

111TH CONGRESS  
1ST SESSION

# H. R. 943

To amend title 31, United States Code, to require certain additional calculations to be included in the annual financial statement submitted under section 331(e) of that title, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2009

Mrs. BACHMANN (for herself, Mr. RYAN of Wisconsin, Mr. COOPER, Mr. KIRK, Mr. CAMPBELL, Mr. COLE, Mr. BROUN of Georgia, Mr. FRANKS of Arizona, Mr. SCALISE, Mr. FORTENBERRY, Mr. LAMBORN, Mr. NEUGEBAUER, Mr. POSEY, Mr. LATTI, Mr. BRADY of Texas, Mr. KINGSTON, Mr. SAM JOHNSON of Texas, Mrs. SCHMIDT, Mr. BURTON of Indiana, Ms. FOXX, and Mr. HOEKSTRA) introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committee on the Budget, 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 amend title 31, United States Code, to require certain additional calculations to be included in the annual financial statement submitted under section 331(e) of that title, 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,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Truth in Accounting  
3 Act of 2009”.

4 **SEC. 2. PREPARATION OF NET PRESENT VALUE CALCULA-**  
5 **TION OF MAJOR FISCAL EXPOSURES OF THE**  
6 **FEDERAL GOVERNMENT.**

7       (a) IN GENERAL.—Section 331(e) of title 31, United  
8 States Code, is amended by adding at the end the fol-  
9 lowing:

10               “(3) NET PRESENT VALUE CALCULATION AND  
11 OTHER CALCULATIONS.—

12               “(A) MATTERS COVERED.—The financial  
13 statement shall include a calculation under poli-  
14 cies in effect during the fiscal year covered by  
15 the statement of the net present value of the  
16 overall fiscal exposures of the United States  
17 Government. The calculation shall include—

18                       “(i) the outstanding debt held by the  
19 public;

20                       “(ii) calculations of the net present  
21 value of commitments and receipts of the  
22 Federal Old-Age and Survivors Insurance  
23 (OASI) Trust Fund, the Federal Disability  
24 Insurance (DI) Trust Fund, the Federal  
25 Hospital Insurance (HI) Trust Fund, and  
26 the Federal Supplementary Medical Insur-

1           ance (SMI) Trust Fund using the most re-  
2           cent available long-term, intermediate pro-  
3           jections by the Trustees of such Trust  
4           Funds of revenues, expenditures, and dis-  
5           count factors, as represented in such an-  
6           nual reports;

7           “(iii) calculations of the net present  
8           value of commitments and receipts of the  
9           Railroad Retirement and Black Lung (part  
10          C) programs; and

11          “(iv) calculations of the net present  
12          value of commitments and receipts of the  
13          Federal retirement and health insurance  
14          systems, both civil and military.

15          “(B) TIME HORIZON.—(i) For each cal-  
16          culation under subparagraph (A), calculations  
17          shall be provided for—

18                  “(I) a 75-year horizon; and

19                  “(II) an indefinite time horizon.

20          “(ii) For the 75-year horizon under clause  
21          (i)(I), each calculation shall take each year’s  
22          projected expenditures minus revenues, divide  
23          this difference by the projected discount factor  
24          for that year, and add the resulting 75 annual  
25          discounted flows to obtain the program’s net

1 present value imbalance. The long-term dis-  
2 count and growth rates used in these calcula-  
3 tions shall be discussed in the financial state-  
4 ment and shall be consistent with those used by  
5 the Department of Treasury and other Govern-  
6 ment agencies with regard to other long-term fi-  
7 nancial calculations. For purposes of the cal-  
8 culations in clauses (ii), (iii), and (iv) of sub-  
9 paragraph (A), revenues shall include payroll  
10 taxes as allocated by law to the respective Trust  
11 Funds (currently the case for OASI, DI, and  
12 HI), participant premiums and State transfer  
13 income (for SMI), general revenue receipts from  
14 the taxation of benefits, as currently allocated  
15 by law to the OASI, DI, and HI Trust Funds,  
16 and funding for the Federal retirement and  
17 health insurance systems, both civil and mili-  
18 tary. For purposes of this calculation, revenues  
19 shall not include interest income on Trust Fund  
20 and transfers of general revenue to SMI, Social  
21 Security, or Medicare.

22 “(iii) For the indefinite time horizon under  
23 clause (i)(II), the calculations shall follow the  
24 procedures provided in clause (ii), but shall be  
25 based on extended projections for a number of

1 years sufficiently beyond 75 years that would  
2 result in the present value sum increasing by  
3 less than 0.05 percent if an additional year  
4 were added to the projection.

5 “(C) GENERATIONAL IMBALANCE CAL-  
6 CULATION.—The financial statement shall in-  
7 clude a program-by-program calculation under  
8 policies in effect during the fiscal year covered  
9 by the statement of the net present value of  
10 benefits and projected benefits to current par-  
11 ticipants of the programs described in clauses  
12 (ii), (iii), and (iv) of subparagraph (A), includ-  
13 ing the present value of projected benefits to  
14 current participants, less the present value of  
15 projected contributions and earmarked taxes  
16 paid by, or on behalf of, current participants  
17 less the current trust fund balances.

