II

117TH CONGRESS
1ST SESSION

S. 2782

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

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2021

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

---

A BILL

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Acting on the Annual Duplication Report Act of 2021".

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

SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) FINDINGS.—Congress makes the following findings:

(1) The annual reports prepared by the Comptroller General of the United States under section 21 of the Joint Resolution entitled "Joint Resolution increasing the statutory limit on the public debt", approved February 12, 2010 (31 U.S.C. 712 note; Public Law 111–139), have produced approximately

$429,000,000,000 in financial benefits for the Federal Government.

(2) 2021 marks the 100-year anniversary of the creation of the Government Accountability Office and its contributions to improving the management and fiscal responsibility of the Federal Government.

(3) The 2021 report entitled "Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits" (GAO–21–455SP) identified 112 new actions that Congress or the executive branch can take to improve efficiency and effectiveness across the Federal Government, and potentially to save tens of billions of dollars.

(4) Those financial benefits cannot be realized without full implementation of the actions and recommendations set forth by the Comptroller General of the United States.

(5) Of the 112 new actions, one requires legislation to be fully implemented, and it concerns adjusting the rate calculation for paying military housing contractors.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) it is the responsibility of Congress and the executive branch to take action to implement recommendations made in the annual reports of the Government Accountability Office on reducing duplication in Federal programs to be good stewards of taxpayer dollars;

(2) legislation and adequate resources are needed to ensure that all potential financial benefits are realized from the implementation of those recommendations; and

(3) while some recommendations for congressional action from previous reports have been resolved, Congress must continue to pursue the recommendations that have gone unaddressed in addition to the new recommendation for action presented in the 2021 report.

TITLE I—DEPARTMENT OF DEFENSE

SEC. 101. ENHANCING FEDERAL REVENUE THROUGH REVIEWING AND REPORTING ON USE AND MANAGEMENT OF ADMINISTRATIVE SURCHARGES UNDER FOREIGN MILITARY SALES PROGRAM.

(a) FOREIGN MILITARY SALES PROGRAM DEFINED.—In this section, the term ''foreign military sales program'' means the program authorized under chapter

2 of the Arms Export Control Act (22 U.S.C. 2761 et seq.).

(b) REVIEW.—

(1) IN GENERAL.—The Secretary of Defense, acting through the Director of the Defense Security Cooperation Agency, shall review options for expanding the use of administrative surcharges under the foreign military sales program, including practices for managing administrative surcharges and contract administration services surcharges.

(2) MATTERS TO BE INCLUDED.—The review conducted under paragraph (1) shall include the following:

(A) A determination of which specific expenses are incurred by the United States Government in operation of the foreign military sales program that the administrative surcharge does not pay for as of the date of the enactment of this Act.

(B) The estimated annual cost of each of such specific expenses.

(C) An assessment of the costs and benefits of funding such specific expenses through the administrative surcharge, including any data to support such an assessment.

(D) An assessment of how the Department of Defense calculates the lower bound, or safety level, for the administrative surcharge account and the contract administration services surcharge account, including what specific factors inform the calculation and whether such a method for calculating the safety level is still valid or should be revisited.

(E) An assessment of the process used by the Department of Defense to review and set rates for the administrative surcharge and the contract administration services surcharge, including the extent to which outside parties are consulted and any proposals the Department of Defense may have for better ensuring that the rates are set appropriately.

(F) Such other matters as the Secretary of Defense determines to be appropriate.

(c) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense, acting through the Director of the Defense Security Cooperation Agency, shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report on—

(1) the findings of the review conducted under subsection (b); and

(2) any legislative changes needed to allow the administrative surcharge under the foreign military sales program to pay for any expenses currently not covered by that surcharge.

SEC. 102. MODIFICATION OF CALCULATION OF MILITARY HOUSING CONTRACTOR PAY FOR PRIVATIZED MILITARY HOUSING.

Section 606(a) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115–232; 10 U.S.C. 2871 note) is amended—

(1) in paragraph (1)(B)—

(A) by striking "2.5 percent" and inserting "50 percent"; and

(B) by striking "section 403(b)(3)(A)(i)" and inserting "section 403(b)(3)(A)(ii)"; and

(2) in paragraph (2)(B)—

(A) by striking "2.5 percent" and inserting "50 percent"; and

(B) by striking "section 403(b)(3)(A)(i)" and inserting "section 403(b)(3)(A)(ii)".

