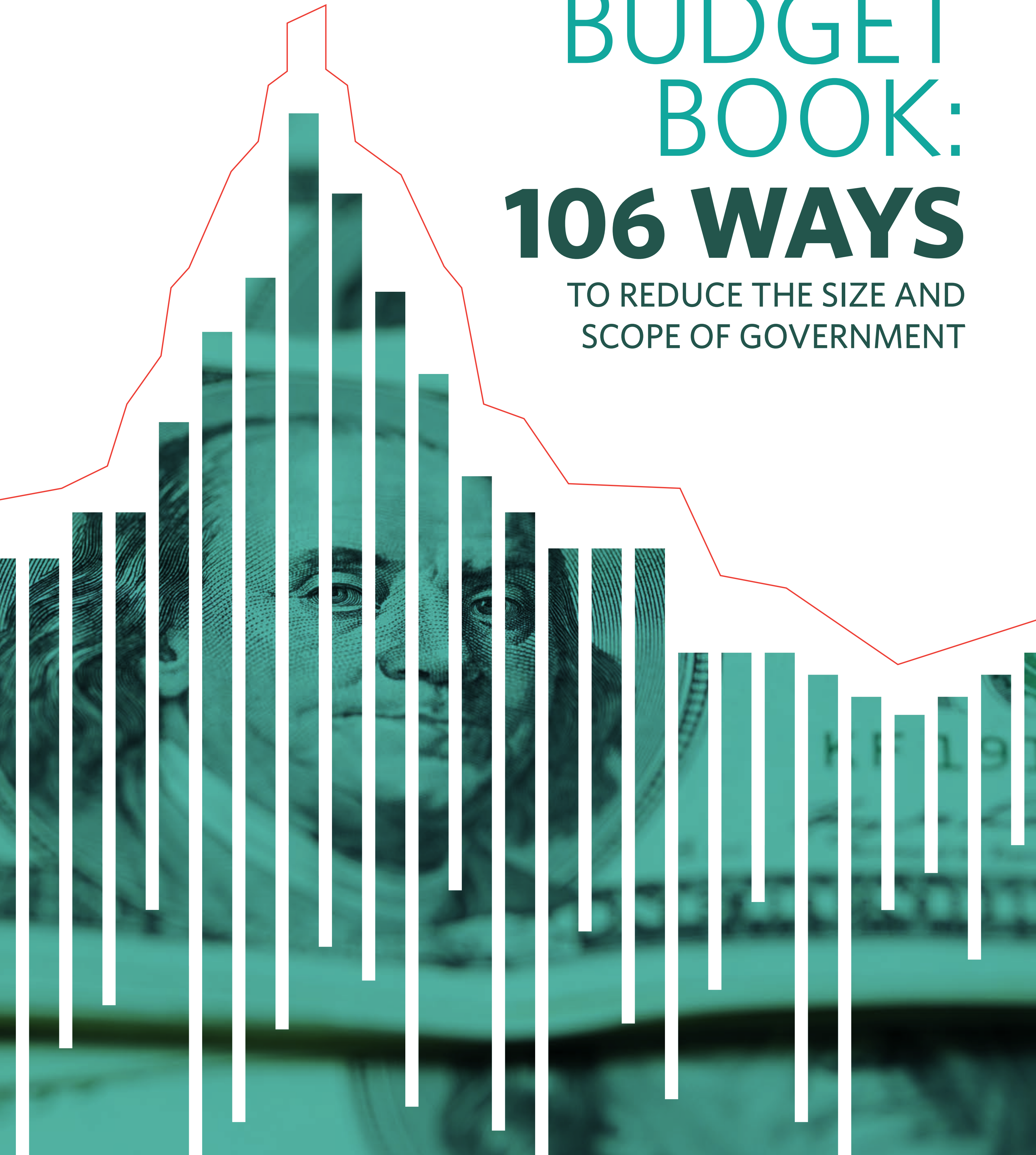
The Heritage Foundation

THE BUDGET BOOK: 106 WAYS

TO REDUCE THE SIZE AND SCOPE OF GOVERNMENT



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THE BUDGET BOOK: 106 WAYS

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Introduction

In addressing the challenges facing Congress in 2015, Jim DeMint, President of The Heritage Foundation, noted that "Americans expect more from their leaders than just tapping the brakes as we drive off a fiscal cliff." Indeed.

The 114th Congress has an opportunity and obligation to stop Washington's taxpayer-financed spending spree. Over the past 20 years, spending has grown 63 percent faster than inflation. Unless leaders emerge with the courage to change the nation's course for the better, the future looks like more of the same as total *annual* spending will grow from $3.5 trillion in 2014 to $5.8 trillion in 2024.[1]

Congress is financing the profligate spending by increasing taxes and incurring stunning amounts of debt. In 2014, Congress borrowed 14 cents of every dollar it spent, totaling a half a trillion dollars. Even more alarming, the country just surpassed $18 trillion in cumulative national debt. According to the Congressional Budget Office (CBO), the country is projected to borrow another $9.6 trillion over the next 10 years.[2]

The Danger of Inaction

Every generation confronts a defining challenge by which it will be judged, and so does every Congress. To understand why controlling spending and debt is the signature challenge of the 114th, one must understand the consequences of inaction. In its long-term projections, the CBO warns[3] that failure to get spending and debt under control include:

- **A Slower Economy.** According to the CBO, inaction on federal spending and taxes means that in 25 years—just when today's kids and their children are trying to make their way in the world—"gross national product in 2039 would be roughly 3 percent lower."
- **A National Security Risk.** In addition, the CBO notes that growing debt "could also compromise national security by constraining defense spending in times of international crises."
- **Limitations in Responding to Unexpected Challenges.** Finally, if Congress does not tackle spending and debt sooner rather than later, the CBO warns that policymakers' ability "to respond to unexpected challenges, such as economic downturns or financial crises" is far more limited.

Can any Member of Congress, in good conscience, leave a nation under their stewardship with decreased economic vitality and at greater risk for national security or financial crises?

Of course not.

Where to Begin

As the Chinese philosopher Laozi noted, "A journey of a thousand miles begins with a single step." This compilation of recommendations is about single steps. In fact, it offers the 535 lawmakers holding the purse strings more than 100 ways to cut federal spending and reduce the size and scope of the federal government.

