

117TH CONGRESS
1ST SESSION

S. 2548

To provide for fiscal gap and generational accounting analysis in the legislative process, the President’s budget, and annual long-term fiscal outlook reports.

IN THE SENATE OF THE UNITED STATES

JULY 29, 2021

Mr. BRAUN (for himself, Ms. LUMMIS, Mr. SCOTT of Florida, and Mr. CRUZ) introduced the following bill; which was read twice and referred to the Committee on the Budget

A BILL

To provide for fiscal gap and generational accounting analysis in the legislative process, the President’s budget, and annual long-term fiscal outlook reports.

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. SHORT TITLE.**

4 This Act may be cited as the “Intergenerational Fi-
5 nancial Obligations Reform Act”.

6 **SEC. 2. THE CONGRESSIONAL BUDGET OFFICE REPORT.**

7 Section 202 of the Congressional Budget Act of 1974
8 (2 U.S.C. 602) is amended—

1 (1) in subsection (e), by adding at the end the
2 following:

3 “(4) For any legislation or resolution consid-
4 ered in the Senate or the House of Representatives
5 that would impact revenues or mandatory spending
6 by greater than 0.5 percent of the gross domestic
7 product over the following 10-fiscal-year period and
8 upon request relating to any other legislation or res-
9 olution by the Chairman or Ranking Member of the
10 Committee on the Budget of the House of Rep-
11 resentatives or of the Committee on the Budget of
12 the Senate, the Congressional Budget Office shall
13 provide with respect to such legislation or resolution
14 a report that includes—

15 “(A) a fiscal gap report and a generational
16 account report, including changes in the fiscal
17 gap and generational accounts relative to the
18 baseline estimates for purposes of each such re-
19 port;

20 “(B) Federal deficits as of the end of the
21 fiscal year that is 75 years after the budget
22 year with respect to the legislation, under a
23 baseline estimate and an alternative scenario
24 estimate; and

1 “(C) outstanding Treasury liabilities as of
2 the end of the fiscal year that is 75 years after
3 the budget year with respect to the legislation,
4 under a baseline estimate and an alternative
5 scenario estimate.”; and

6 (2) by adding at the end the following:

7 “(h) DEFINITIONS.—In this section:

8 “(1) ALTERNATIVE SCENARIO ESTIMATE.—The
9 term ‘alternative scenario estimate’ means an esti-
10 mate assuming laws, as in effect during the budget
11 year, continue to be in effect for each subsequent
12 fiscal year.

13 “(2) BASELINE ESTIMATE.—The term ‘baseline
14 estimate’ means an estimate based on laws enacted
15 through the date of the estimate.

16 “(3) BUDGET YEAR.—The term ‘budget year’
17 has the meaning given that term in section 250(c)
18 of the Balanced Budget and Emergency Deficit Con-
19 trol Act of 1985 (2 U.S.C. 900(c)).

20 “(4) DIRECT SPENDING.—The term ‘direct
21 spending’ has the meaning given that term in sec-
22 tion 250(c) of the Balanced Budget and Emergency
23 Deficit Control Act of 1985 (2 U.S.C. 900(c)).

1 “(5) EXPLICIT DEBT.—The term ‘explicit debt’
2 means the total amount of Treasury liabilities out-
3 standing on the last day of the budget year.

4 “(6) FISCAL GAP.—The term ‘fiscal gap’ means
5 the sum of the explicit debt and the implicit debt.

6 “(7) FISCAL GAP POLICY OPTION.—

7 “(A) IN GENERAL.—The term ‘fiscal gap
8 policy option’ means the permanent across-the-
9 board change in particular (combinations of)
10 Federal revenues or the permanent across-the-
11 board change in particular (combinations of)
12 Federal expenditures required to make the fis-
13 cal gap equal to zero.

14 “(B) TIMING.—The change in revenues or
15 expenditures for purposes of subparagraph
16 (A)—

17 “(i) may be calculated under alter-
18 native timings of when the policy change
19 begins; and

20 “(ii) shall, at a minimum, include pol-
21 icy change options starting 1, 5, 10, 15,
22 and 25 fiscal years after the budget year.

