

partner of the program, with the goal of changing lives.

In fact, Bosma is Indiana's largest employer of people with vision loss, helping acclimate over 700 people last year alone and helping over 50,000 people find employment since it started.

It is about more than the numbers, though. Take Chris McKirahan. She was born with glaucoma, meaning she had the eyes of an 80-year-old at the time she was born. At the age of 43, she lost all of her vision and began orientation and mobility training at Bosma Enterprises.

Following that training, she began volunteering as a Braille and keyboarding instructor. In November of 2010, she was hired on full time as a production employee; but she continues to volunteer in her free time, teaching Braille and keyboarding in the very center she graduated from 4 years ago.

Madam Speaker, it is my honor to extend my support to the AbilityOne Program and Bosma Enterprises. They are difference makers; they are changing lives.

#### COMMUNICATION FROM DISTRICT CHIEF OF STAFF, THE HONORABLE JOSEPH R. PITTS, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from Thomas Tillett, District Chief of Staff, the Honorable JOSEPH R. PITTS, Member of Congress:

HOUSE OF REPRESENTATIVES,  
Washington, DC, March 26, 2014.

Hon. JOHN A. BOEHNER,  
Speaker, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: This is to notify you formally pursuant to Rule VIII of the Rules of the House of Representatives that I, as custodian of records for Congressman Joe Pitts, have been served with a subpoena, issued by the United States District Court for the Eastern District of Pennsylvania, requesting documents in a third-party civil case.

As I have determined that there are no documents responsive to the subpoena, it is not necessary for me to determine whether compliance with the subpoena is consistent with the privileges and rights of the House.

Sincerely,

THOMAS TILLET,  
District Chief of Staff,  
Congressman Joe Pitts.

#### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, April 7, 2014.

Hon. JOHN A. BOEHNER,  
The Speaker, U.S. Capitol, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following mes-

sage from the Secretary of the Senate on April 7, 2014 at 10:19 a.m.:

That the Senate passed H. Con. Res. 88.

With best wishes, I am

Sincerely,

KAREN L. HAAS.

#### CONTINUATION OF THE NATIONAL EMERGENCY WITH RESPECT TO SOMALIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 113-103)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

##### *To the Congress of the United States:*

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, within 90 days prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent to the *Federal Register* for publication the enclosed notice stating that the national emergency declared in Executive Order 13536 of April 12, 2010, with respect to Somalia is to continue in effect beyond April 12, 2014.

On January 17, 2013, the United States Government announced its recognition of the Government of Somalia. The United States had not recognized a government in Somalia for the previous 22 years. Although the U.S. recognition underscores a strong commitment to Somalia's stabilization, it does not remove the importance of U.S. sanctions, especially against persons undermining the stability of Somalia. For this reason, I have determined that it is necessary to continue the national emergency with respect to Somalia and to maintain in force the sanctions to respond to this threat.

BARACK OBAMA.  
THE WHITE HOUSE, April 7, 2014.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 2 o'clock and 10 minutes p.m.), the House stood in recess.

□ 1602

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. MESSER) at 4 o'clock and 2 minutes p.m.

#### BUDGET AND ACCOUNTING TRANSPARENCY ACT OF 2014

##### GENERAL LEAVE

Mr. GARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on this bill, which is H.R. 1872, which is the Budget and Accounting Transparency Act of 2014.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GARRETT. Mr. Speaker, pursuant to House Resolution 539, I call up the bill (H.R. 1872) to amend the Balanced Budget and Emergency Deficit Control Act of 1985 to increase transparency in Federal budgeting, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 539, the amendment in the nature of a substitute recommended by the Committee on the Budget, printed in the bill is adopted. The bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 1872

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

##### SECTION 1. SHORT TITLE.

*This Act may be cited as the "Budget and Accounting Transparency Act of 2014".*

##### TITLE I—FAIR VALUE ESTIMATES

##### SEC. 101. CREDIT REFORM.

(a) IN GENERAL.—Title V of the Congressional Budget Act of 1974 is amended to read as follows:

##### "TITLE V—FAIR VALUE

##### "SEC. 500. SHORT TITLE.

*"This title may be cited as the 'Fair Value Accounting Act of 2014'.*

##### "SEC. 501. PURPOSES.

*"The purposes of this title are to—*

*"(1) measure more accurately the costs of Federal credit programs by accounting for them on a fair value basis;*

*"(2) place the cost of credit programs on a budgetary basis equivalent to other Federal spending;*

*"(3) encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries; and*

*"(4) improve the allocation of resources among Federal programs.*

##### "SEC. 502. DEFINITIONS.

*"For purposes of this title:*

*"(1) The term 'direct loan' means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender and financing arrangements that defer payment for more than 90 days, including the sale of a Government asset on credit terms. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation.*

*"(2) The term 'direct loan obligation' means a binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.*

*"(3) The term 'loan guarantee' means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a*

non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

“(4) The term ‘loan guarantee commitment’ means a binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

“(5)(A) The term ‘cost’ means the sum of the Treasury discounting component and the risk component of a direct loan or loan guarantee, or a modification thereof.

“(B) The Treasury discounting component shall be the estimated long-term cost to the Government of a direct loan or loan guarantee, or modification thereof, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays.

“(C) The risk component shall be an amount equal to the difference between—

“(i) the estimated long-term cost to the Government of a direct loan or loan guarantee, or modification thereof, estimated on a fair value basis, applying the guidelines set forth by the Financial Accounting Standards Board in Financial Accounting Standards #157, or a successor thereto, excluding administrative costs and any incidental effects on governmental receipts or outlays; and

“(ii) the Treasury discounting component of such direct loan or loan guarantee, or modification thereof.

“(D) The Treasury discounting component of a direct loan shall be the net present value, at the time when the direct loan is disbursed, of the following estimated cash flows:

“(i) Loan disbursements.

“(ii) Repayments of principal.

“(iii) Essential preservation expenses, payments of interest and other payments by or to the Government over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries, including the effects of changes in loan terms resulting from the exercise by the borrower of an option included in the loan contract.

“(E) The Treasury discounting component of a loan guarantee shall be the net present value, at the time when the guaranteed loan is disbursed, of the following estimated cash flows:

“(i) Payments by the Government to cover defaults and delinquencies, interest subsidies, essential preservation expenses, or other payments.

“(ii) Payments to the Government including origination and other fees, penalties, and recoveries, including the effects of changes in loan terms resulting from the exercise by the guaranteed lender of an option included in the loan guarantee contract, or by the borrower of an option included in the guaranteed loan contract.

“(F) The cost of a modification is the sum of—

“(i) the difference between the current estimate of the Treasury discounting component of the remaining cash flows under the terms of a direct loan or loan guarantee and the current estimate of the Treasury discounting component of the remaining cash flows under the terms of the contract, as modified; and

“(ii) the difference between the current estimate of the risk component of the remaining cash flows under the terms of a direct loan or loan guarantee and the current estimate of the risk component of the remaining cash flows under the terms of the contract as modified.

“(G) In estimating Treasury discounting components, the discount rate shall be the average interest rate on marketable Treasury securities of similar duration to the cash flows of the direct loan or loan guarantee for which the estimate is being made.

“(H) When funds are obligated for a direct loan or loan guarantee, the estimated cost shall be based on the current assumptions, adjusted to incorporate the terms of the loan contract, for the fiscal year in which the funds are obligated.