Much more needs to be done to address 2014's federal spending of $3.5 trillion.[4] But the recommendations in this report deal not just with dollars; they also address the size, scope, and character of the federal government.

When Congress actually eliminates wasteful programs or reins in runaway spending, it sends a powerful message. Like the relatively recent congressional ban on earmarks for pet projects like the "bridge to nowhere," any move to cut federal spending tells Americans that Congress has the discipline to say "no" and act in the best interests of the nation—not just their own self-preservation. It says that individual Members of Congress have the courage to stare down the special interests, the cronyism of the powerful, and a Washington culture that thrives on handing out more federal dollars.

Eliminating or scaling back programs that constitute federal overreach also has far greater—but often unseen and unmeasured—economic benefits than the federal dollars saved. Whenever the federal role is downsized to return to its constitutional role, new economic opportunities are created for the private sector to innovate and fill needs based on market demand and competition. So many of the programs cited in this *Budget Book* do not just cost money, they actually distort and retard economic growth because they tilt the playing field toward vested interests and engage in tasks in which the federal government has no business. An example is the Export–Import Bank, which provides subsidized export financing primarily for the benefit of multinational corporations, while disadvantaging others.

Entitlements: The Ultimate Challenge

Almost half of all federal spending goes to Social Security, Medicare, and Medicaid. Clearly, any effort to rein in federal spending will absolutely require major reforms to these and other entitlement programs. Toward that end, The Heritage Foundation has written extensively on how to restructure Social Security[5] and Medicare,[6] and Medicaid,[7] as well as the need to repeal Obamacare[8] and replace it with market-based, patient-centered reforms.[9]

Entitlement reform involves complex and extensive policy changes that require far more explanation than this book's format allows. Readers are encouraged to explore The Heritage Foundation's many resources on these topics.[10]

Defense: A National Priority

The Heritage Foundation's recommendations for spending reforms in the Department of Defense come with a unique caveat: Any savings should be reinvested back into strengthening the country's defense capabilities. Despite the overall Washington spending spree of the last 20 years, defense has not been adequately funded.

First, President Barack Obama cut $400 billion from the nation's defense budget in 2009 and 2010. Then, Congress passed the Budget Control Act (BCA) of 2011, which is scheduled to cut an additional $1 trillion from defense through 2021.[11] In fact, relative to other federal spending, the automatic cuts from the BCA have and will continue to hit defense hardest. Defense discretionary spending is scheduled to bear 49.5 percent of total cuts,[12] despite representing just 16.8 percent of total spending. On the other hand, mandatory spending will bear just 14.4 percent of total cuts despite representing 63.8 percent of total spending.[13]

The underfunding of the Defense Department is further exacerbated by the fact that increases in defense spending after 9/11 were dedicated to the rising cost of maintaining an aging inventory, the growth in compensation and benefits for military personnel and retirees, and to fighting the wars in Iraq and Afghanistan. The combination of too little defense spending and internal cost growth has resulted in declining military capabilities. The Defense Department continues to reduce the size of its forces, investments in weapon systems are continuously delayed, and declining readiness means that the men and women in uniform are ill-prepared for combat.

Defense of the country is a core constitutional function of the federal government. Unlike the ever widening array of social services being assumed by the federal government, defending the country is a true national priority.[14] It should not continue to be weakened by spending cuts or a growing federal debt. As part of its effort to strengthen national security, the Defense Department must limit waste and control unnecessary cost growths, channeling savings into defense areas of need.[15] The Heritage Foundation's recommendations reflect that mission.

Moving Forward

As Members of Congress take up the public policy challenge of their lifetimes—putting government back on a constitutional path—the following recommendations should be part of their action plan. The proposals in this volume offer Members of Congress who pledged to get government spending under control specific recommendations that can make their promises concrete. In this way, they *can* become the "conscience of Congress." Paired with strong reforms of the major entitlement programs of Medicare and Social Security, and repeal of Obamacare, the 114th Congress can get spending under control.

For greater detail on 2014 federal spending facts and trends, see The Heritage Foundation's "Federal Spending By the Numbers, 2014: Government Spending Trends in Graphics, Tables, and Key Points" http://www.Heritage.org/research/reports/2014/12/federal-spending-by-the-numbers-2014.

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Summary Table of Recommendations

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Summary Table of Recommendations

SAVINGS IN MILLIONS OF DOLLARS

050 NATIONAL DEFENSE		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
1.	Reduce Civilian Overhead in Department of Defense (DOD)	1,200	2,154	2,807	3,263	3,263	3,263	3,263	3,263	3,263	3,263	12,687	29,002
2.	Cut Funding for Non-Combat Related Research	135	135	136	137	141	144	147	151	154	156	684	1,436
3.	Cut Commissary Subsidies	500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	4,500	9,500
4.	Close Domestic Dependent Elementary and Secondary Schools (DDESS)	583	585	586	593	607	620	633	650	663	675	2,954	6,195
5.	Reform Military Compensation	2,100	3,300	4,100	4,900	5,800	6,700	7,600	8,600	9,732	11,012	20,200	63,844
6.	Increase Use of Performance-Based Logistics	9,000	10,362	11,930	13,736	15,816	18,210	20,966	24,139	27,793	32,000	60,844	183,952
7.	Focus the DOE's National Nuclear Security Administration Spending on Weapons Programs	529	655	908	909	1,039	1,172	1,307	1,445	1,585	1,729	4,040	11,278
SUBTOTALS		14,047	18,191	21,467	24,538	27,666	31,109	34,916	39,248	44,190	49,835	105,909	305,207

150 INTERNATIONAL AFFAIRS		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
8.	End Funding for the United Nations Development Program (UNDP)	81	81	82	83	85	86	88	91	92	94	412	863
9.	End Funding for the U.N. Intergovernmental Panel on Climate Change (IPCC)	10	10	10	10	11	11	11	11	12	12	51	108
10.	Eliminate the U.S. Trade and Development Agency (USTDA)	56	56	56	57	58	59	61	62	64	65	283	594
11.	Reform Food Aid Programs	168	168	168	170	173	175	178	181	184	186	847	1,751
12.	Eliminate Export-Import Bank	200	200	200	200	200	200	200	200	200	200	1,000	2,000
13.	Eliminate the Overseas Private Investment Corporation (OPIC)	-213	-214	-214	-217	-222	-227	-232	-238	-243	-247	-1,080	-2,267
14.	Eliminate Funding for the United Nations Population Fund (UNFPA)	36	36	36	36	37	38	39	40	40	41	181	379
SUBTOTALS		338	337	338	339	342	342	345	347	349	351	1,694	3,428

Note: See last page for information on savings subtotals.