23 “(C) POLICY OPTIONS.—The potential
24 combinations of changes in Federal revenues

1 and Federal expenditures that are a part of a
2 fiscal gap policy option may include—

3 “(i) income taxes imposed under
4 chapter 1 of the Internal Revenue Code of
5 1986;

6 “(ii) taxes described in clause (i),
7 taxes on self-employment income under
8 chapter 2 of the Internal Revenue Code of
9 1986, employment taxes imposed under
10 chapters 21 and 22 of such Code, and off-
11 setting receipts;

12 “(iii) taxes and receipts described in
13 clause (ii), excise taxes imposed under sub-
14 titles D and E of the Internal Revenue
15 Code of 1986, estate and gift taxes im-
16 posed under subtitle B of such Code, cus-
17 toms duties, and other receipts;

18 “(iv) discretionary appropriations
19 (with no changes to offsetting receipts);

20 “(v) direct spending and expenditures
21 under the Federal old-age, survivors, and
22 disability insurance benefits program
23 under title II of the Social Security Act,
24 the Medicare program under parts A and
25 B of title XVIII of the Social Security Act,

1 and Medicare Prescription Drug Coverage
2 under part D of title XVIII of the Social
3 Security Act;

4 “(vi) direct spending and expenditures
5 described in clause (v) and all other direct
6 spending including the supplemental nutri-
7 tion assistance program, supplemental se-
8 curity income benefits, child, earned in-
9 come, and other tax credits, child nutrition
10 programs, the temporary assistance for
11 needy families program, housing assistance
12 programs, and civilian and military retire-
13 ment programs; and

14 “(vii) discretionary appropriations and
15 direct spending, except interest payments
16 on outstanding Treasury liabilities.

17 “(D) DYNAMIC EFFECTS.—Calculations of
18 fiscal gap policy options shall incorporate dy-
19 namic effects from induced changes in labor
20 supply, national saving, and capital formation,
21 as relevant to each particular policy option
22 among those described in subparagraphs (C).

23 “(8) FISCAL GAP REPORT.—

1 “(A) IN GENERAL.—The term ‘fiscal gap
2 report’ means a report that, in accordance with
3 this paragraph—

4 “(i) specifies the amount of explicit
5 debt, the implicit debt, and the fiscal gap;

6 “(ii) provides fiscal gap policy options;
7 and

8 “(iii) incorporates a fiscal gap sensi-
9 tivity analysis.

10 “(B) SEPARATE REPORTING FOR TRUST
11 FUNDS.—

12 “(i) IN GENERAL.—A fiscal gap re-
13 port shall address each item specified in
14 clauses (i), (ii), and (iii) of subparagraph
15 (A) separately for each social insurance
16 program.

17 “(ii) FISCAL GAP POLICY OPTIONS.—
18 The fiscal gap policy options provided for
19 each Federal social insurance program
20 shall be limited to changes in receipts and
21 expenditures from the applicable trust
22 fund.

23 “(iii) CALCULATION.—

24 “(I) IN GENERAL.—For purposes
25 of calculations relating to the fiscal

1 gap in connection with a social insur-
2 ance program, the calculations shall
3 be determined as the sum of—

4 “(aa) the projected budget-
5 year-end value of Treasury secu-
6 rities and other assets held in the
7 applicable trust fund; and

8 “(bb) the present discounted
9 value of annual expenditures
10 from the applicable trust fund
11 over future fiscal years minus the
12 present discounted value of re-
13 cepts paid into the applicable
14 trust fund excluding transfers
15 from other Federal funds over
16 future fiscal years.

17 “(II) EXPENDITURES AND RE-
18 CEIPTS.—For purposes of subclause
19 (I), expenditures and receipts shall in-
20 clude expenditures and receipts pro-
21 jected through the future fiscal year
22 described in paragraph (15)(B).

23 “(iv) LIMITING.—For each social in-
24 surance program, a fiscal gap report shall
25 separately address each item specified in

1 clauses (i), (ii), and (iii) of subparagraph
2 (A) as specified and after limiting the cal-
3 culation under clause (iii)(I)(bb) to the
4 closed group of past and current adult pro-
5 gram participants (as described in para-
6 graph 11(B)(i)), both taxpayers and bene-
7 ficiaries.