“(6) The term ‘program account’ means the budget account into which an appropriation to cover the cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account.

“(7) The term ‘financing account’ means the nonbudget account or accounts associated with each program account which holds balances, receives the cost payment from the program account, and also includes all other cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991.

“(8) The term ‘liquidating account’ means the budget account that includes all cash flows to and from the Government resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991. These accounts shall be shown in the budget on a cash basis.

“(9) The term ‘modification’ means any Government action that alters the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) from the current estimate of cash flows. This includes the sale of loan assets, with or without recourse, and the purchase of guaranteed loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) such as a change in collection procedures.

“(10) The term ‘current’ has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(11) The term ‘Director’ means the Director of the Office of Management and Budget.

“(12) The term ‘administrative costs’ means costs related to program management activities, but does not include essential preservation expenses.

“(13) The term ‘essential preservation expenses’ means servicing and other costs that are essential to preserve the value of loan assets or collateral.

#### **“SEC. 503. OMB AND CBO ANALYSIS, COORDINATION, AND REVIEW.**

“(a) IN GENERAL.—For the executive branch, the Director shall be responsible for coordinating the estimates required by this title. The Director shall consult with the agencies that administer direct loan or loan guarantee programs.

“(b) DELEGATION.—The Director may delegate to agencies authority to make estimates of costs. The delegation of authority shall be based upon written guidelines, regulations, or criteria consistent with the definitions in this title.

“(c) COORDINATION WITH THE CONGRESSIONAL BUDGET OFFICE.—In developing estimation guidelines, regulations, or criteria to be used by Federal agencies, the Director shall consult with the Director of the Congressional Budget Office.

“(d) IMPROVING COST ESTIMATES.—The Director and the Director of the Congressional Budget Office shall coordinate the development of more accurate data on historical performance and prospective risk of direct loan and loan guarantee programs. They shall annually review the performance of outstanding direct loans and loan guarantees to improve estimates of costs. The Office of Management and Budget and the Congressional Budget Office shall have access to all agency data that may facilitate the development and improvement of estimates of costs.

“(e) HISTORICAL CREDIT PROGRAMS COSTS.—The Director shall review, to the extent possible, historical data and develop the best possible estimates of adjustments that would convert aggregate historical budget data to credit reform accounting.

#### **“SEC. 504. BUDGETARY TREATMENT.**

“(a) PRESIDENT’S BUDGET.—Beginning with fiscal year 2017, the President’s budget shall reflect the costs of direct loan and loan guarantee programs. The budget shall also include the planned level of new direct loan obligations or loan guarantee commitments associated with each appropriations request. For each fiscal

year within the five-fiscal year period beginning with fiscal year 2017, such budget shall include, on an agency-by-agency basis, subsidy estimates and costs of direct loan and loan guarantee programs with and without the risk component.

“(b) APPROPRIATIONS REQUIRED.—Notwithstanding any other provision of law, new direct loan obligations may be incurred and new loan guarantee commitments may be made for fiscal year 2017 and thereafter only to the extent that—

“(1) new budget authority to cover their costs is provided in advance in an appropriation Act;

“(2) a limitation on the use of funds otherwise available for the cost of a direct loan or loan guarantee program has been provided in advance in an appropriation Act; or

“(3) authority is otherwise provided in appropriations Acts.

“(c) EXEMPTION FOR DIRECT SPENDING PROGRAMS.—Subsections (b) and (e) shall not apply to—

“(1) any direct loan or loan guarantee program that constitutes an entitlement (such as the guaranteed student loan program or the veteran’s home loan guaranty program);

“(2) the credit programs of the Commodity Credit Corporation existing on the date of enactment of this title; or

“(3) any direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) made by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

#### **“(d) BUDGET ACCOUNTING.—**

“(1) The authority to incur new direct loan obligations, make new loan guarantee commitments, or modify outstanding direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) shall constitute new budget authority in an amount equal to the cost of the direct loan or loan guarantee in the fiscal year in which definite authority becomes available or indefinite authority is used. Such budget authority shall constitute an obligation of the program account to pay to the financing account.

“(2) The outlays resulting from new budget authority for the cost of direct loans or loan guarantees described in paragraph (1) shall be paid from the program account into the financing account and recorded in the fiscal year in which the direct loan or the guaranteed loan is disbursed or its costs altered.

“(3) All collections and payments of the financing accounts shall be a means of financing.

“(e) MODIFICATIONS.—An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) shall not be modified in a manner that increases its costs unless budget authority for the additional cost has been provided in advance in an appropriations Act.

“(f) REESTIMATES.—When the estimated cost for a group of direct loans or loan guarantees for a given program made in a single fiscal year is re-estimated in a subsequent year, the difference between the reestimated cost and the previous cost estimate shall be displayed as a distinct and separately identified subaccount in the program account as a change in program costs and a change in net interest. There is hereby provided permanent indefinite authority for these re-estimates.

“(g) ADMINISTRATIVE EXPENSES.—All funding for an agency’s administrative costs associated with a direct loan or loan guarantee program shall be displayed as distinct and separately identified subaccounts within the same budget account as the program’s cost.

#### **“SEC. 505. AUTHORIZATIONS.**

“(a) AUTHORIZATION FOR FINANCING ACCOUNTS.—In order to implement the accounting required by this title, the President is authorized to establish such non-budgetary accounts as may be appropriate.

“(b) TREASURY TRANSACTIONS WITH THE FINANCING ACCOUNTS.—

“(1) *IN GENERAL.*—The Secretary of the Treasury shall borrow from, receive from, lend to, or pay to the financing accounts such amounts as may be appropriate. The Secretary of the Treasury may prescribe forms and denominations, maturities, and terms and conditions for the transactions described in the preceding sentence, except that the rate of interest charged by the Secretary on lending to financing accounts (including amounts treated as lending to financing accounts by the Federal Financing Bank (hereinafter in this subsection referred to as the ‘Bank’) pursuant to section 405(b)) and the rate of interest paid to financing accounts on uninvested balances in financing accounts shall be the same as the rate determined pursuant to section 502(5)(G).

“(2) *LOANS.*—For guaranteed loans financed by the Bank and treated as direct loans by a Federal agency pursuant to section 406(b)(1), any fee or interest surcharge (the amount by which the interest rate charged exceeds the rate determined pursuant to section 502(5)(G) that the Bank charges to a private borrower pursuant to section 6(c) of the Federal Financing Bank Act of 1973 shall be considered a cash flow to the Government for the purposes of determining the cost of the direct loan pursuant to section 502(5). All such amounts shall be credited to the appropriate financing account.

“(3) *REIMBURSEMENT.*—The Bank is authorized to require reimbursement from a Federal agency to cover the administrative expenses of the Bank that are attributable to the direct loans financed for that agency. All such payments by an agency shall be considered administrative expenses subject to section 504(g). This subsection shall apply to transactions related to direct loan obligations or loan guarantee commitments made on or after October 1, 1991.

“(4) *AUTHORITY.*—The authorities provided in this subsection shall not be construed to supersede or override the authority of the head of a Federal agency to administer and operate a direct loan or loan guarantee program.

“(5) *TITLE 31.*—All of the transactions provided in the subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code.

