

118TH CONGRESS
2D SESSION

H. R. 9040

To require covered agencies to issue strategy and implementation plans for the transfer of credit, guarantee, and insurance risk to the private sector, to require the implementation of such plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 2024

Mr. DONALDS (for himself and Mr. KRISHNAMOORTHY) introduced the following bill; which was referred to the Committee on Oversight and Accountability

A BILL

To require covered agencies to issue strategy and implementation plans for the transfer of credit, guarantee, and insurance risk to the private sector, to require the implementation of such plans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TRANSFER OF GOVERNMENT CREDIT, GUAR-**

4 **ANTEE, AND INSURANCE RISK TO THE PRI-**

5 **VATE SECTOR.**

6 (a) GOVERNMENT RISK MANAGEMENT POLICY

7 STATEMENT.—

1 (1) MINIMIZATION OF GOVERNMENT RISK.—It
2 is the policy of the United States to assess, reduce
3 and minimize the credit, guarantee, and insurance
4 risk of Federal Government programs in each agen-
5 cy on an ongoing basis to the maximum extent prac-
6 tical by transferring all such risk to the private sec-
7 tor at market terms through a variety of financial
8 instruments in a sustained and transparent manner.

9 (2) USE OF PRIVATE RISK CAPACITY.—In the
10 development and administration of Federal Govern-
11 ment programs and awards in each agency, it is the
12 policy of the United States to reduce costs to tax-
13 payers and to protect taxpayers against catastrophic
14 losses through prudent and established risk manage-
15 ment techniques, including the frequent assessment
16 of Federal credit, guarantee and insurance risks,
17 and where appropriate, the transfer of risk to pri-
18 vate markets to the maximum extent practical.

19 (b) STRATEGY AND IMPLEMENTATION PLAN.—

20 (1) IN GENERAL.—Not later than 12 months
21 after the date of the enactment of this Act, and not
22 less frequently than once every 5 years thereafter,
23 the head of each covered agency shall submit to the
24 Director of the Office of Management and Budget,

1 and publish in the Federal Register, a strategy and
2 implementation plan that includes the following:

3 (A) An identification of any barrier (in-
4 cluding any policy, law, or regulation)—

5 (i) to transferring credit, guarantee,
6 and insurance risk of the covered agency to
7 the private sector; and

8 (ii) that would prohibit the covered
9 agency from paying any costs associated
10 with such transfer.

11 (B) An implementation plan for addressing
12 any such barrier or, in the case of a Federal
13 statute that is a barrier, a legislative rec-
14 ommendation to Congress for removing the bar-
15 rier.

16 (C) An identification of each office or divi-
17 sion within the covered agency principally re-
18 sponsible for programs under which the covered
19 agency has credit, guarantee, or insurance risk.

20 (D) An analysis of the use and develop-
21 ment of private sector capabilities to develop-
22 ment and administer programs under which the
23 covered agency has credit, guarantee, or insur-
24 ance risk.

1 (E) The estimated cost or savings of trans-
2 ferring credit, guarantee, and insurance risk of
3 the covered agency to the private sector, includ-
4 ing the expected annual cost or savings—

5 (i) during a normal year;

6 (ii) during a year where the losses due
7 to defaults on such credit, guarantee, or
8 insurance are lower than normal; and

9 (iii) during a year where the losses
10 due to defaults on such credit, guarantee,
11 or insurance are higher than normal.

12 (2) PUBLIC COMMENT.—The head of each cov-
13 ered agency shall provide a 60-day period for public
14 comment on any strategy and implementation plan
15 described in paragraph (1) before the date on which
16 the report is published in the Federal Register.

17 (c) IMPLEMENTATION.—

18 (1) IN GENERAL.—The head of each covered
19 agency may implement a strategy and implementa-
20 tion plan submitted under subsection (b) to transfer
21 credit, guarantee, and insurance risk of the covered
22 agency to the private sector.

23 (2) REQUIREMENTS.—In any transfer described
24 under paragraph (1), the head of a covered agency
25 shall make such transfer—

1 (A) under market terms; and

2 (B) in a transparent manner.

3 (3) PROHIBITION ON TRANSFERS THAT WOULD
4 INCREASE CERTAIN COSTS.—The head of a covered
5 agency may not make a transfer described under
6 paragraph (1) if such transfer would directly result
7 in an increased fee, premium, or other cost to an in-
8 dividual.

9 (d) REPORTS.—

10 (1) REPORTS BY PRIVATE SECTOR ENTITIES TO
11 COVERED AGENCIES.—

12 (A) IN GENERAL.—The head of each cov-
13 ered agency shall require any private sector en-
14 tity to which the covered agency transfers cred-
15 it, guarantee, or insurance risk under sub-
16 section (c) to submit to the covered agency a
17 regular report that includes a description of any
18 claim received by the private sector entity with
19 respect to the transferred credit, guarantee, or
20 insurance risk, including any amount paid for
21 any such claim.

22 (B) AVAILABILITY OF REPORT.—Each re-
23 port described under subparagraph (A) shall be
24 made available, upon request, to the Director of

1 the Office of Management and Budget and
2 Congress.

3 (2) OMB REPORT.—Not later than 18 months
4 after the date of the enactment of this Act, and not
5 less frequently than once every 5 years thereafter,
6 the Director of the Office of Management and Budg-
7 et shall submit to the President and the Congress a
8 report containing the following:

9 (A) A list of credit, guarantee, and insur-
10 ance obligations under the management or con-
11 trol of each covered agency.

12 (B) A list of each credit, guarantee, and
13 insurance risk transfer program for each cov-
14 ered agency, with a summary of—

15 (i) the estimated savings to the Fed-
16 eral Government related to loss claims as-
17 sociated with the transferred credit, guar-
18 antee, or insurance risk; and

19 (ii) the cost paid by the covered agen-
20 cy to make such transfer.

21 (C) The current and aggregate totals of
22 credit, guarantee, and insurance risk trans-
23 ferred to the private sector on and after the
24 date of the enactment of this Act.

1 (D) Any recommendations to enhance or
2 expand the programs described in subparagraph
3 (B).

4 (e) COVERED AGENCY DEFINED.—In this section,
5 the term “covered agency”—

6 (1) means an agency (as defined under section
7 3502 of title 44, United States Code) that is respon-
8 sible for the administration of any credit, guarantee,
9 or insurance program;

10 (2) means the Federal National Mortgage Asso-
11 ciation and the Federal Home Loan Mortgage Cor-
12 poration during any period in which such enterprise
13 is under conservatorship or receivership pursuant to
14 section 1367 of the Federal Housing Enterprises Fi-
15 nancial Safety and Soundness Act of 1992 (12
16 U.S.C. 4617); and

17 (3) does not include—

18 (A) the Social Security Administration; or

19 (B) the Centers for Medicare & Medicaid
20 Services.

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