8 “(C) SCENARIOS.—A fiscal gap report
9 shall address each item specified in clauses (i),
10 (ii), and (iii) of subparagraph (A) under—

11 “(i) a baseline estimate; and

12 “(ii) an alternative scenario estimate.

13 “(D) AMOUNTS.—A fiscal gap report shall
14 provide information with respect to each item
15 specified in clauses (i), (ii), and (iii) of subpara-
16 graph (A)—

17 “(i) in present-discounted dollars;

18 “(ii) as percentages of present-dis-
19 counted value of future gross domestic
20 product projected through the future fiscal
21 year described in paragraph (15)(B); and

22 “(iii) as a percentage of the amount
23 of taxes projected to be collected under
24 sections 1401(b), 3101(b), and 3111(b) of
25 the Internal Revenue Code of 1986

1 through the future fiscal year described in
2 paragraph (15)(B).

3 “(9) FISCAL GAP SENSITIVITY ANALYSIS.—

4 “(A) IN GENERAL.—The term ‘fiscal gap
5 sensitivity analysis’ means estimates of changes
6 to the fiscal gap amounts specified in para-
7 graph (8)(D) calculated under alternative eco-
8 nomic and demographic assumptions for a given
9 scenario described in paragraph (8)(C).

10 “(B) REQUIRED ALTERNATIVES.—The al-
11 ternative economic assumptions for any fiscal
12 gap sensitivity analysis shall include the fol-
13 lowing:

14 “(i) Projected annual rate of popu-
15 lation growth that is 25 basis points larger
16 and 25 basis points smaller than the base-
17 line population growth-rate projection spec-
18 ified under paragraph (15)(C). In making
19 the estimates, the applicable agency may
20 use reasonable alternative symmetric basis
21 point variations around baseline popu-
22 lation-growth projections consistent with
23 uncertainty associated with underlying
24 growth components of fertility, mortality,
25 and immigration rates.

1 “(ii) Projected annual rates of labor
2 productivity growth that is 50 basis points
3 larger and 50 basis points smaller than the
4 baseline labor productivity growth-rate pro-
5 jection specified under paragraph (15)(C).
6 In making the estimates, the applicable
7 agency may use reasonable alternative,
8 symmetric basis-point variations around
9 baseline labor-productivity growth rates
10 consistent with uncertainty associated with
11 underlying components of inflation rates,
12 technological change, capital intensity, and
13 labor efficiency.

14 “(iii) Projected discount rates that are
15 75 basis points larger and 75 basis points
16 smaller than the baseline long-term dis-
17 count rate projection specified under para-
18 graph (15)(D). In making the estimates,
19 the applicable agency may use reasonable
20 alternative, symmetric basis-point vari-
21 ations as appropriate around baseline in-
22 terest rate projections consistent with un-
23 certainty associated with long-term govern-
24 ment borrowing rates. All interest rate
25 variations reported shall be consistent with

1 maintaining a net positive average long-
2 term interest rate after subtracting the
3 long-term average labor productivity
4 growth rate of the economy of the United
5 States.

6 “(10) GENERATION.—The term ‘generation’
7 means a 1-year birth cohort of individuals of a given
8 gender born during a given fiscal year.

9 “(11) GENERATIONAL ACCOUNT.—

10 “(A) IN GENERAL.—The term
11 ‘generational account’ means the actuarially
12 present-valued amount per capita for a given
13 generation of annual net Federal tax burdens
14 during that generation’s remaining lifetime
15 under a particular Federal fiscal policy.

16 “(B) AGES.—A report regarding
17 generational accounts shall include generational
18 accounts for—

19 “(i) selected individual generations
20 born not less than 18 years before the re-
21 port; and

22 “(ii) selected individual generations
23 born or who will be born after the date
24 that is 18 years before the report, includ-
25 ing those born after the budget year.