“(6) *TREATMENT OF CASH BALANCES.*—Cash balances of the financing accounts in excess of current requirements shall be maintained in a form of uninvested funds and the Secretary of the Treasury shall pay interest on these funds. The Secretary of the Treasury shall charge (or pay if the amount is negative) financing accounts an amount equal to the risk component for a direct loan or loan guarantee, or modification thereof. Such amount received by the Secretary of the Treasury shall be a means of financing and shall not be considered a cash flow of the Government for the purposes of section 502(5).

“(c) *AUTHORIZATION FOR LIQUIDATING ACCOUNTS.*—(1) Amounts in liquidating accounts shall be available only for payments resulting from direct loan obligations or loan guarantee commitments made prior to October 1, 1991, for—

“(A) interest payments and principal repayments to the Treasury or the Federal Financing Bank for amounts borrowed;

“(B) disbursements of loans;

“(C) default and other guarantee claim payments;

“(D) interest supplement payments;

“(E) payments for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales;

“(F) payments to financing accounts when required for modifications;

“(G) administrative costs and essential preservation expenses, if—

“(i) amounts credited to the liquidating account would have been available for administrative costs and essential preservation expenses under a provision of law in effect prior to October 1, 1991; and

“(ii) no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; or

“(H) such other payments as are necessary for the liquidation of such direct loan obligations and loan guarantee commitments.

“(2) Amounts credited to liquidating accounts in any year shall be available only for payments required in that year. Any unobligated balances in liquidating accounts at the end of a fiscal year shall be transferred to miscellaneous receipts as soon as practicable after the end of the fiscal year.

“(3) If funds in liquidating accounts are insufficient to satisfy obligations and commitments of such accounts, there is hereby provided permanent, indefinite authority to make any payments required to be made on such obligations and commitments.

“(d) *REINSURANCE.*—Nothing in this title shall be construed as authorizing or requiring the purchase of insurance or reinsurance on a direct loan or loan guarantee from private insurers. If any such reinsurance for a direct loan or loan guarantee is authorized, the cost of such insurance and any recoveries to the Government shall be included in the calculation of the cost.

“(e) *ELIGIBILITY AND ASSISTANCE.*—Nothing in this title shall be construed to change the authority or the responsibility of a Federal agency to determine the terms and conditions of eligibility for, or the amount of assistance provided by a direct loan or a loan guarantee.

#### “SEC. 506. TREATMENT OF DEPOSIT INSURANCE AND AGENCIES AND OTHER INSURANCE PROGRAMS.

“This title shall not apply to the credit or insurance activities of the Federal Deposit Insurance Corporation, National Credit Union Administration, Resolution Trust Corporation, Pension Benefit Guaranty Corporation, National Flood Insurance, National Insurance Development Fund, Crop Insurance, or Tennessee Valley Authority.

#### “SEC. 507. EFFECT ON OTHER LAWS.

“(a) *EFFECT ON OTHER LAWS.*—This title shall supersede, modify, or repeal any provision of law enacted prior to the date of enactment of this title to the extent such provision is inconsistent with this title. Nothing in this title shall be construed to establish a credit limitation on any Federal loan or loan guarantee program.

“(b) *CREDITING OF COLLECTIONS.*—Collections resulting from direct loans obligated or loan guarantees committed prior to October 1, 1991, shall be credited to the liquidating accounts of Federal agencies. Amounts so credited shall be available, to the same extent that they were available prior to the date of enactment of this title, to liquidate obligations arising from such direct loans obligated or loan guarantees committed prior to October 1, 1991, including repayment of any obligations held by the Secretary of the Treasury or the Federal Financing Bank. The unobligated balances of such accounts that are in excess of current needs shall be transferred to the general fund of the Treasury. Such transfers shall be made from time to time but, at least once each year.”

“(b) *CONFORMING AMENDMENT.*—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the items relating to title V and inserting the following:

#### “TITLE V—FAIR VALUE

“Sec. 500. Short title.

“Sec. 501. Purposes.

“Sec. 502. Definitions.

“Sec. 503. OMB and CBO analysis, coordination, and review.

“Sec. 504. Budgetary treatment.

“Sec. 505. Authorizations.

“Sec. 506. Treatment of deposit insurance and agencies and other insurance programs.

“Sec. 507. Effect on other laws.”

#### SEC. 102. BUDGETARY ADJUSTMENT.

(a) *IN GENERAL.*—Section 251(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new sentence: “A change in discretionary spending solely as a result of the amendment to title V of the Congressional Budget Act of 1974 made by the Budget and Accounting Transparency Act of 2014 shall be treated as a change of concept under this paragraph.”

(b) *REPORT.*—Before adjusting the discretionary caps pursuant to the authority provided in subsection (a), the Office of Management and Budget shall report to the Committees on the Budget of the House of Representatives and the Senate on the amount of that adjustment, the methodology used in determining the size of that adjustment, and a program-by-program itemization of the components of that adjustment.

(c) *SCHEDULE.*—The Office of Management and Budget shall not make an adjustment pursuant to the authority provided in subsection (a) sooner than 60 days after providing the report required in subsection (b).

#### SEC. 103. EFFECTIVE DATE.

The amendments made by section 101 shall take effect beginning with fiscal year 2017.

#### TITLE II—BUDGETARY TREATMENT

#### SEC. 201. CBO AND OMB STUDIES RESPECTING BUDGETING FOR COSTS OF FEDERAL INSURANCE PROGRAMS.

Not later than 1 year after the date of enactment of this Act, the Directors of the Congressional Budget Office and of the Office of Management and Budget shall each prepare a study and make recommendations to the Committees on the Budget of the House of Representatives and the Senate as to the feasibility of applying fair value concepts to budgeting for the costs of Federal insurance programs.

#### SEC. 202. ON-BUDGET STATUS OF FANNIE MAE AND FREDDIE MAC.

Notwithstanding any other provision of law, the receipts and disbursements, including the administrative expenses, of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation shall be counted as new budget authority, outlays, receipts, or deficit or surplus for purposes of—

(1) the budget of the United States Government as submitted by the President;

(2) the congressional budget; and

(3) the Balanced Budget and Emergency Deficit Control Act of 1985.

#### SEC. 203. EFFECTIVE DATE.

Section 202 shall not apply with respect to an enterprise (as such term is defined in section 1303 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4502)) after the date that all of the following have occurred:

(1) The conservatorship for such enterprise under section 1367 of such Act (12 U.S.C. 4617) has been terminated.

(2) The Director of the Federal Housing Finance Agency has certified in writing that such enterprise has repaid to the Federal Government the maximum amount consistent with minimizing total cost to the Federal Government of the financial assistance provided to the enterprise by the Federal Government pursuant to the amendments made by section 1117 of the Housing and Economic Recovery Act of 2008 (Public Law 110–289; 122 Stat. 2683) or otherwise.

(3) The charter for the enterprise has been revoked, annulled, or terminated and the authorizing statute (as such term is defined in such section 1303) with respect to the enterprise has been repealed.

### TITLE III—BUDGET REVIEW AND ANALYSIS

#### SEC. 301. CBO AND OMB REVIEW AND RECOMMENDATIONS RESPECTING RECEIPTS AND COLLECTIONS.

Not later than 1 year after the date of enactment of this Act, the Director of the Office of Management and Budget shall prepare a study of the history of offsetting collections against expenditures and the amount of receipts collected annually, the historical application of the budgetary terms “revenue”, “offsetting collections”, and “offsetting receipts”, and review the application of those terms and make recommendations to the Committees on the Budget of the House of Representatives and the Senate of whether such usage should be continued or modified. The Director of the Congressional Budget Office shall review the history and recommendations prepared by the Director of the Office of Management and Budget and shall submit comments and recommendations to such Committees.