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SAVINGS IN MILLIONS OF DOLLARS

250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
15.	Return Funding for the Office of Nuclear Physics to FY 2008 Levels	95	96	96	97	99	101	104	106	109	111	483	1,014
16.	Return Advanced Scientific Computing Research to FY 2008 Levels	85	86	86	87	89	91	93	95	97	99	433	908
17.	Eliminate the Advanced Scientific Research Projects Agency-Energy (ARPA-E) Program	284	285	286	289	296	302	309	317	323	329	1,440	3,020
18.	Eliminate the Biological and Environmental Research (BER) Program	619	621	623	630	645	659	673	691	705	718	3,138	6,584
19.	Reduce Basic Energy Sciences (BES) Funding	301	302	302	306	313	320	327	336	342	349	1,524	3,198
20.	Eliminate Energy Information Hubs	24	24	24	25	25	26	26	27	28	28	122	257
21.	Reduce Fusion Energy Spending (FES) to FY 2008 Levels	178	178	179	181	185	189	193	198	202	206	901	1,889
22.	Reduce High-Energy Physics (HEP) Program Funding	10	10	10	10	10	10	10	11	11	11	50	103
SUBTOTALS		1,596	1,602	1,606	1,625	1,662	1,698	1,735	1,781	1,817	1,851	8,091	16,973

270 ENERGY		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
23.	Eliminate the Advanced Manufacturing Partnership	183	184	184	186	191	195	199	204	208	212	928	1,946
24 & 25.*	Eliminate Department of Energy Loans and Loan Guarantees	–	–	–	–	–	–	–	–	–	–	–	–
26.	Eliminate the Office of Electricity Deliverability and Energy Reliability (OE)	150	150	150	152	156	159	163	167	170	173	758	1,590
27.	Eliminate Office of Energy Efficiency and Renewable Energy (EERE)	1,930	1,937	1,941	1,964	2,010	2,054	2,098	2,155	2,197	2,238	9,782	20,524
28.	Reduce Office of Fossil Energy (FE) Funding	341	342	343	347	355	363	371	381	388	395	1,728	3,626
29.	Reduce Funding for the Office of Nuclear Energy	293	294	294	298	305	311	318	327	333	339	1,484	3,112
30.	Eliminate Subsidies for Power Marketing Administrations (PMAs)	86	87	87	88	90	92	94	97	98	100	438	919
31 & 32.	Eliminate the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR)	2,746	2,756	2,762	2,793	2,859	2,922	2,985	3,066	3,126	3,183	13,916	29,198
33.	Auction Off Assets of the Tennessee Valley Authority (TVA)	-5	-20	100	500	500	500	500	500	500	500	1,075	3,575
SUBTOTALS		5,724	5,730	5,861	6,328	6,466	6,596	6,728	6,897	7,020	7,140	30,109	64,490

* Enacting this option would reduce taxpayer exposure, but no specific savings are assumed for enacting this proposal.

Note: See last page for information on savings subtotals.

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Summary Table of Recommendations

SAVINGS IN MILLIONS OF DOLLARS

	300 NATURAL RESOURCES AND ENVIRONMENT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
34.**	Eliminate Funding for Development and Implementation of New Ozone Standards	–	–	–	–	–	–	–	–	–	–	–	–
35.	Eliminate the Renewable Fuel Standard (RFS)	5	5	5	5	5	5	6	6	6	6	25	54
36.	Eliminate EPA Grant Programs and Information Exchange/Outreach	131	131	132	133	136	139	142	146	149	152	663	1,391
37–45.	Eliminate Nine Climate Programs	106	106	106	107	110	112	115	118	120	122	535	1,122
46.	Eliminate Regional EPA Programs	422	423	424	429	439	449	459	471	480	489	2,137	4,485
47.	Lease or Sell Underused EPA Space	22	22	22	22	22	22	22	22	22	22	110	220
48.	Eliminate the National Clean Diesel Campaign (NCDC)	20	20	20	21	21	22	22	23	23	24	102	216
49.	Eliminate Environmental Justice Programs	7	7	7	7	7	7	7	8	8	8	35	73
SUBTOTALS		713	714	716	724	740	756	773	794	808	823	3,607	7,561

	350 AGRICULTURE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
50.	Eliminate the Market Access Program (MAP)	186	186	187	175	175	176	176	176	176	176	909	1,789
51.	Repeal the USDA Catfish Inspection Program	14	14	14	14	14	14	14	14	14	14	70	140
52.	Eliminate the Conservation Reserve Program	2,005	1,888	1,795	1,742	1,892	1,979	1,911	2,004	2,104	1,924	9,322	19,244
53.	Eliminate the Conservation Technical Assistance Program	725	727	729	737	755	771	788	809	825	840	3,673	7,706
54.	Eliminate the Rural Business-Cooperative Service (RBCS)	258	259	260	263	269	275	281	288	294	299	1,309	2,746
55 & 56.	Eliminate the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs	4,748	4,360	3,488	2,736	2,322	2,189	2,182	2,291	2,262	2,262	17,654	28,840
SUBTOTALS		7,936	7,434	6,473	5,667	5,427	5,404	5,352	5,582	5,675	5,515	32,937	60,465

** This recommendation reduces the size of government, but no specific savings are assumed from prohibiting the regulations from taking effect.

Note: See last page for information on savings subtotals.