1 “(C) CALCULATION.—Generational ac-
2 counts of children and future generations de-
3 scribed in subparagraph (B)(ii) shall be cal-
4 culated such that—

5 “(i) their total over all members
6 equals the sum of—

7 “(I) Treasury liabilities projected
8 to be outstanding at the end of the
9 budget year; and

10 “(II) the present value of pro-
11 jected discretionary (non-transfer)
12 Federal spending minus the sum of
13 the generational accounts of adult
14 generations described in subparagraph
15 (B)(i);

16 “(ii) the ratio of the generational ac-
17 count of males of each generation among
18 children and future generations described
19 in subparagraph (B)(ii) to the generational
20 account of females born in the same year
21 is set equal to the ratio of the generational
22 accounts of males and females born 18
23 years before the calculation; and

24 “(iii) the generational accounts of
25 members of children and future genera-

1 tions described in subparagraph (B)(ii) in-
2 creases with the year of their births at the
3 projected growth rate of labor productivity.

4 “(12) GENERATIONAL ACCOUNT POLICY EF-
5 FECTS.—

6 “(A) IN GENERAL.—The term
7 ‘generational account policy effects’ means the
8 changes to the generational accounts of adults
9 described in paragraph (11)(B)(i) and children
10 and future generations described in paragraph
11 (10)(B)(ii) and to the generational net-tax-bur-
12 den gap from changes to particular (combina-
13 tions of) Federal taxes and to particular (com-
14 binations of) Federal expenditures.

15 “(B) DYNAMIC EFFECTS.—Calculations of
16 generational accounts policy options shall incor-
17 porate dynamic effects from induced changes in
18 employment, national saving, and capital forma-
19 tion, as relevant to each particular policy option
20 described in paragraph (7)(C).

21 “(13) GENERATIONAL ACCOUNT REPORT.—

22 “(A) IN GENERAL.—The term
23 ‘generational account report’ means a report
24 that, in accordance with this paragraph, in-

1 cludes generational accounts and a discussion of
2 generational account policy effects.

3 “(B) SCENARIOS.—A generational account
4 report shall address generational accounts, in-
5 cluding net Federal tax burdens, under—

6 “(i) a baseline estimate; and

7 “(ii) an alternative scenario estimate.

8 “(14) GENERATIONAL NET-TAX-BURDEN
9 GAP.—The term ‘generational net-tax-burden gap’
10 means the ratios of the generational account of
11 males and females born 17 years before the budget
12 year to the generational accounts of males and fe-
13 males, respectively, born 18 years before the budget
14 year minus 1 times 100.

15 “(15) IMPLICIT DEBT.—

16 “(A) IN GENERAL.—The term ‘implicit
17 debt’ means the difference between—

18 “(i) the discounted present value of
19 projected annual Federal spending during
20 the period of the budget year and not less
21 than the ensuing 75 fiscal years, excluding
22 spending for net interest and principal
23 payments on Treasury liabilities; and

24 “(ii) the discounted present value of
25 Federal tax and non-tax receipts during

1 the period of the budget year and not less
2 than the ensuing 75 fiscal years.

3 “(B) PROJECTION PERIOD.—Annual Fed-
4 eral noninterest spending and receipts used to
5 calculate implicit debt shall be projected
6 through a future fiscal year, at least 75 years
7 beyond the budget year, and such that the ac-
8 crual to the fiscal gap by extending the calcula-
9 tion by 1 additional fiscal year is within 0.1
10 percent of the fiscal gap without extending the
11 calculation by 1 fiscal year.

12 “(C) FEDERAL BUDGET PROJECTIONS.—
13 The growth of Federal noninterest spending
14 and receipts over future fiscal years shall be
15 consistent with the baseline projections of popu-
16 lation growth, general price inflation (Personal
17 Consumption Expenditures index), and labor-
18 productivity-growth factors including techno-
19 logical change, capital intensity, and labor effi-
20 ciency, as determined by the applicable agency.

21 “(D) DISCOUNT RATES.—For purposes of
22 calculating the implicit debt, the discount rates
23 shall be the interest rate projections of the Con-
24 gressional Budget Office over the projection ho-

1 rizon on Treasury bonds with prospective matu-
2 rity of at least 20 years and longer.

3 “(16) NET FEDERAL TAX BURDEN.—The term
4 ‘net Federal tax burden’ means the difference be-
5 tween Federal taxes paid and transfer payments re-
6 ceived.