#### SEC. 302. AGENCY BUDGET JUSTIFICATIONS.

Section 1108 of title 31, United States Code, is amended by inserting at the end the following new subsections:

“(h)(1) Whenever any agency prepares and submits written budget justification materials for any committee of the House of Representatives or the Senate, such agency shall post such budget justification on the same day of such submission on the ‘open’ page of the public website of the agency, and the Office of Management and Budget shall post such budget justification in a centralized location on its website, in the format developed under paragraph (2). Each agency shall include with its written budget justification the process and methodology the agency is using to comply with the Fair Value Accounting Act of 2014.

“(2) The Office of Management and Budget, in consultation with the Congressional Budget Office and the Government Accountability Office, shall develop and notify each agency of the format in which to post a budget justification under paragraph (1). Such format shall be designed to ensure that posted budget justifications for all agencies—

“(A) are searchable, sortable, and downloadable by the public;

“(B) are consistent with generally accepted standards and practices for machine-discoverability;

“(C) are organized uniformly, in a logical manner that makes clear the contents of a budget justification and relationships between data elements within the budget justification and among similar documents; and

“(D) use uniform identifiers, including for agencies, bureaus, programs, and projects.

“(i)(1) Not later than the day that the Office of Management and Budget issues guidelines, regulations, or criteria to agencies on how to calculate the risk component under the Fair Value Accounting Act of 2014, it shall submit a written report to the Committees on the Budget of the House of Representatives and the Senate containing all such guidelines, regulations, or criteria.

“(2) For fiscal year 2017 and each of the next four fiscal years thereafter, the Comptroller General shall submit an annual report to the Committees on the Budget of the House of Representatives and the Senate reviewing and evaluating the progress of agencies in the implementation of the Fair Value Accounting Act of 2014.

“(3) Such guidelines, regulations, or criteria shall be deemed to be a rule for purposes of section 553 of title 5 and shall be issued after notice and opportunity for public comment in accordance with the procedures under such section.”.

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. GARRETT) and the gentleman from Maryland (Mr. VAN HOLLEN) each will control 30 minutes.

The Chair recognizes the gentleman from New Jersey.

Mr. GARRETT. I yield myself such time as I may consume.

Mr. Speaker, let me begin by thanking the chairman of the Budget Committee, Chairman PAUL RYAN, and the Budget Committee staff as well for their hard work on H.R. 1872, the Budget and Accounting Transparency Act.

As many have talked about before, our budget process in this country is broken. Simply put, we need to make the budget process more transparent. So the bill before the House today, the Budget and Accounting Transparency Act, is, as we like to say, a common-sense attempt to introduce more sunshine and common sense into our budget process. So what would this legislation do?

Most importantly, the bill will require that the Federal Government apply something called fair value accounting. Now, that is the same credit accounting standards as the private sector uses when making or guaranteeing loans. So fair value accounting provides a more robust or more complete picture of the cost to the taxpayer of government loan programs or government lending programs. So fair value accounting accomplishes this how? By accounting for an additional market-risk premium.

Also, the bill recognizes the budgetary impact of government-sponsored enterprises of Fannie Mae and Freddie Mac. So this bill would then bring these wards of the taxpayer from out of the shadows and onto the budget.

So why exactly do we need this specific piece of legislation here today? Well, without getting into the weeds too much, the simplest explanation is that there is no such thing in this country or in the world as a free lunch when it comes to a government program. The costs are always borne by someone, and in this case, it is borne by the American people.

The facts indicate that not only is government costly, but also government costs more than we all initially expected. So the burden of government rarely comes in under budget. Nowhere does this ring truer than the Federal Housing Administration program, also called FHA, and their mortgage insurance. See, it defies common sense FHA, according to administration's Federal accounting rules, that they actually make money, they say, for the government.

How do they do so? Well, it is only through the alchemy of government accounting can you transform a mortgage portfolio of figurative lead into gold and still remain true to the law.

So this free money comes courtesy of what? It comes courtesy of the Federal Credit Reform Act of 1990. This is the Federal accounting program and the standard that we operate today.

Under FCRA's cooked accounting rules, the cost of Federal mortgage insurance is determined on the basis of a subsidy cost, including the risk that

the borrowers default on a mortgage; and by using the Treasury rate, it does not account for market risk or overall systemic risk.

So, what does that mean? Unlike fair value accounting, which appropriately incorporates a premium for market risk, the current law fails to reflect the true cost to the American taxpayer of these FHA mortgage-backed insurance.

Let me give you an example. In the 2011 report, the nonpartisan CBO, the Congressional Budget Office, compared the cost of the current system of FHA of a single-family mortgage insurance on both the current law and what we have here, which is fair value basis.

What did CBO find? Well, CBO estimated that, under the current accounting, FHA would actually raise—raise—\$4.4 billion for the government in 2012. Sounds pretty good. But if you actually dug into the numbers and use fair value basis—which, as I said before, is what the private sector would be forced to do—with an appropriate accounting of market risk—and of course, market risk is there—then what did CBO find? CBO then estimated that FHA would not gain \$4.4 billion, but that FHA would actually lose \$3.5 billion over the exact same period.

Why is this? Because CBO believes that fair value provides a fuller picture of a program's budgetary impact. So it now employs fair value basis accounting as a standard procedure for Federal loan programs and Federal loan guarantee programs such as FHA.

However, where is the problem? The problem is the Obama administration has strongly resisted the move to fair value accounting, and instead, they cling to the current program instead.

Let me give you another example. In 2010, President Obama effectively nationalized the Federal student lending program. The President then immediately spent the savings, if you will—remember, I talked about some of these before—on his signature health care law.

What is the problem? The problem is that there is a growing gap now between how much money was borrowed and backed by the U.S. taxpayer—that means you and I—and how much money is actually being repaid by the graduates.

Let me give you some numbers. Based on the Department of Education data, there is a \$99 billion gap between what has been borrowed and what has been paid back since only 2010. Remember, the President said these loans would actually make money for the Federal Government. Instead, the actual numbers are coming in that it is costing a \$99 billion gap.

So, the bill before us today, the Budget and Accounting Transparency Act, fixes these shortcomings by requiring that market risk to be explicitly included in estimates of Federal credit programs. What will that do? That will bring Federal budget practice in line with what has long been standard practice in the private sector.

Specifically, it requires the executive branch and Congress to use fair value accounting in calculating the cost of Federal credit programs that consider not only the borrowing cost of the Federal Government, but also the cost of the market risk of the Federal Government in incurring or issuing any of these loans or loan guarantee programs.

And so, with mounting debt and a lackluster job growth, it is time to force the government to play by the same economic rules as every single American family and business has to. It is not fair to keep putting the American taxpayer on the hook.

I reserve the balance of my time.

Mr. VAN HOLLEN. Mr. Speaker, I yield myself as much time as I may consume.

Let me say at the outset that we welcome any proposals to improve the budget process, but it is a mistake to suggest that simply tinkering with the budget process will somehow solve our problems.

The bigger issue in the Congress has been an unwillingness of many people to compromise, and at the end of the day, in order to make budgets work, you have to have give-and-take. So, for example, the reason we saw our government shut down last October had nothing to do with the budget process. It had to do with the fact that our Republican colleagues said they were going to shut down the government as a means to try and shut down the Affordable Care Act, to shut down ObamaCare.

