERSIGHT STRUCTURE.—The Comp-  
13          troller General of the United States shall conduct a study  
14          and submit to the appropriate congressional committees  
15          a report on alternate ways of overseeing the Association  
16          to address increasing risks, which shall—

17                (1) review the reports submitted by the Sec-  
18                retary under subsections (b), (c), and (d) to deter-  
19                mine if the reports addressed the required provisions  
20                and assess any recommendations made in those re-  
21                ports;

22                (2) identify key challenges or constraints that  
23                the Association has faced under the governance and  
24                funding structure of the Association as a govern-

1       ment corporation within the Department of Housing  
2       and Urban Development;

3               (3) identify alternative models under which the  
4       governance and funding structure of the Association  
5       could be reorganized to better support housing policy  
6       priorities in the United States and to ensure that  
7       the Association fulfilling the role of increasing li-  
8       quidity in the housing finance market while also  
9       minimizing risk to the taxpayer;

10              (4) evaluate the potential positive and negative  
11       impacts of the models described in paragraph (3) on  
12       the Association, the Department of Housing and  
13       Urban Development, and other stakeholders;

14              (5) obtain input from relevant stakeholders,  
15       such as Federal entities, lenders, issuers, investors,  
16       affordable housing advocates, and researchers, on re-  
17       forms to the organizational and oversight structure  
18       of the Association;

19              (6) consider the housing finance system and  
20       ways in which alternative oversight structures of the  
21       Association could impact the system; and

22              (7) review such other information as the Comp-  
23       troller General determines relevant.

1 **SEC. 5. CONTROLLING UNANTICIPATED SUSTAINMENT**  
2 **COSTS ASSOCIATED WITH NAVY MAJOR DE-**  
3 **FENSE SHIP ACQUISITION PROGRAMS**  
4 **THROUGH ROBUST OVERSIGHT.**

5 (a) IN GENERAL.—Chapter 144 of title 10, United  
6 States Code, is amended by inserting after section 2433a  
7 the following new section:

8 **“§ 2433b. Critical operating and support cost estimate**  
9 **growth in Navy shipbuilding programs**

10 “(a) REPORTING.—Not later than 180 days after  
11 identifying a critical operating and support cost estimate  
12 breach in a Department of the Navy major defense ship  
13 acquisition program, the Secretary of the Navy shall sub-  
14 mit to the Committee on Armed Services and Committee  
15 on Homeland Security and Governmental Affairs of the  
16 Senate and the Committee on Armed Services and Com-  
17 mittee on Oversight and Reform of the House of Rep-  
18 resentatives a report that includes the following:

19 “(1) A determination and documentation of the  
20 root cause or causes of the critical operating and  
21 support cost estimate growth.

22 “(2) A reassessment of the program’s operating  
23 and support cost estimate that includes a new man-  
24 power analysis, incorporates available actual cost  
25 data, and includes a sensitivity analysis of key as-  
26 sumptions.

1           “(3) A plan to reduce the estimated operating  
2           and support costs, including the amount that could  
3           be reduced and the trade-offs or challenges in mak-  
4           ing these reductions.

5           “(4) A reassessment of the program’s ability to  
6           meet any changes to the program’s sustainment key  
7           performance parameter related to operational avail-  
8           ability and materiel availability.

9           “(5) A determination to terminate or modify  
10          the program or a certification that the program con-  
11          tinues to be essential to national security and that  
12          the program will meet its planned requirements.

13          “(b) DEFINITIONS.—In this section—

14                 “(1) the term ‘average annual operating and  
15                 support costs per ship’ means the total operating  
16                 support costs associated with a program, divided by  
17                 the number of hulls, multiplied by the years of serv-  
18                 ice life described in the original Baseline Estimate;

19                 “(2) the term ‘critical operating and support  
20                 cost estimate growth’ means growth that exceeds the  
21                 operating and support cost estimate thresholds by at  
22                 least 30 percent, as stated in terms of constant base  
23                 years dollars, over the average annual operating and  
24                 support costs per ship as derived from the original  
25                 Baseline Estimate for the program, during the pe-

1 riod the Navy submits Selected Acquisition Reports  
2 or alternatives to the Selected Acquisition Reports in  
3 accordance with section 2432 of this title; and

4 “(3) the term ‘major defense ship acquisition  
5 program’ means any Department of the Navy ship-  
6 building program with estimated costs equivalent to  
7 the dollar thresholds for a major defense acquisition  
8 program under section 2430 of this title.”.

9 (b) CLERICAL AMENDMENT.—The table of sections  
10 at the beginning of chapter 144 of such title is amended  
11 by inserting after the item relating to section 2433a the  
12 following new item:

“2433b. Critical operating and support cost estimate growth in Navy ship-  
building programs.”.