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Summary Table of Recommendations

SAVINGS IN MILLIONS OF DOLLARS

	370 COMMERCE AND HOUSING CREDIT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
57.	Let the Postal Service (USPS) Eliminate Saturday Mail Delivery	1,285	1,460	1,685	1,850	2,020	2,170	2,320	2,470	2,720	2,970	8,300	20,950
58.	Cut Universal Service Subsidies	–	–	–	–	–	–	–	–	–	–	–	–
59–63.	Eliminate Five Corporate Welfare Programs in Commerce Department	892	895	897	908	929	950	970	996	1,016	1,034	4,521	9,487
64.	Repeal the Corporation for Travel Promotion	-38	-42	-46	-50	-55	0	0	0	0	0	-231	-231
65.	Reform the Securities and Exchange Commission (SEC)	321	448	588	742	912	1,099	1,304	1,530	1,778	2,051	3,011	10,773
	SUBTOTALS	2,460	2,761	3,124	3,450	3,806	4,219	4,594	4,996	5,514	6,055	15,601	40,979

	400 TRANSPORTATION	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
66.	Limit Highway Trust Fund (HTF) Spending to Revenues	17,000	15,000	15,000	17,000	16,000	18,000	19,000	19,000	21,000	21,637	80,000	178,637
67.	Phase Out the Federal Transit Administration (FTA)	2,330	4,539	6,730	9,024	11,458	11,711	11,961	12,285	12,525	12,757	34,081	95,320
68.	Eliminate Grants to the National Rail Passenger Service Corporation (Amtrak)*	608	871	1,135	1,401	1,409	1,417	1,425	1,435	1,443	1,450	5,424	12,594
69.	Close Down the Maritime Administration (MARAD) and Repeal the Jones Act	150	151	151	153	156	160	163	168	171	174	761	1,597
70.	Eliminate the New Starts Transit Program	1,972	1,979	1,983	2,006	2,053	2,099	2,144	2,202	2,245	2,286	9,993	20,969
71.	Privatize the Saint Lawrence Seaway Development Corporation (SLSDC)	32	33	33	33	34	35	35	36	37	38	165	346
72.	Eliminate the Transportation Investment Generating Economic Recovery (TIGER) Grant Program	609	611	612	619	634	648	662	680	693	706	3,085	6,474
	SUBTOTALS	22,701	23,184	25,644	30,236	31,744	34,070	35,390	35,806	38,114	39,048	133,509	315,937

* A previous version of the figures related to eliminating grants to Amtrak contained an error which overstated the proposed savings. The savings for that specific proposal, as well as the transportation savings subtotal, were updated as of June 24, 2015.

	450 COMMUNITY AND REGIONAL DEVELOPMENT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
73.	Eliminate Fire Grants	591	603	617	631	645	659	675	692	709	725	3,087	6,547
74.	Eliminate the Small Business Administration Disaster Loans Program (DLP)	33	33	34	35	36	36	37	38	39	33	171	354
	SUBTOTALS	624	636	651	666	681	695	712	730	748	758	3,258	6,901

Note: See last page for information on savings subtotals.

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Summary Table of Recommendations

SAVINGS IN MILLIONS OF DOLLARS

	500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
75.	Sunset Head Start to Make Way for Better State and Local Alternatives	887	1,806	2,711	3,699	4,800	5,891	6,979	8,126	9,207	10,281	13,903	54,387
76 & 77.	Eliminate Competitive/Project Grant Programs and Reduce Spending on Formula Grants	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	3,702	18,510	37,020
78–80.	Eliminate Titles II, VI, and VIII of the Higher Education Act (HEA)	2,374	2,383	2,388	2,415	2,472	2,527	2,581	2,650	2,702	2,752	12,032	25,244
81.	Decouple Federal Financing from Accreditation	–	–	–	–	–	–	–	–	–	–	–	–
82.***	Expand the D.C. Opportunity Scholarship Program (OSP)	–	–	–	–	–	–	–	–	–	–	–	–
83.	Eliminate the PLUS Loan Program	-3	-3	-3	-3	-3	-3	-3	-4	-4	-4	-15	-33
84.	Privatize the Corporation for Public Broadcasting (CPB)	445	445	445	445	445	445	445	445	445	445	2,225	4,450
85 & 86.	Eliminate the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH)	296	297	298	301	309	315	322	331	337	344	1,501	3,150
87.	Eliminate Job Corps	1,721	1,757	1,797	1,838	1,878	1,917	1,965	2,015	2,065	2,112	8,991	19,065
88.	Eliminate Workforce Innovation and Opportunity Act (WIOA) Job-Training Programs	3,366	2,533	2,564	2,597	2,630	2,661	2,698	2,738	2,652	2,581	13,690	27,020
SUBTOTALS		12,788	12,920	13,902	14,994	16,233	17,455	18,689	20,003	21,106	22,213	70,837	170,303

	600 INCOME SECURITY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
89.	Let Trade Adjustment Assistance (TAA) Expire	823	867	897	922	947	973	1,000	1,028	1,055	1,084	4,456	9,596
90.	Cap Total Means-Tested Welfare Spending	100,000	150,000	229,472	250,042	268,599	289,101	316,622	342,330	367,309	397,216	998,113	2,710,691
91.	Set a Work Requirement for Able-Bodied Adult Food Stamp Recipients	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	27,000	54,000
92.	Return Supplemental Security Income (SSI) to Serve Its Originally Intended Population	12,000	12,000	11,000	12,000	12,000	13,000	14,000	13,000	13,000	13,000	59,000	125,000
93.	Reduce Fraud in the Earned Income Tax Credit (EITC)	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	40,000	80,000
94.	Reduce Anti-Marriage Penalties in the Earned Income Tax Credit (EITC)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	30,000	60,000
SUBTOTALS		132,223	182,267	260,769	282,364	300,946	322,474	351,022	375,758	400,764	430,700	1,158,569	3,039,287

*** The proposal recommends shifting funding within the District of Columbia's education budget, making it a budget-neutral recommendation.

Note: See last page for information on savings subtotals.

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TABLE 1

Summary Table of Recommendations

SAVINGS IN MILLIONS OF DOLLARS

	750 ADMINISTRATION OF JUSTICE	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
95.	Eliminate the Office of Community Oriented Policing Services (COPS)	248	280	286	292	298	305	311	319	327	336	1,404	3,002
96.	Eliminate Grants within the Office of Justice Programs (OJP)	1,358	1,387	1,417	1,449	1,482	1,513	1,551	1,590	1,629	1,674	7,093	15,050
97.	Eliminate Violence Against Women Act (VAWA) Grants	428	437	447	457	467	447	489	501	514	527	2,236	4,714
98–102.	Reduce Funding for Five Programs in the Department of Justice	787	790	791	800	819	838	855	879	896	912	3,987	8,367
SUBTOTALS		2,821	2,894	2,941	2,998	3,066	3,103	3,206	3,289	3,366	3,449	14,720	31,133