It was clear that that was not going to work. We are not about to strip millions of Americans from the new insurance protections they have. Despite that, our colleagues pursued that strategy, and we saw 16 days of unnecessary and unproductive government shut-down. That was not a problem of process; it was a problem of politics.

Now, with respect to this bill, I would say to the gentleman from New Jersey that, if your bill were limited to bringing Fannie and Freddie on budget, we would join you. We would welcome you in that. But, as you know, this bill does much more than that. In fact, it fundamentally changes the way we account for credit programs, Federal credit programs, including things like the student loan programs.

Now, the gentleman from New Jersey mentioned the impact on the FHA. A couple years ago—I think it was 3 years ago—on the Budget Committee we actually had a hearing on this subject. This bill was then on the floor in 2012. At that time, many of us said that, before we consider the other changes that this bill proposes, at least we should have a hearing in the Budget Committee to determine what the impact will be on student loan programs, Small Business Administration programs, veterans loan programs, at least we should have that information. Yet 3 years have gone by. We are now back with the same bill on the floor

with no hearings to try and judge what impact it would have on student loan programs.

I want to mention the student loan programs in particular.

The gentleman said that the President had “nationalized” the student loan program. Let me just translate what that means. It had been that the big banks were essentially a conduit for all of our student loan programs. They were taking very little risk, but they were pocketing big profits just as a middle man, a middle man without risks but taking the profits. So Democrats proposed that we go to a direct loan program to try and make sure the taxpayer dollar actually did what we hoped it would do, which was provide more students with loans to help more of them afford college. So, yes, we got rid of the middle man and we used the savings to try to increase—and in fact, did increase—the amount of funds available so more students could afford to go to college.

Now, this bill comes along, and it would actually change the way we account for student loans, to artificially make those student loans look more expensive on the budget than they would otherwise be from a budget perspective.

Now, maybe this isn't surprising. After all, just last week in the House Budget Committee, we debated the House Republican budget. In fact, that Republican budget is going to be here and debated on the floor of the House tomorrow. We will start debate on that budget. That budget significantly cuts the student loan program. So one of the things it does is it charges students interest on their loans while they are still in college.

□ 1615

That is about \$41 billion of additional interest costs they put onto students. At the same time, in their budget, they protect special interest tax breaks for hedge fund owners, big oil companies and the like. So that is what their budget does.

Now, this piece of legislation would address that from a different direction. It actually would artificially increase the cost on the budget books of student loans going forward.

Let me just read from a letter from a Dr. Reischauer, who was the former head of the Congressional Budget Office. He writes:

The accounting convention used since enactment of the Credit Reform Act of 1990 already reflects the risks that borrowers will default on their loans or loan guarantees. Under Credit Reform, costs are already based on the expected actual cash flow from the direct loans and guarantees. This bill proposes to place an additional budgetary cost on top of the actual cash flows.

Then he goes on to point out that that may be something that Members want to consider during debate, but to actually put that artificial inflation in the budget actually is potentially misleading to people who are looking at the budget.

So, like so many bills around here that are misnamed, this one, named the Budget Transparency and Accountability Act, actually reduces budget transparency by putting in the budget a cost for student loans that is actually artificially increased.

I would suggest to my colleagues that we reject this particular proposal.

Again, if the gentleman had brought to the floor a bill that simply put Freddie and Fannie on budget that would be fine. But this bill actually is a vehicle to inflate the actual costs of things like student loans, at the same time where we have a Republican budget coming to the floor that actually cuts those student loans.

At this point, Mr. Speaker, I ask unanimous consent that the balance of my time be controlled by the gentleman from Kentucky (Mr. YARMUTH).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. YARMUTH. Mr. Speaker, I reserve the balance of my time.

Mr. GARRETT. Mr. Speaker, I yield myself such time as I may consume, and if I can catch him before he leaves, the ranking member of the Budget Committee, I appreciate all of your comments. I won't touch on all of them, but I will touch on one or two.

In a sign of bipartisanship, I would like to extend to you, not knowing where this bill may end up in the future of things here in the House and the Senate, but extend to you an invitation to cosponsor with me what you said twice during your remarks that you seemed to be on the same page as I am and as I have been for a long time with regard to the GSEs and have fair value accounting applied to them and on budget.

I would extend that invitation to you.

Mr. VAN HOLLEN. Will the gentleman yield?

Mr. GARRETT. I yield to the gentleman from Maryland.

Mr. VAN HOLLEN. Mr. GARRETT, what I said was I support the part of your amendment that puts them on budget.

Mr. GARRETT. Right.

Mr. VAN HOLLEN. So, to the extent that that is your question on the budget, I am happy to join with you on that. I wish you would join with us now in reconsidering your proposals to change the student loan calculations, but we may be asking too much at this point.

Mr. GARRETT. So, as I say, my staff will talk to your staff on that, and thank you for your other comments.

Mr. Speaker, I will insert into the RECORD a letter dated January 30 from the American Action Forum, which is an organization run by former CBO Director Douglas Holtz-Eakin—and I won't go into detail—but he basically wrote to express his complete support of H.R. 3581, the Budget and Accounting Transparency Act of 2014, for the

very reasons that we have set forth here already.

Mr. Speaker, I am not seeing any other speakers at this time. I do see there are several other speakers on the other side, so I reserve the balance of my time.

AMERICAN ACTION FORUM,  
January 30, 2012.

Hon. PAUL RYAN,  
Longworth House Office Building,  
Washington, DC.

DEAR CHAIRMAN RYAN: I am writing to express my support for H.R. 3581, "The Budget and Accounting Transparency Act of 2011," in particular those provisions that would incorporate fair value accounting (FVA) into the federal budget process. As you are well aware, a core objective in federal budgeting is to accurately display the scale and timing of the expenditure of taxpayer resources. Since sovereign tax and borrowing powers should always be used judiciously, there is a premium on doing so as accurately as possible.

In some cases this is straightforward. Consider, for example, a discretionary appropriation. The scale of the overall commitment is clear and in some cases it is straightforward to budget the timing of the ultimate outlays as well. Federal credit programs, however, present particular difficulties. The timing of budgetary cash flows differs dramatically between direct loans and federal loan guarantees—even in cases when the ultimate economic impact is identical. The Federal Credit Reform Act of 1990 (FCRA) took an important step forward by equalizing the timing of their budgetary treatment. Direct loans and loan guarantees are both recorded in the budget during the year in which the commitment is incurred, regardless of the duration and timing of the federal assistance.

This was an important step in the right direction. However, estimating the scale of required taxpayer resources remains problematic. In particular, the ability of loan recipients to make timely and complete repayments will be influenced by future individual, household, and economy-wide economic conditions. In the same way, the obligation of the federal government to undertake guarantee payments will be driven by similar forces.

While such future individual and economic conditions are uncertain, reliable techniques exist to estimate the likely size of the taxpayer obligation. Unfortunately, FCRA needlessly restricts the analyses to credit risk—the probability of failure to fully repay—while ignoring the fact that the timing of those failures matters enormously. As the past few years have starkly reminded every American, the need to tax, borrow and otherwise deprive the private sector of another dollar has far greater implications during the depths of economic distress than during periods of robust economic growth. Adoption of FVA would rectify this oversight.