TITLE II—DEPARTMENT OF EDUCATION

SEC. 201. MAXIMIZING EFFECTIVE USE AND RECOUPMENT OF FEDERAL STUDENT LOANS BY CLOSING THE FORBEARANCE LOOPHOLE AND AMENDING DEFAULT RATES.

(a) DEFAULT MANAGEMENT PLAN.—Section 435(a)(7)(A) of the Higher Education Act of 1965 (20 U.S.C. 1085(a)(7)(A)) is amended—

(1) by redesignating clause (ii) as clause (iii); and

(2) by inserting after clause (i) the following:

"(ii) PROHIBITION.—The plan required under clause (i) shall not include placing students in forbearance as a means of reducing the cohort default rate of the institution.".

(b) FORBEARANCE RULES.—Section 435(m)(1) of the Higher Education Act of 1965 (20 U.S.C. 1085(m)(1)) is amended by adding at the end the following:

"(D) With respect to a cohort default rate calculated for an institution under this paragraph for fiscal year 2021 and for each succeeding fiscal year, the cohort default rate shall be calculated such that in determining the number of current and former students at an institution who enter repayment for such fiscal year—

"(i) any student who is in nonmandatory forbearance for such fiscal year for a period of greater than 18 months but less than 36 months shall not be counted as entering repayment for that fiscal year;

"(ii) any student described in clause (i) shall be counted as entering repayment for the first fiscal year for which the student ceases to be in a period of forbearance and otherwise meets the requirements for being in repayment; and

"(iii) any student who is in a period of nonmandatory forbearance for 3 or more years shall be counted as in default and included in the institution's total number of students in default.".

TITLE III—DEPARTMENT OF ENERGY

SEC. 301. INCREASING FEDERAL REVENUE BY REVIEWING AND REPORTING ON OPTIMAL SIZE OF STRATEGIC PETROLEUM RESERVE.

(a) REVIEW.—

(1) IN GENERAL.—The Secretary of Energy (referred to in this section as the ''Secretary'') shall conduct a review of options for a long-range target for the optimal size and configuration of the Strategic Petroleum Reserve established under part B of title I of the Energy Policy and Conservation Act (42 U.S.C. 6231 et seq.) (referred to in this section as the ''Reserve'').

(2) MATTERS TO BE CONSIDERED.—In conducting the review under paragraph (1), the Secretary shall consider—

(A) the volume of petroleum and petroleum products to be held in the Reserve;

(B) the infrastructure and modernization needs of the Reserve;

(C) the projections for future oil production and consumption in the United States;

(D) the efficacy of the existing Reserve to respond to domestic supply disruptions;

(E) the obligations of the International Energy Agency;

(F) the expected responses of the private sector to any supply disruptions due to a suboptimal size and configuration of the Reserve; and

(G) the costs and benefits of a range of potential sizes and configurations of the Reserve.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Energy and Commerce of the House of Representatives a report describing—

(1) the findings of the review conducted under subsection (a); and

(2) recommendations for legislation needed to optimize the size and configuration of the Reserve.

TITLE IV—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SEC. 401. OPTIMIZING REVENUE INTAKE AND SAVING TAXPAYER DOLLARS AT GINNIE MAE BY ASSESSING CURRENT PRACTICES AND EXPLORING ALTERNATIVE GOVERNANCE STRUCTURES TO PROVIDE BETTER OVERSIGHT.

(a) DEFINITIONS.—In this section—

(1) the term ‘‘appropriate congressional committees’’ means—

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

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

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

(D) the Committee on Oversight and Reform of the House of Representatives;

(2) the term ''Association'' means the Government National Mortgage Association; and

(3) the term ''Secretary'' means the Secretary of Housing and Urban Development.