7 “(17) SOCIAL INSURANCE PROGRAM.—The
8 term ‘social insurance program’—

9 “(A) means a social insurance program
10 that is funded out of a Federal trust fund; and

11 “(B) includes the Federal old-age, sur-
12 vivors, and disability insurance benefits pro-
13 gram under title II of the Social Security Act,
14 the Medicare program under parts A and B of
15 title XVIII of the Social Security Act, and the
16 Medicare Prescription Drug Coverage under
17 part D of title XVIII of the Social Security Act.

18 “(18) TREASURY LIABILITIES.—The term
19 ‘Treasury liabilities’ means the face amount of obli-
20 gations issued under chapter 31 of title 31, United
21 States Code, and the face amount of obligations
22 whose principal and interest are guaranteed by the
23 United States Government (except guaranteed obli-
24 gations held by the Secretary of the Treasury)—as
25 in section 3101(b) of title 31.”.

1 **SEC. 3. CBO ANNUAL REPORT.**

2 (a) REQUIREMENT.—

3 (1) IN GENERAL.—The Congressional Budget
4 Office shall produce a fiscal gap and generational
5 accounting analysis, which shall be reported as a
6 separate section within its annual “Long-Term
7 Budget Outlook”.

8 (2) DEFINITIONS.—In this subsection, the
9 terms “fiscal gap” and “generational account” have
10 the meanings given such terms in subsection (h) of
11 section 202 of the Congressional Budget Act of
12 1974 (2 U.S.C. 602), as added by section 2.

13 (b) PUBLIC REPORT.—The Director of the Congres-
14 sional Budget Office shall post the report described in sub-
15 section (a) on the Congressional Budget Office public
16 website.

17 **SEC. 4. GAO ANNUAL REPORT.**

18 (a) REQUIREMENT.—

19 (1) IN GENERAL.—The Comptroller General
20 shall produce annually a report on fiscal gap and
21 generational accounting analysis consistent with the
22 assumptions of the Government Accountability Of-
23 fice with respect to baseline projections of population
24 growth, general price inflation (Personal Consump-
25 tion Expenditures index), and labor-productivity-

1 growth factors including technological change, cap-
2 ital intensity, and labor efficiency.

3 (2) DEFINITIONS.—In this subsection, the
4 terms “fiscal gap” and “generational account” have
5 the meanings given such terms in subsection (h) of
6 section 202 of the Congressional Budget Act of
7 1974 (2 U.S.C. 602), as added by section 2.

8 (b) PUBLIC REPORT.—The Comptroller General shall
9 post the report described in subsection (a) on the General
10 Accountability Office public website.

11 **SEC. 5. THE PRESIDENT’S BUDGET.**

12 Section 1105 of title 31, United States Code, is
13 amended—

14 (1) in subsection (a), by adding at the end the
15 following:

16 “(40) an analysis including—

17 “(A) a fiscal gap report and a generational
18 account report, including changes in the fiscal
19 gap and generational accounts relative to the
20 baseline estimates for purposes of each report;

21 “(B) Federal deficits as of the end of the
22 fiscal year that is 75 years after the budget
23 year, under a baseline estimate and an alter-
24 native scenario estimate; and

1 “(C) outstanding Treasury liabilities as of
2 the end of the fiscal year that is 75 years after
3 the budget year, under a baseline estimate and
4 an alternative scenario estimate.”; and

5 (2) by adding at the end the following:

6 “(i)(1) For purposes of subsection (a)(40), the terms
7 ‘alternative scenario estimate’, ‘baseline estimate’, ‘fiscal
8 gap’, ‘fiscal gap report’, ‘generational account’,
9 ‘generational account report’, and ‘Treasury liabilities’
10 have the meanings given such terms in section 202(h) of
11 the Congressional Budget Act of 1974 (2 U.S.C. 602(h)).

12 “(2) For purposes of subsection (a)(40), the terms
13 defined in paragraph (1) shall be calculated using the as-
14 sumptions of the President of baseline projections of popu-
15 lation growth, general price inflation (Personal Consump-
16 tion Expenditures index), and labor-productivity-growth
17 factors including technological change, capital intensity,
18 and labor efficiency.”.

○