I recognize that significant reform to budget procedures should not be undertaken lightly. However, my views are informed by the fact that during my tenure as director, the Congressional Budget Office undertook a number of studies of the implications of accounting fully for economic risks in the budgetary treatment of financial commitments like credit programs. In example after example (pension guarantees; deposit insurance; flood insurance; student loans; and assistance for Chrysler and America West Airlines), it becomes clear that an incomplete assessment of risks leads to misleading budget presentations and may engender poor policy decisions. FVA would be a significant step toward improving this informational deficit.

My views are echoed by a wide array of budget experts. In March 2010, CBO issued a new report recommending the use of FVA for federal student loan programs on the grounds that budget rules do "not include the costs to taxpayers that stem from certain risks involved in lending." In addition, the Pew-Peterson Commission on Budget Reform proposed "fair-value accounting" for credit programs and the President's National Commission on Fiscal Responsibility and Reform advocated for reform of budget concepts that would more accurately reflect costs.

In addition to these research views, there is a track record of success. FVA has already been used successfully for the budgetary treatment of the Temporary Asset Relief Program of 2008 (TARP) and the federal assistance to Fannie Mae and Freddie Mac.

Last but not least, H.R. 3581 would also fix another shortcoming of FCRA; namely that the administrative costs associated with federal operations are not included in the budget cost and must be provided for elsewhere. H.R. 3581 would require that administrative costs (called "essential preservation services") to be accounted for up-front, thereby balancing the playing field.

In sum, I believe that the Congress should adopt fair value accounting and, in particular, pass H.R. 3581 in a timely fashion. I would be happy to discuss any aspect of this issue in greater detail.

Sincerely,

DOUGLAS HOLTZ-EAKIN.

Mr. YARMUTH. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, I rise in strong opposition to this legislation. This is an illusion, another one.

The NCAA Men's Basketball National Championship game is tonight. I know that many of my colleagues are looking forward to watching some high-level competition from these two great squads. However, at some point, you can be assured, you will see one team's coach yelling at the referees. Guaranteed. They will be screaming in their faces, convinced that they are calling too many fouls and that they are being biased against their team. You can be assured that the coach yelling at the refs the most will be the one whose team is losing.

This is basically the same thing that is happening here on the floor today, Mr. Speaker, on this bill, and all the other so-called budget process. You can't get away from process. You don't want to talk about results. You are always talking about process, process, and process, trying to work the refs because you are losing this argument.

The ref in this case is the non-partisan Congressional Budget Office. You referred to that many, many times, nonpartisan Congressional Budget Office.

The bill before us today, offered by my colleague from New Jersey, would require the Congressional Budget Office to score Federal loan guarantee programs in a way that makes them appear more expensive than they actually are. That is what you are all about.

I have served on this Budget Committee for the last 4 years. We can't do our job right if we don't have accurate

estimates of what Federal programs really cost.

This bill will absolutely make our job harder by making us work with inaccurate data. In fact, all in all, the Congressional Budget Office estimates that this bill, your bill, would have increased the estimated cost of Federal credit programs in 2014, would have increased them by \$50 million, all by waving your magic wand.

Now, this isn't really about finding the best technical way to measure the costs of each program. That is what you say. It is working the refs in a way that would make even Coach K proud.

It is nothing but a dishonest attempt to make worthy government programs appear more costly, so that those who are ideologically opposed to government and government spending can more easily undermine those very programs. That is what this is all about.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. YARMUTH. I yield the gentleman an additional minute.

Mr. PASCRELL. My colleagues on the other side of the aisle don't like the Federal loan guarantee programs that help first-time homebuyers, that help less fortunate Americans pay for their education. They are willing to cook the books in order to make a better case for their elimination.

Mr. Speaker, we could do better than this. We can argue about these programs on their merits instead of resorting to budgeting sleight-of-hand, process.

I am strongly opposed to the bill. We could be voting to raise the minimum wage and give a raise to 27.8 million Americans to \$10.10 per hour. That is what we should be debating on this floor.

We could finally consider the immigration reform legislation that the Senate passed nearly a year ago. We should be debating the UI—unemployment insurance—rates to restore unemployment benefits to more than 2 million Americans, including 125,000 in our own State of New Jersey.

But, instead, we are here today considering a bill that does nothing except enable the majority's fringe ideology, pave the way for even more cuts to the most vulnerable in the future.

Mr. GARRETT. Mr. Speaker, I yield myself such time as I may consume.

Just two couple of points. Process is important. I guess you could be opposed to process—the gentleman from New Jersey referenced the NCAA. If there were no rules and all the players could just go out and do anything they wanted to, I guess we could say we could rack up a lot of points and scores and do very well.

But there is a reason and there is a method to the game, and that is why you do have rules. And that is actually why you do have the refs. Yeah, the coaches on both sides will complain, but the refs, at the end of the day, are the ones that say, hey, these are what the rules are, and let's play within the confines of them.



Now the second point I was going to make is, I understand this issue is pretty difficult and pretty complicated. The bill is not that long. But the gentleman from New Jersey has it completely backwards when he says, look, Mr. GARRETT, you want to go by the CBO, don't you? You want to apply this to the CBO, and that is what your bill is going to do.

No, that is not what I said. I do agree with the CBO. The CBO already does this. It is the CBO that is calling for this. It was the past chairman, the past director of the CBO who says what I just entered into the RECORD—that we should be doing this. This is already done that way, I inform my colleague from New Jersey.

What we are saying is, if he and I agree that the CBO is, as he just said, this nonpartisan entity which has the right way of handling it, they are handling it the right way.

We are now simply saying, administration, you should be doing what the gentleman from New Jersey and I both say should be done here, what the CBO is saying should be done here, and apply it to OMB and how the administration does it.

So the gentleman has it completely reversed as to what the bill actually says.

Mr. PASCRELL. Will the gentleman yield?

Mr. GARRETT. I yield to the gentleman from New Jersey.

Mr. PASCRELL. Thank you very much to my colleague from New Jersey.

First of all, no one on this side of the aisle ever suggested that we need no rules.

See, what you are trying to do is put everyone at extremes, and that is where we are many times because you are the majority and we are the minority. And I respect that.

But don't say we don't want the rules. We fought for rules.

Mr. GARRETT. Reclaiming my time, what I was just pointing out is you are saying that both sides' coaches were going to be yelling at the refs and they wanted their side, win or lose.

If you want to use your analogy, in a game there has to be rules, and we are saying that the rules that should apply are the rules that—you indicated the CBO is a nonpartisan entity, that they are doing it the right way, and we are saying, exactly.

The CBO is nonpartisan. They are calling for this type of application of the rules. And if we agree on that point, and if you dig into the bill and realize that we are saying it is not to make sure that CBO does it, but that the administration does it.

So reread the bill. You will understand what we are trying to do. And I think, at the end of the day, you and I may actually agree.

Mr. Speaker, I reserve the balance of my time.

Mr. YARMUTH. Mr. Speaker, may I inquire how much time we have?

The SPEAKER pro tempore. The gentleman from Kentucky has 19½ minutes remaining. The gentleman from New Jersey has 18½ minutes remaining.

Mr. YARMUTH. Mr. Speaker, I yield an additional 1½ minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. I thank the gentleman.

Mr. Speaker, this isn't as complicated as one would pretend it to be. First of all, the CBO says, if this was the law of the land, in other words, if this bill would have been passed by both the House and the Senate when it first came up, it would have cost us \$50 billion more in the 2014 budget.