	800 GENERAL GOVERNMENT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
103.	Eliminate the Presidential Election Campaign Fund	2	0	0	42	2	0	0	44	2	0	46	92
SUBTOTALS		2	0	0	42	2	0	0	44	2	0	46	92

	920 ALLOWANCES	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
104.	Repeal the Davis-Bacon Act	8,112	8,142	8,158	8,251	8,447	8,633	8,818	9,056	9,233	9,404	41,110	86,254
105.	Open Access to Drilling and Conduct Lease Sales	0	400	1,000	700	300	800	900	400	600	567	2,400	5,667
106.	Empower States to Control Energy Production on Federal Lands	–	–	–	–	–	–	–	–	–	–	–	–
SUBTOTALS		8,112	8,542	9,158	8,951	8,747	9,433	9,718	9,456	9,833	9,971	43,510	91,921

NOTES ON RECOMMENDATIONS

CBO Baseline—Many of Heritage's savings proposals rely on budgeted authority figures for FY 2014 spending levels. To adjust these current spending levels upwards in future years, we typically increased spending levels at the same rate as discretionary spending growth, as projected in the most recent Congressional Budget Office baseline, "An Update to the Budget and Economic Outlook: 2014 to 2024," published August 27, 2014.

Savings "Subtotals"—While totals for the five-year and 10-year savings are provided by section, they should not be added together as total savings for The Budget Book.

First, as noted in the introduction, The Heritage Foundation recommends that the savings realized in the Function 050 Defense section stay within the Department of Defense to strengthen the nation's defense capabilities.

And, second, the numbers cannot be deemed to represent the realized savings if every single recommendation were adopted because policy changes made in one program may impact spending in other programs. Thus, the numbers in the table do not reflect any potential interactions between the various policy changes affecting spending or savings.

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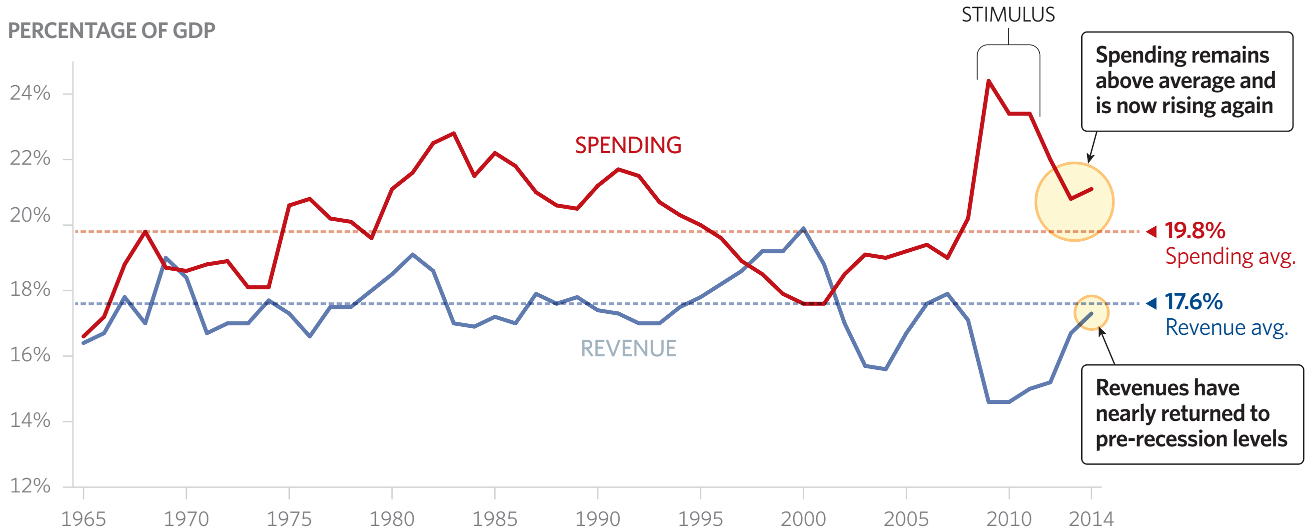
Eight Charts that Show the Growth in Government

Eight Charts that Show the Growth in Government

CHART 1

Federal Government Has a Spending Problem, Not a Revenue Problem

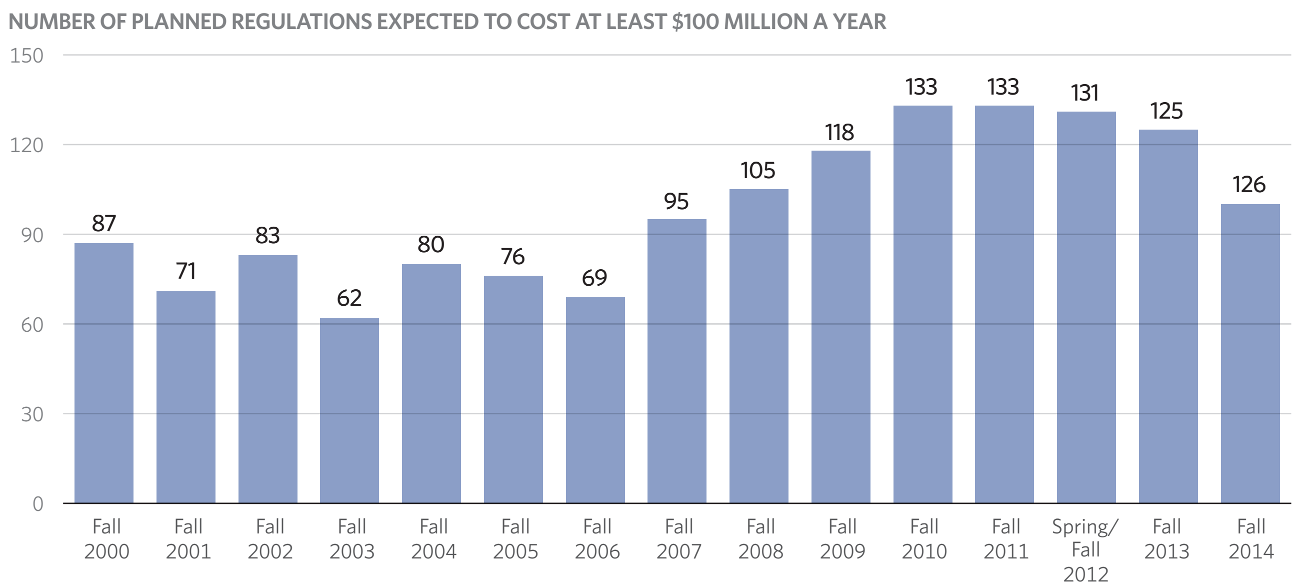
In the aftermath of the Great Recession, federal revenues plummeted, and spending rose dramatically due to the stimulus. As the economy has slowly improved, revenues have nearly returned to the pre-recession average. Spending has decreased as well, but it is still far above average and rising.



