

July 5, 2001

Honorable Jim Nussle
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

At the hearing on June 27, I mentioned the need for a new budget concepts commission. Enclosed is a list of potential topics for a new commission. It is not intended to be a comprehensive list of topics, but it gives you some idea of the kinds of fundamental conceptual issues that should be addressed.

I would be happy to work with you to draft legislation to establish a new budget concepts commission.

Sincerely,

Dan L. Crippen

Enclosure

Identical letter sent to Honorable John M. Spratt, Jr.

July 5, 2001

Potential Topics For A New Budget Concepts Commission

- I. Budget Coverage: What should be included?
 - A. Is part ownership by government sufficient to make an entity Federal and to include it in the budget? (Example: mixed public/private ownership of military housing.)
 - B. Is Federal control of an entity—including control exercised through Federal regulations--sufficient to cause it to be included in the budget? (Examples: some kinds of personal retirement accounts and agricultural marketing organizations).
 - C. Are privately-owned assets under long-term leases to the Federal government effectively purchased by the government during the lease period?
 - D. Should there be an “off-budget” section of the budget?
- II. Spending vs Receipts: Where do we draw the line?
 - A. Do the total costs of refundable tax credits belong on the spending side of the budget?
 - B. Should Federal Reserve earnings be reported as receipts or offsetting collections (negative spending) in the net interest portion of the budget?
 - C. What is a “user fee” and under what circumstances is it properly an offset to spending or a governmental receipt?
- III. Trust Funds: What uses do they have?
 - A. Do trust fund balances provide misleading information? Do they add clarity or confusion to the budget process?
 - B. Do we need nearly 200 trust funds?
 - C. Is earmarking effective?
 - D. Are there better ways than trust fund accounting to identify long-term liabilities? Should focus be shifted away from trust fund “solvency”?

- IV. Accrual Budgetary Accounting: Should it be applied more widely?
 - A. Should it be adopted for
 - 1. Federal Retirement?
 - 2. Federal insurance?
 - 3. Social Security and other entitlements?
 - B. Are off-budget accounts suitable for capturing accruals in the budget?
- V. Federal Credit Programs: Should the 1990 Credit Reform Act be modified?
 - A. Should administrative costs be included in the calculation of credit subsidies?
 - B. Should subsidy costs include a charge for the cost of risk?
 - C. How should reestimates of subsidy costs be financed? (Permanent and indefinite authority or through some alternative?)
- VI. Special Cases: What is the appropriate budgetary treatment of:
 - A. Purchases and sales of financial assets, including equities, bonds, and foreign currencies?
 - B. Emergency spending?
 - C. The cost of holding fixed assets (cost of capital)?
 - D. Sales of physical assets?
 - E. Seigniorage on coins and currency?
 - F. Policy changes with strong but indirect feedback effects on revenues and other aggregates?
 - G. Policies that are one-sided bets on economic events (probabilistic scoring)?
 - H. Quota subscriptions and the cost of participating in the IMF?