

TREASURY FRANCHISE FUND

LEGISLATIVE HISTORY

The Government Management Reform Act of 1994 (Public Law 103-356 108 STAT. 3413 Sec. 403) *authorized* the establishment of a Franchise Fund Pilot Program in each of six executive agencies (Commerce, Environmental Protection Agency, Health and Human Services, Interior, Treasury, Veterans Affairs).

The Omnibus Consolidated Appropriations Act of 1997 (Public Law 104-208 110 STAT. 3009) *established* in the Department of the Treasury a Franchise Fund Pilot Program as authorized by GMRA Act of 1994. This was later amended by the **Consolidated Appropriations Act of 2001** (Public Law 106-554 Appendix C 114 STAT. 2763A), which created a permanent Franchise Fund program within the Department of the Treasury but included a sunset date of September 30, 2002.

The text of the highlighted laws above follow:

PUBLIC LAW 103-356---OCT.13, 1994

108 STAT. 3413

Sec. 403. FRANCHISE FUND PILOT PROGRAMS.

31 USC 501 note.

(a) ESTABLISHMENT.---There is authorized to be established on a pilot program basis in each of six executive agencies a franchise fund. The Director of the Office of Management and Budget, after consultation with the chairman and ranking members of the Committees on Appropriations and Governmental Affairs of the Senate, and the Committees on Appropriations and Government Operations of the House of Representatives, shall designate the agencies.

(b) USES.---Each such fund may provide, consistent with guidelines established by the Director of the Office of Management and Budget, such common administrative support services to the agency and to other agencies as the head of such agency, with the concurrence of the Director, determines can be provided more efficiently through such a fund than by other means. To provide such services, each such fund is authorized to acquire the capital equipment, automated data processing systems, and financial management and management information systems needed. Services shall be provided by such funds on a competitive basis.

Appropriations authorization.

(c) FUNDING.---(1) There are authorized to be appropriated to the franchise fund of each agency designated under subsection (a) such funds as are necessary to carry out the purposes of the fund, to remain available until expended. To the extent that unexpended balances remain available in other accounts for the purposes to be carried out by the fund, the head of the agency may transfer such balances to the fund.

(2) Fees for services shall be established by the head of the agency at a level to cover the total estimated costs of providing such services. Such fees shall be deposited in the agency's fund to remain available until expended, and may be used to carry out the purposes of the fund.

(3) Existing inventories, including inventories on order, equipment, and other assets or liabilities pertaining to the purposes of the fund may be transferred to the fund.

(d) REPORT ON PILOT PROGRAMS.---Within 6 months after the end of fiscal year 1997, the Director of the Office of Management and Budget shall forward a report on the results of the pilot programs to the Committees on Appropriations of the Senate and of the House of Representatives, and to the Committee on Governmental Affairs of the Senate and the Committees on Government Operations of the House of Representatives. The report shall contain the financial and program performance results of the pilot programs, including recommendations for---

(1) the structure of the fund;

(2) the composition of the funding mechanism;

(3) the capacity of the fund to promote competition; and

(4) the desirability of extending the application and implementation of franchise funds to other federal agencies.

(e) PROCUREMENT.---Nothing in this section shall be construed as relieving any agency of any duty under applicable procurement laws.

(f) TERMINATION.---the provisions of this section shall expire on October 1, 1999.

TREASURY FRANCHISE FUND

31 USC 501 note

There is hereby established in the Treasury a franchise fund pilot, as authorized by section 403 of Public Law 103-356, to be available as provided in such section for expenses and equipment necessary for the maintenance and operation of such financial and administrative support services as the Secretary determines may be performed more advantageously as central services: *Provided*, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made for the purpose of providing capital, shall be used to capitalize such fund: *Provided further*, That such fund shall be reimbursed or credited with the payments, including advanced payments, from applicable appropriations and funds available to the Department and other Federal agencies for which such administrative and financial services are performed, at rates which will recover all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of Automatic Data Processing (ADP) software and systems, and an amount necessary to maintain a reasonable operating reserve, as determined by the Secretary: *Provided further*, That such fund shall provide services on a competitive basis: *Provided further*, That an amount not to exceed 4 percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Treasury financial management, ADP, and other support systems: *Provided further*, That no later than 30 days after the end of each fiscal year, amounts in excess of this reserve limitation shall be deposited as miscellaneous receipts in the Treasury: *Provided further*, That such franchise fund pilot shall terminate pursuant to section 403(f) of Public Law 103-356.

PUBLIC LAW 106-554---APPENDIX C**114 STAT. 2763A**

SEC. 120. Under the heading of Treasury Franchise Fund in Public Law 104-208, delete the following: phrases "pilot, as authorized by section 403 of Public Law 103-356,"; and "as provided in such section"; and the final proviso. After the phrase "to be available", insert "without fiscal year limitation,". After the phrase, "established in the Treasury a franchise fund", insert, "until October 1, 2002".