Note: Pre-recession averages are for 1965–2008.
Source: U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2015: Historical Tables*, 2014, Table 1.2, http://www.whitehouse.gov/omb/budget/Historicals (accessed January 16, 2015).

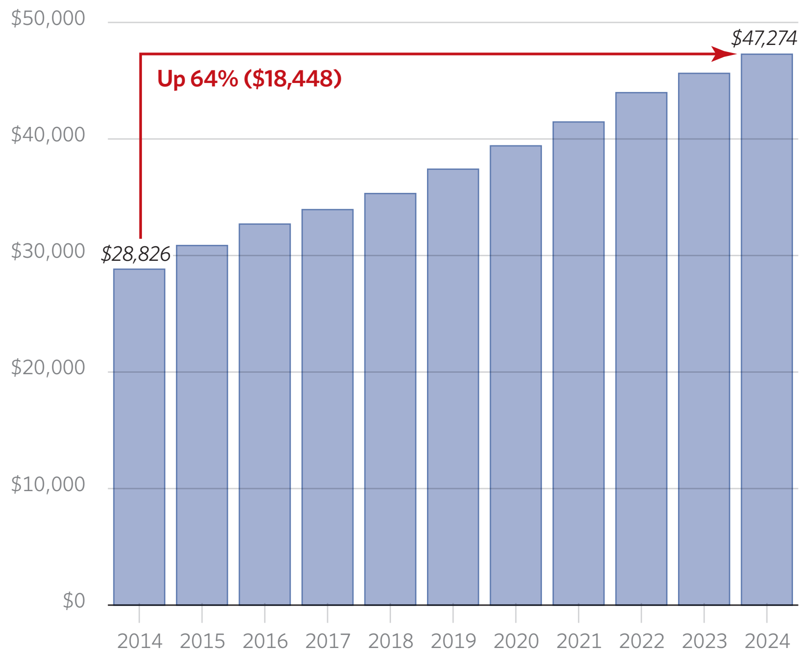
CHART 2

Major Regulations Soaring



Source: Office of Management and Budget, "Unified Agenda and Regulatory Plan Search Criteria," http://www.reginfo.gov/public/do/eAgendaAdvancedSearch (accessed January 21, 2015).

CHART 3



Federal Spending per Household Projected to Rise

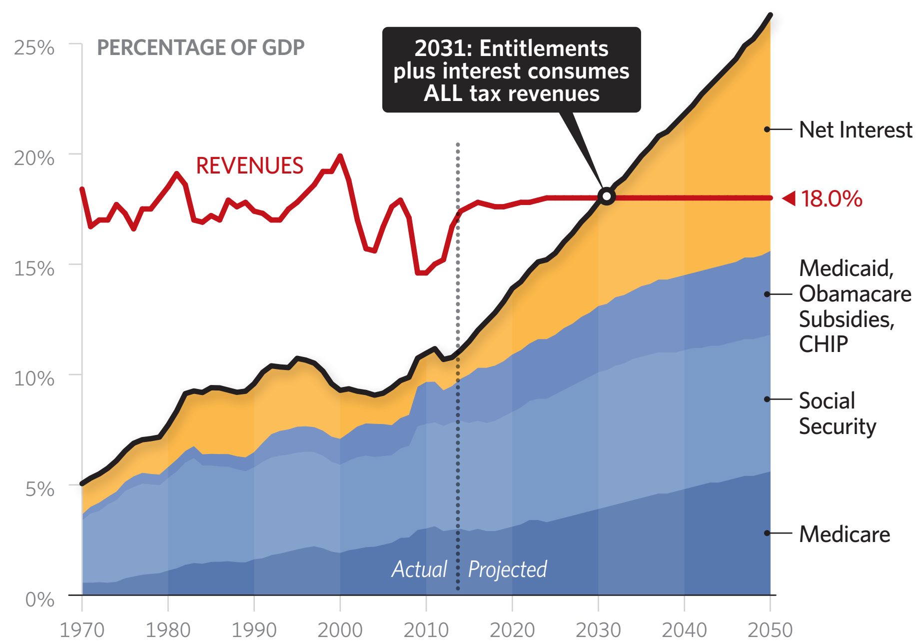
The federal government spent nearly $29,000 per household in 2014, and that figure is projected to rise to more than $47,000 per household in 10 years.

Note: Figures are in current dollars.
Source: Congressional Budget Office, "An Update to the Budget and Economic Outlook: 2014 to 2024," August 2014, http://www.cbo.gov/publication/45653 (accessed September 17, 2014).

CHART 4

All Tax Revenue Will Go Toward Entitlements and Net Interest by 2031

In less than two decades, all projected tax revenues would be consumed by three federal programs (Medicare, Social Security, and Medicaid, which includes CHIP and Obamacare) and interest on the debt.