18 “(D) FISCAL IMBALANCE CALCULATION.—  
19 The financial statement shall include a pro-  
20 gram-by-program calculation under policies in  
21 effect during the fiscal year covered by the  
22 statement of the net present value of benefits  
23 and projected benefits to current and future  
24 participants of the programs described in  
25 clauses (ii), (iii), and (iv) of subparagraph (A),

1 including the present value of projected benefits  
2 to current and future participants over the in-  
3 definite horizon, less the present value of pro-  
4 jected contributions and earmarked taxes paid  
5 by, or on behalf of, current and future partici-  
6 pants over the indefinite horizon, less the cur-  
7 rent trust fund balances.

8 “(E) PRESENTATION OF PUBLIC DEBT.—

9 The financial statement shall include the total  
10 amount of outstanding public debt (included in  
11 the statement pursuant to subparagraph  
12 (A)(i)), plus the total amount of fiscal imbal-  
13 ance calculations (included in the statement  
14 pursuant to subparagraph (D)), set forth sepa-  
15 rately by amount of debt per person, per  
16 fulltime worker, and per household.

17 “(F) METHODS USED.—The financial

18 statement shall include the assumptions and de-  
19 tails of the methods used in making the calcula-  
20 tions required under subparagraph (A). It shall  
21 separately identify and provide a detailed de-  
22 scription of the methods and assumptions used  
23 in making projections of tax revenues, pre-  
24 miums, other receipts from all sources, includ-  
25 ing inter-fund transfers and interest income on

1 securities held in trust funds, benefit outlays  
2 distinguished by the type of benefit, and admin-  
3 istrative expenses. The financial statement shall  
4 also provide details regarding demographic as-  
5 sumptions (such as fertility, mortality, immigra-  
6 tion, and labor-force participation rates), de-  
7 pendency ratios, and economic assumptions  
8 (such as trust fund interest rates, discount  
9 rates, revenue and benefit growth rates, health-  
10 care expenditure growth rates, productivity  
11 growth rates, and inflation rates). The informa-  
12 tion should include a description of all other in-  
13 termediate steps and variables used and pro-  
14 jected in making the calculations.”.

15 (b) REQUIREMENT FOR PRESIDENT TO USE FINAN-  
16 CIAL STATEMENT IN PREPARING BUDGET.—

17 (1) REQUIREMENT.—In preparing the budget  
18 for the United States Government for submission  
19 under section 1105 of title 31, United States Code,  
20 the President shall take into consideration the finan-  
21 cial statement prepared by the Secretary of the  
22 Treasury under section 331(e) of such title, includ-  
23 ing the effect of the overall budget on the  
24 generational imbalance calculation and the fiscal im-  
25 balance calculation required under subparagraphs

1 (C) and (D), respectively, of such section, and the  
2 effect of the overall budget on the net present value  
3 of the overall fiscal exposures of the United States  
4 Government.

5 (2) INCLUSION OF STATEMENT IN BUDGET.—  
6 Section 1105(a) of title 31, United States Code, is  
7 amended by adding at the end the following new  
8 paragraph:

9 “(36) A statement describing how the financial  
10 statement prepared by the Secretary of the Treasury  
11 under section 331(e) of this title was considered in  
12 preparing the budget, as required by section 2(b) of  
13 the Truth in Accounting Act of 2009, including a  
14 statement of the effect of the overall budget on the  
15 generational imbalance calculation and the fiscal im-  
16 balance calculation required under subparagraphs  
17 (C) and (D), respectively, of such section, and the  
18 effect of the overall budget on the net present value  
19 of the overall fiscal exposures of the United States  
20 Government.”.

21 (c) SECRETARY OF TREASURY TESTIMONY ON FI-  
22 NANCIAL STATEMENT.—Section 331(e) of title 31, United  
23 States Code, is further amended by adding at the end the  
24 following new paragraph:



1       “(4) The Secretary of the Treasury shall testify each  
2 year before Congress on the financial statement for the  
3 preceding fiscal year required by this section, including the  
4 generational imbalance calculation and fiscal imbalance  
5 calculation required under subparagraphs (C) and (D), re-  
6 spectively, of paragraph (3).”.

7       (d) COMPTROLLER GENERAL REPORT ON FINANCIAL  
8 CONDITION OF GOVERNMENT.—Section 331(e) of title 31,  
9 United States Code, is further amended by adding at the  
10 end the following new paragraph:

11       “(5) The Comptroller General shall testify each year  
12 before Congress upon request. Not later than January 30  
13 of each year, the Comptroller General of the United States  
14 shall submit to Congress a report containing an assess-  
15 ment of the financial condition of the United States Gov-  
16 ernment. The report shall include—

17               “(A) an assessment of the generational imbal-  
18 ance calculation and fiscal imbalance calculation re-  
19 quired under paragraph (3);

20               “(B) a statement of whether the President met  
21 the requirements of section 2(b) of the Truth in Ac-  
22 counting Act of 2009;

23               “(C) the results of the most recent long-term  
24 fiscal model simulation of the Government Account-  
25 ability Office; and

1           “(D) such other fiscal matters the Comptroller  
2       General determines to be significant.”.

3       (e) **EFFECTIVE DATE.**—The information required  
4 under paragraph (3) of section 331(e) of title 31, United  
5 States Code, as added by subsection (a), shall be included  
6 in the first financial statement required under that section  
7 after the date of the enactment of this Act.

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