(b) GUARANTY FEE STUDY AND REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall conduct a study and submit to the appropriate congressional committees and the Comptroller General of the United States a report on the adequacy of the guaranty fee of the Association for single-family mortgage-backed securities, which shall—

(1) evaluate the extent to which the level of the guaranty fee for single-family mortgage-backed securities provides the Association with sufficient reserves to cover potential losses under different economic scenarios, including adverse scenarios, based on an actuarial or similar analysis;

(2) identify the types of standards that the Association could use to set the guaranty fee for single-

family mortgage-backed securities and evaluate which standard or standards would enable the Association to set the guaranty fee at an appropriate level in line with the mission of the Association;

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

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

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

(c) RELIANCE ON CONTRACTORS STUDY AND REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall conduct a study and submit to the appropriate congressional committees and the Comptroller General of the United States a report evaluating the workforce composition of the Association in consideration of the critical functions of the Association, which shall—

(1) analyze—

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

(B) the extent to which the Association could use Federal employees instead of contractors by role or position to perform critical functions;

(C) the types and amounts of costs that the Association could save by using Federal employees instead of contractors, where possible, to perform critical functions, such as savings from differences in pay and not having to oversee contractors;

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

(E) the potential negative and positive effects of using Federal employees instead of contractors on the ability of the Association to achieve the mission of the Association; and

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

(d) COMPENSATION STRUCTURE STUDY AND REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall conduct a study and submit to the appropriate congressional committees and the Comptroller General of the United States a report evaluating the workforce challenges of the Association, which shall—

(1) analyze, quantitatively to the extent possible, the challenges of the Association in hiring and retaining staff, including compensation, during the 3-year period preceding the report;

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

(3) identify options that the Association did not pursue within existing authorities to address the staffing challenges of the Association and the reasons for not pursuing those options;

(4) identify and evaluate options outside of existing authorities that the Association could use to address the staffing challenges of the Association and the potential benefits and costs of those options; and

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

(e) REVIEW OF REFORMS TO GINNIE MAE'S ORGANIZATIONAL AND OVERSIGHT STRUCTURE.—The Comptroller General of the United States shall conduct a study and submit to the appropriate congressional committees a report on alternate ways of overseeing the Association to address increasing risks, which shall—

(1) review the reports submitted by the Secretary under subsections (b), (c), and (d) to determine if the reports addressed the required provisions and assess any recommendations made in those reports;

(2) identify key challenges or constraints that the Association has faced under the governance and funding structure of the Association as a government corporation within the Department of Housing and Urban Development;

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

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

(5) obtain input from relevant stakeholders, such as Federal entities, lenders, issuers, investors, affordable housing advocates, and researchers, on reforms to the organizational and oversight structure of the Association;

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

(7) review such other information as the Comptroller General determines relevant.

TITLE V—DEPARTMENT OF THE TREASURY

SEC. 501. SAVING FEDERAL FUNDS BY AUTHORIZING CHANGES TO THE COMPOSITION OF CIRCULATING COINS.

(a) Section 5112 of title 31, United States Code, is amended by adding at the end the following:

"(bb) COMPOSITION OF CIRCULATING COINS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, and subject to the other provisions of this subsection, the Director of the United States Mint (referred to in this subsection as the 'Director'), in consultation with the Secretary, may modify the metallic composition of circulating coins to a new metallic composition (including by prescribing reasonable manufacturing tolerances with respect to those coins) if a study and analysis conducted by the United States Mint, including solicitation of input, including input on acceptor tolerances and requirements, from industry stakeholders who could be affected by changes in the composition of circulating coins, indicates that the modification will—

"(A) reduce costs incurred by the taxpayers of the United States;

"(B) be seamless, which shall mean the same diameter and weight as United States coinage being minted on the date of enactment of this subsection and that the coins will work interchangeably in most coin acceptors using electromagnetic signature technology; and

"(C) have as minimal an adverse impact as possible on the public and stakeholders.

"(2) NOTIFICATION TO CONGRESS.—On the date that is at least 90 legislative days before the date on which the Director begins making a modification described in paragraph (1), the Director shall submit to Congress notice that—

"(A) provides a justification for the modification, including the support for that modification in the study and analysis required under paragraph (1) with respect to the modification;

"(B) describes how the modification will reduce costs incurred by the taxpayers of the United States;

"(C) certifies that the modification will be seamless, as described in paragraph (1)(B); and

“(D) certifies that the modification will have as minimal an adverse impact as possible on the public and stakeholders.