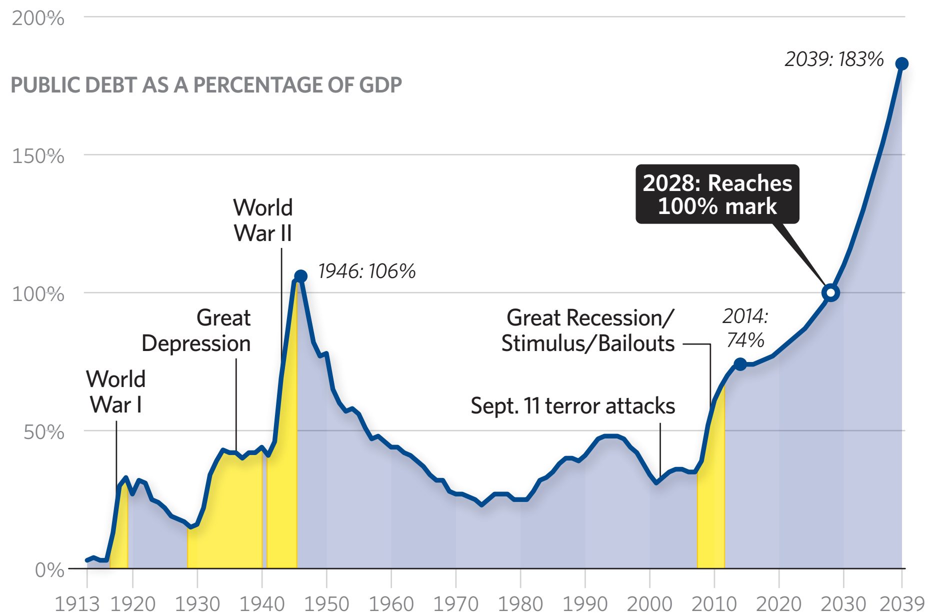


Sources: U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2015: Historical Tables*, 2014, Tables 8.4, 8.5, and 10.1, http://www.whitehouse.gov/omb/budget/Historicals (accessed January 16, 2015), and Congressional Budget Office, *The 2014 Long-Term Budget Outlook*, July 14, 2014, http://www.cbo.gov/publication/45308 (accessed January 16, 2015).

CHART 5

Publicly Held Debt Set to Skyrocket

Runaway spending on Medicare, Medicaid, and Social Security will drive federal debt to unsustainable levels over the next few decades. Total national debt comprises publicly held debt (the most relevant to credit markets) and debt that one part of the government owes to another, such as the Social Security Trust Fund.

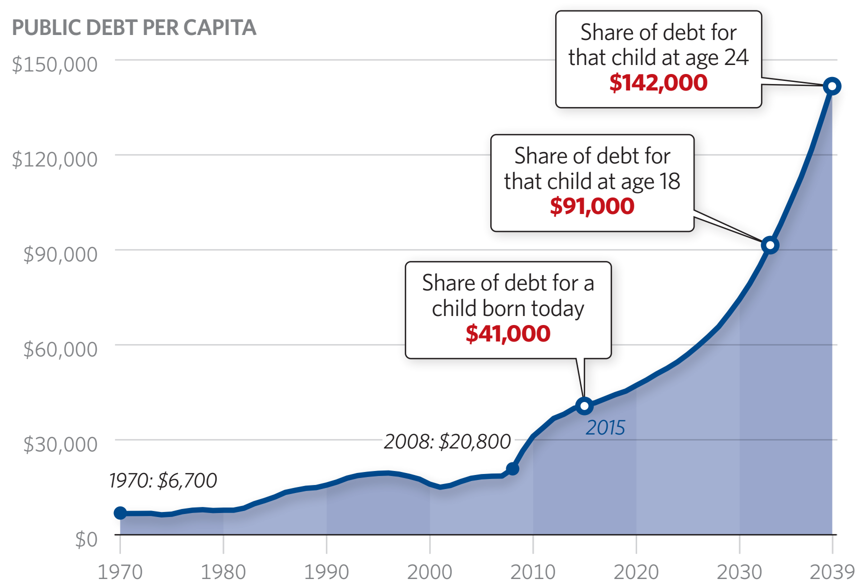


Source: Congressional Budget Office, *The 2014 Long-Term Budget Outlook*, July 14, 2014, Supplemental Data, http://www.cbo.gov/publication/45308 (accessed January 16, 2015).

CHART 6

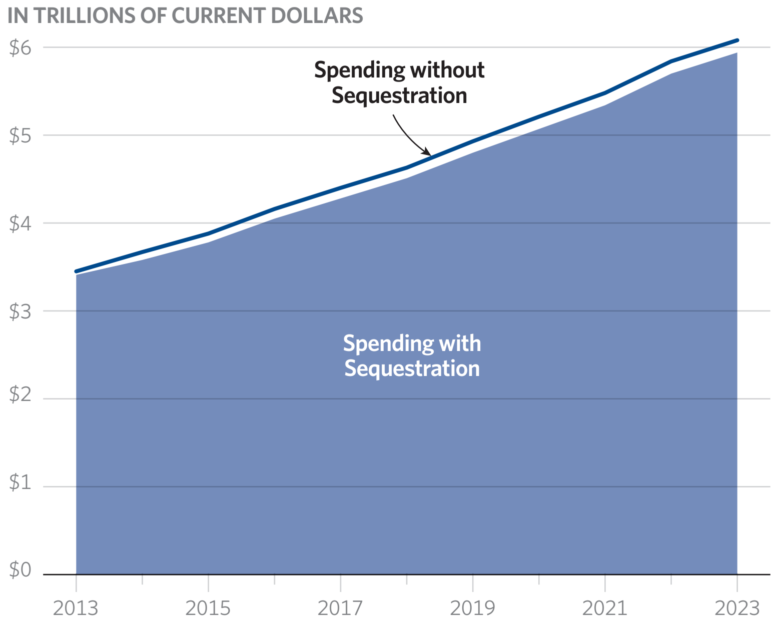
Each American's Share of the Public Debt is Skyrocketing

As Washington continues spending well beyond its means, it is burdening all Americans with increasing levels of debt. We must cut spending to fix the debt.



Sources: U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2015: Historical Tables, 2014*, Tables 8.1 and 10.1, http://www.whitehouse.gov/omb/budget/Historicals (accessed January 20, 2015); Congressional Budget Office, *The 2014 Long-Term Budget Outlook*, July 14, 2014, Supplemental Data, http://www.cbo.gov/publication/45308 (accessed January 20, 2015); U.S. Census Bureau, "2012 National Population Projections," Summary Tables, http://www.census.gov/population/projections/data/national/2012/summarytables.html (accessed January 20, 2015); and U.S. Census Bureau, "No. HS-1: Population 1900–2002," http://www.census.gov/statab/hist/02HS0001.xls (accessed January 20, 2015).