Now, I find that hard to believe that you would accept that, when you practically, the gentleman that I am speaking to right now, through the Chair, has voted "no" on everything under the Sun. So I find that difficult to believe.

There need to be rules, particularly in all financial matters. Those rules have a purpose.

I am telling you, this is a process question and this does not, in any manner, shape, or form enhance the passage of a budget that we can live with, we Americans.

Mr. YARMUTH. Mr. Speaker, I yield myself as much time as I may consume.

One of the interesting elements of this debate is, and I think it is pretty clear that we have not a total disagreement of opinion on the two sides, we both want the same objective, which is a fair and honest accounting of what programs cost the taxpayer or how they may benefit the taxpayer.

We do know that it is pretty generally agreed that by moving toward the fair accounting method, the fair value method, that we would be creating a higher cost, or at least the budget would indicate a higher cost for many of the loan programs that we have been talking about. But we don't know exactly what the ultimate impact would be and which method would be more accurate.

□ 1630

But we don't know exactly what the ultimate impact would be and which method would be more accurate.

OMB does not support this proposal. OMB says it has a hard time figuring out how it could assess market-based value, so we don't have total disagreement here.

We are in search of the same objective; but there is another element of this that I think we have to consider, in that, when we compare loan programs in the private sector to loan programs from the government, we are not always comparing apples and apples. We are comparing two very different motivations.

In the private sector, when a financial institution makes a loan, its entire objective is to create return for its in-

vestors and stockholders. The loan is essentially isolated in purpose. You advance funds, you expect a return, and that is the ultimate objective.

When the government creates a loan program, it is not just to make money for the government. In fact, that is often not even considered. What we are trying to do in many cases is to create an additional outcome—an ancillary outcome that is the primary objective of the program.

For instance, with student loans, we are trying to create more college graduates throughout this country. Understanding that the more college graduates we have, from a strictly financial standpoint, the Treasury will benefit because people will be earning higher incomes and paying higher tax rates.

When we are talking about housing programs, we are looking at things like the VA—the VA housing program. We are trying to find a way to help veterans, many of whom come back from deployments disoriented, dislocated, and without any way to find housing. We are trying to create programs that will help repay our obligations to our veterans.

There are many other areas. We have an advanced vehicle manufacturing loan program. I know about this program very well because it was part of that loan program that resulted in a \$600 million investment in the Louisville assembly plant in my district in Kentucky and now has added more than 3,000 new employees in my district.

So the objective there was not necessarily—as a matter of fact, it wasn't at all to make money for the government. It was to help stimulate the production of energy-efficient appliances and to promote advanced technologies throughout our vehicle sector.

So, again, just to say because there is an associated risk that is recognized in the private sector by financial institutions does not imply that we should necessarily say that that same risk is equally important in the Federal budgeting process because, again, we have essentially ulterior motives in virtually every loan program that we have.

So we understand, again, as the ranking member Mr. VAN HOLLEN of Maryland said: We do want transparency; we want to make sure that the American people know exactly what the programs cost.

Probably, more importantly, internally, we need to know what these programs cost because we have to make policy decisions as to whether they are benefiting the country as a whole, benefiting the taxpayers, and benefiting the Treasury.

The question is, without the kind of analysis that the ranking member suggested, what we actually determined through hearings and discussions, what the cost of the student loan program would be, how many students we potentially are cutting out of the student loan program, what we might be doing

in the energy sector by imposing higher costs through the budgeting process and, therefore, a lower participation rate through the actual program, whether we are actually damaging the economy and the budget in different ways, not just on the direct costs versus benefits of the actual loan program; so these are some of the considerations.

This is why we say this is a bill that is not ready for prime time, and we think that we could be spending a better time in this body on more important measures to help the American people.

With that, I reserve the balance of my time.

Mr. GARRETT. I yield myself such time as I may consume.

Mr. Speaker, before I yield to the chairman of the full committee, I want to go back to the gentleman from New Jersey who made the point as to which side of this issue is OMB and CBO on, and it is a process issue.

But it is important that, during an appearance before the House Budget Committee, where we considered this legislation, the director of the—and I will stress this point again—the nonpartisan CBO, Congressional Budget Office, stated, “We believe that the fair value method of accounting”—which is what is in this bill—“for Federal credit transaction programs provides a more comprehensive measure of a program’s true cost.”

This is exactly why we bring this bill to the floor. I know the gentleman indicated that a partisan OMB takes a different view, but the nonpartisan CBO takes the view of this legislation, that we should make sure that there is complete transparency.

Then all the points that the gentleman makes, as far as making the decision as to how many students we should be able to have in these programs, how large is the housing program, and so on and so forth, then we can more accurately make those final determinations once we have the actual numbers accurately before us, and that is all this legislation really does.

With that, I yield such time as he may consume to the gentleman from Wisconsin (Mr. RYAN), who was able to get a budget out of the Budget Committee in record time the other night, the chairman of the Budget Committee.

Mr. RYAN of Wisconsin. I thank the gentleman from New Jersey (Mr. GARRETT) for yielding, and I also want to thank him for his hard work on this issue and for bringing this to our attention.

Look, it is really simple, Mr. Speaker. When Washington makes or guarantees a loan, it is putting taxpayers at risk. Our budget rules don’t account for all of that risk.

We understate the cost of Federal credit programs by about \$50 billion a year. That is what the current accounting rules do. Current accounting rules make it look like the government

is making all this money from all these loans when, in reality, we are consistently overstating their profitability.

Let me give you one example. Our current rules led to the projections that the FHA—those loans made between 1992 and 2012 would save us \$45 billion. It sounded like a great deal, a \$45 billion boon to the Federal Government.

In reality, those loans cost us \$15 billion of hard-working taxpayer dollars. That is a swing of \$60 billion. It is not about imposing costs. This bill is about recognizing the actual costs of what this government does. That is really what this is all about.

CBO has reviewed this time and again. The gentleman from New Jersey just mentioned this, and they have very much concluded, like the private sector, that budgeting Federal credit programs should use fair value accounting as the most accurate method for these programs.

Washington needs to be up front with taxpayers about the true cost of its decisions because the taxpayers themselves are the ones who are on the hook, but that is what the Garrett bill would do.

We can’t also forget that the Office of Management and Budget—which is a more political office under the service of the President—they are ignoring the cost of Fannie Mae and Freddie Mac. In fact, OMB shows them as saving money when they are huge liabilities.

Since 2008, Fannie and Freddie have been wards of the State. They are wholly-owned subsidiaries of the Federal Government, and in 2013, the GSEs accounted for 60 percent of first lien mortgage originations. Taxpayers are exposed to over \$5 trillion of outstanding liabilities. OMB keeps it off budget.

Despite the fact that, if they ever go under, if anything happens again, like it did recently, guess who gets stuck with the tab—the taxpayers. We cannot look at our budget through rose-colored glasses. We have to be as clear-eyed as possible. We need transparency. We need real accounting. We owe it to our taxpayers.

So this bill would require the government to use fair value accounting. It would require OMB to be more honest about Fannie and Freddie’s true costs, and it would build on the best practices in the private sector, so that we, in Congress, can make better-informed decisions about the hard-working taxpayers and what we are committing for them on their behalf.

That is all this is. It doesn’t impose a cost on anybody. It simply recognizes the actual costs that are occurring.

Mr. YARMUTH. I yield myself such time as I may consume.

Mr. Speaker, I certainly appreciate Chairman RYAN’s comments and agree with many of them.