“(3) CONGRESSIONAL AUTHORITY.—The Director may begin making a modification proposed under this subsection not earlier than the date that is 90 legislative days after the date on which the Director submits to Congress the notice required under paragraph (2) with respect to that modification, unless Congress, during the period of 90 legislative days beginning on the date on which the Director submits that notice—

“(A) finds that the modification is not justified in light of the information contained in that notice; and

“(B) enacts a joint resolution of disapproval of the proposed modification.

“(4) PROCEDURES.—For purpose of paragraph (3)—

“(A) a joint resolution of disapproval is a joint resolution the matter after the resolving clause of which is as follows: ‘That Congress disapproves the modification submitted by the Director of the United States Mint.’; and

"(B) the procedural rules in the House of Representatives and the Senate for a joint resolution of disapproval described under paragraph (3) shall be the same as provided for a joint resolution of disapproval under chapter 8 of title 5, United States Code.".

(b) DETERMINATION OF BUDGETARY EFFECTS.—The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.

SEC. 502. REDUCING THE RESOURCE DRAIN BY REQUIRING THAT ELECTRONICALLY PREPARED PAPER RETURNS INCLUDE SCANNABLE CODE.

(a) IN GENERAL.—Subsection (e) of section 6011 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(8) SPECIAL RULE FOR RETURNS PREPARED ELECTRONICALLY AND SUBMITTED ON PAPER.—The Secretary shall require that any return of tax which is prepared electronically, but is printed and filed on paper, bear a code which can, when scanned, convert such return to electronic format.''.

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 6011(e) of such Code is amended by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (8)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns of tax the due date for which (determined without regard to extensions) is after December 31, 2021.

SEC. 503. PROTECTING THE SECURITY OF TAXPAYER INFORMATION HELD BY THIRD-PARTY PROVIDERS BY IMPROVING COORDINATION AND ESTABLISHING MINIMUM SECURITY REQUIREMENTS TO REDUCE FRAGMENTATION.

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

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary's delegate) shall prescribe standards for the security of return information and information technology systems that are consistent with security standards issued by the National Institute for Standards and Technology.

(2) PENALTY FOR FAILURE TO SECURE INFORMATION.—

(A) IN GENERAL.—Section 6695 of the Internal Revenue Code of 1986 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) FAILURE TO COMPLY WITH ELECTRONIC RETURN SECURITY STANDARDS.—Any person who is authorized by the Secretary to provide electronic filing services and who fails to secure return information and information technology standards in such manner as prescribed by the Secretary shall pay a penalty of $500 for each such failure. The maximum penalty imposed under this subsection on any person with respect to any calendar year shall not exceed $25,000.".

(B) INFLATION ADJUSTMENT.—Section 6695(i) of such Code, as redesignated by subparagraph (A), is amended—

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

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

"(2) FAILURE TO COMPLY WITH SECURITY STANDARDS.—In the case of any failure described in subsection (h) in a calendar year beginning after 2022, each of the dollar amounts under subsection (h) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year determined by substituting 'calendar year 2021' for 'calendar year 2016' in subparagraph (A)(ii) thereof.''; and

(iii) in paragraph (3) (as redesignated by clause (i)), by striking ''paragraph (1)'' and inserting ''paragraph (1) or (2)''.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to failures described in section 6695(h) of the Internal Revenue Code of 1986 (as added by subparagraph (A)) after the date that is 60 days after the date the Secretary prescribes the standards required under paragraph (1).

(b) COORDINATION OF TAXPAYER INFORMATION SECURITY.—Not later than 180 days after the date of enactment of this Act, the Commissioner of Internal Revenue shall develop an organizational plan to create a centralized body or other governance structure to coordinate all aspects of the Internal Revenue Service's efforts to protect return information while being held or transmitted by those authorized by the Internal Revenue Service to provide electronic filing services. The Commissioner shall transmit the organizational plan to the Committee on Finance of the Senate, the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Oversight and Reform of the House of Representatives.

○