I think one of the points that is important to consider here though is, while he mentions one case involving FHA, there are a number of loan pro-

grams throughout the government which don’t necessarily fall into that same category; and many of them are very, very critical to our Nation.

If you talk about water supply loans, water system loans, there are many loan programs that affect rural America. In addition to the student loans, we have, again, the Advanced Technology Vehicle Manufacturing Loan Program.

There are many across the board, and what this legislation would do would essentially treat them all as exactly the same, and we know that that is not necessarily necessary.

Under the TARP program—TARP was actually accounted for in the budget using the fair value standard that is proposed in this legislation, so we actually have a history of treating some loan programs differently than others.

What we would say is: Why don’t we take the time to have hearings on this proposal to actually consider the impact of an across-the-board standard on a variety of different kinds of loan programs? This is why we keep saying this is a bill that is not ready for prime time.

There may be a considerable amount of merit in applying this accounting standard to some of the loan programs in the Federal portfolio, but that doesn’t mean it is appropriate or helpful in assessing the impact on every loan program.

Furthermore, what we do know about virtually every analysis is that using the market-based risk analysis that Mr. GARRETT’s bill proposes would, under our budgeting rules, do two things.

One, it would add to the cost of virtually every loan program. There certainly is no instance in which his analysis would say a loan program would cost any less, and what that would also do is create a misleading picture of how much that loan program actually ends up costing the taxpayers on a cash basis.

Just because there is an intangible risk factor attached to a loan program in the budget does not mean that that will ultimately be realized, and, in fact, we may never understand if it is realized by the taxpayers.

So for all of these reasons, again, we would oppose the legislation and not because we think it is a horrible idea. We just think it is an idea that has not been vetted nearly sufficiently enough and could have a serious detrimental impact on many very, very important loan programs that benefit the American people.

With that, I reserve the balance of my time.

Mr. GARRETT. I yield myself such time as I may consume.

Just one point to that. I have sat through that committee now for a number of years, and since this is an issue that I have been somewhat following for that period of time, I knew that your statement saying that we haven’t had the time and haven’t spent



the time on hearings and what have you just did not ring true.

So I dug through it, and the fact of the matter is that we have actually had two hearings and two related markups on this legislation, and I think that gives us the information we need now to go forward.

Secondly, to the point that you make that the various programs are unique in their nature, absolutely, and that is why this legislation allows fair value accounting to be applied individually and evaluate each program accordingly.

We do all that in this legislation. It comes about through the multiple hearings and markups that we have had, and I think now is the time to go forward and give the American public the transparency that they are asking for.

With that, I reserve the balance of my time.

Mr. YARMUTH. I yield myself the balance of my time.

Mr. Speaker, the gentleman is correct, but not in a totally accurate way. We have had a hearing about budget processes in which this was discussed. We have not had a hearing dedicated solely to this legislation in which we could actually flesh out the impact on these various loan programs that I mentioned.

So in conclusion, I think, to kind of summarize where we are, this proposal may be a perfectly appropriate proposal. We wish that we could have more time and more analysis to determine whether we do more damage than good.

We both seek to have the most accurate budgeting process and the most accurate process for assessing the value of important government loan programs. That is a shared goal of both Republicans and Democrats.

We think that this bill is not effectively and sufficiently fleshed out to make that kind of determination at this point. We think there are far more important things that this body ought to be dealing with, including raising the minimum wage, extending unemployment benefits, working on developing infrastructure for this country, as we all know is critically needed, all of those things that would help stimulate the economy and create jobs.

□ 1645

For all of these reasons that I have mentioned and my ranking member, Mr. VAN HOLLEN, mentioned, we oppose this legislation and urge a vote "no."

With that, I yield back the balance of my time.

Mr. GARRETT. Mr. Speaker, I will be brief, and I yield myself such time as I may consume.

Just to set the record straight, actually, we did have hearings on this, and we did have markup hearings on this back in June of 2011. We dug into it at that period of time. The legislation, essentially the same, just in a different cycle, is, in essence, what we have be-

fore us today, so we have had that opportunity.

But I will say this. If we see this legislation continue on the floor today and if we see this bill actually pass today, I extend to the gentleman and the members of the committee—or anyone on the other side of the aisle—that my door is open to try to make changes to it that you see appropriate, to make it have the flexibility that you think is not in the bill, which I think is in this bill, and so on and so forth. So I stand ready to continue to work with you on it. But I think that after the hearings we have had and the importance of this legislation, now is the time to move forward.

One last point on this, and I think the chairman of the committee made the point, but let me just reiterate this. At the end of the day, it does not add any additional costs to the American taxpayer. What this bill does is just make transparent the cost that is already there. I am trying to come up with a simple analogy, but fair value accounting is not necessarily one of the simplest things you can find an analogy for, but I guess it might be like this:

You would not go to the store and just go through with your credit card swiping it along, buying the things that you need or think that you need not knowing what they actually cost as you leave the store, just putting them on your bill, knowing that at the end of the day, at the end of the month, you may get a statement. Knowing that you are going to have to pay for that bill, you wouldn't go to the store and do that any more than you should right now with the American public, put them, by using the taxpayers' credit card for all these programs, worthwhile as they may, necessary as they may be, you shouldn't just be swiping that credit card not knowing exactly what the bottom line is, not knowing what the actual cost to the American taxpayer is.

That is all this bill does is just give us that information. And with that information in hand, then we can come together, Republican and Democrat alike, on those areas that we all agree on are necessary for this country and necessary that we expend funds on, with that information in hand, and do it in a more prudent, efficient, and effective manner than we have been in the past where we have done without the information.

With that, then, I urge a "yes" vote on this bill, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. POE of Texas). All time for debate has expired.

Pursuant to House Resolution 539, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. Pursuant to clause 1(c) of rule XIX, further consideration of H.R. 1872 is postponed.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

#### TAIWAN RELATIONS ACT AFFIRMATION AND NAVAL VESSEL TRANSFER ACT OF 2014

Mr. ROYCE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3470) to provide for the transfer of naval vessels to certain foreign countries, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3470

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Taiwan Relations Act Affirmation and Naval Vessel Transfer Act of 2014".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

#### TITLE I—AFFIRMATION OF IMPORTANCE OF TAIWAN RELATIONS ACT AND TRANSFER OF NAVAL VESSELS TO TAIWAN

Sec. 101. Statement of policy relating to Taiwan Relations Act.

Sec. 102. Transfer of naval vessels to Taiwan.

#### TITLE II—TRANSFER OF NAVAL VESSELS TO CERTAIN OTHER FOREIGN RECIPIENTS

Sec. 201. Findings.

Sec. 202. Transfer of naval vessels to certain other foreign recipients.

#### TITLE III—ARMS EXPORT CONTROL ACT AMENDMENTS

Sec. 301. Increase in congressional notification thresholds.

Sec. 302. Licensing of certain commerce-controlled items.

Sec. 303. Amendments relating to removal of major defense equipment from United States Munitions List.

Sec. 304. Amendment to definition of "security assistance" under the Foreign Assistance Act of 1961.

Sec. 305. Amendments to definitions of "defense article" and "defense service" under the Arms Export Control Act.

Sec. 306. Technical amendments.

#### TITLE IV—APPLICATION OF CERTAIN PROVISIONS OF EXPORT ADMINISTRATION ACT

Sec. 401. Application of certain provisions of Export Administration Act of 1979.