CHART 7



Sequestration Does Little to Reduce Total Federal Spending

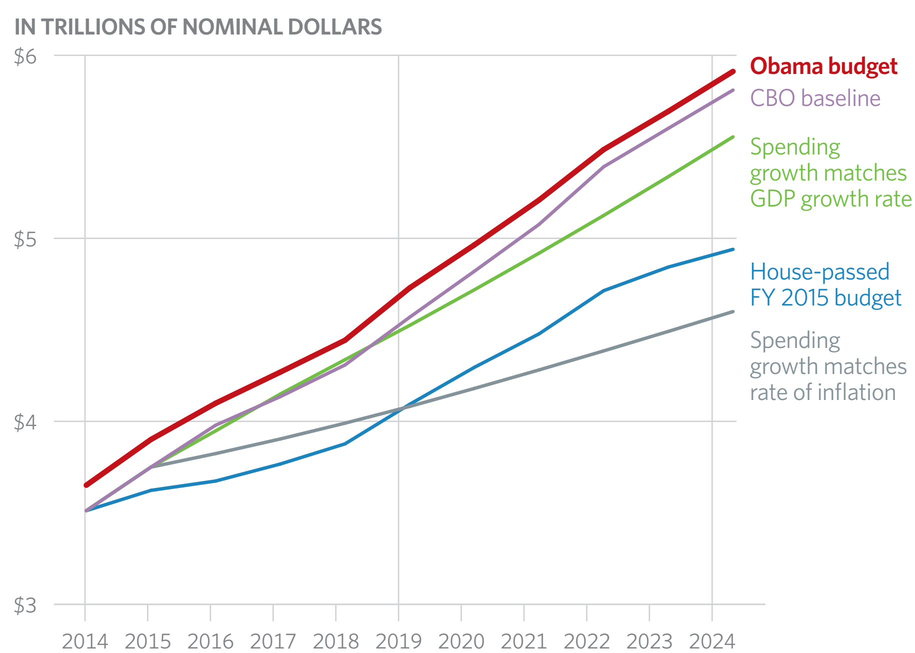
Without sequestration, total federal spending was projected to grow 76 percent from 2013 to 2023. With sequestration the projected growth is 74 percent—a difference of about 2 percentage points.

Source: Congressional Budget Office, *Updated Budget Projections: Fiscal Years 2013 to 2023,* Alternative Fiscal Scenario, May 2013, http://www.cbo.gov/publication/44172 (accessed May 15, 2013).

CHART 8

Looking Ahead: Comparing 10-Year Federal Budgets

President Obama's budget proposal increases spending far more than the House-passed plan and seeks spending hikes above current projections as shown in the Congressional Budget Office baseline.



Sources: Congressional Budget Office, "An Update to the Budget and Economic Outlook: 2014 to 2024," August 27, 2014, http://www.cbo.gov/publication/45066 (accessed January 15, 2015); House Budget Committee, *The Path to Prosperity: Fiscal Year 2015 Budget Resolution*, April 2014, http://budget.house.gov/uploadedfiles/fy15_blueprint.pdf (accessed January 15, 2015); and U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2015: Historical Tables*, 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/tables.pdf (accessed January 15, 2015).

Function 050:
National Defense

Reduce Civilian Overhead in Department of Defense (DOD)

#1

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$1,200	$2,154	$2,807	$3,263	$3,263	$3,263	$3,263	$3,263	$3,263	$3,263	$12,687	$29,002

Heritage Recommendation:

The Department of Defense (DOD) can reduce the size of the defense workforce by finding efficiencies in the civilian workforce. This proposal saves $1.2 billion in 2016, and $29.0 billion over 10 years.

Rationale:

Since 2001, the total number of civilian employees in the DOD has grown 14 percent. During the same period, the total Active Military was reduced by 5 percent. Today, 36 percent of the DOD workforce is composed of civilians, totaling 782,000 people.

The DOD needs to once again "right size" the total DOD workforce. Secretaries of Defense Robert Gates and Chuck Hagel both announced plans to reduce the number of civilian employees during their tenure. Most recently, Secretary Hagel proposed to cut 20 percent of overhead in his office. The current DOD proposal is to reduce the civilian staff by just under 10,000 employees a year. This would be a comparable rate to future military end-strength reductions.[16] However, given the disproportionate growth in the civilian workforce in the past, the timing of the reductions should be moved up by one year and an additional reduction of 5,000 full-time equivalents (FTEs) be added in 2020.

This will not be as simple as cutting equal numbers of positions across all offices in the DOD. The department will need to devise a plan that outlines its strategic priorities, and where to find efficiencies and remove unnecessary duplication.

Additional Reading:

- Mackenzie Eaglen and Julia Pollack, "How to Save Money, Reform Processes, and Increase Efficiency in the Defense Department," Heritage Foundation *Backgrounder* No. 2507, January 10, 2011, http://www.Heritage.org/research/reports/2011/01/how-to-save-money-reform-processes-and-increase-efficiency-in-the-defense-department.

- James Jay Carafano, "The Pentagon's Greatest Challenge (And It's Not ISIS or China)," *The National Interest*, November 4, 2014, http://nationalinterest.org/feature/the-pentagons-greatest-challenge-its-not-isis-or-china-11599.

Calculations:

Savings are expressed as budget authority and were calculated based on civilian reduction projections found on page 9 in Assistant Secretary of the Army, Manpower and Reserve Affairs, "The Department of Defense Report on the Civilian Personnel Workforce and Contracted Services Reductions in the Fiscal Year 2015 Budget," September 16, 2014, http://www.asamra.army.mil/scra/documents/20140916USDSec955%20Report.pdf. The Heritage proposal accelerates the proposed reductions by one year, realizing the 2016 and 2017 reductions in 2016, and also adding an additional reduction of 5,000 FTEs in 2020. The number of FTE reductions is multiplied by the average FTE cost of $91,178.

#2

Cut Funding for Non-Combat Related Research

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$135	$135	$136	$137	$141	$144	$147	$151	$154	$156	$684	$1,436

Heritage Recommendation:

The Defense Department should cut funding to research to programs that are not related to increasing military capabilities. This proposal saves $135 million in 2016, and $1.4 billon over 10 years.

Rationale:

The Defense Department has the largest research and development budget of the federal government, equaling just under $70 billion a year. While the vast majority of this amount goes toward developing advanced military systems or technologies that have battlefield applications, each year, the DOD spends money on various projects that have no reason to be funded from the defense budget. In many cases, these projects are already being funded by other federal departments. For example, the DOD currently has $45 million worth of grants available to support breast cancer research.[17] Other examples include grants to promote science, technology, engineering, and math (STEM) education, and prostate cancer research.

In addition, the DOD spends significant amounts of money on green-energy initiatives. While finding alternative fuels could be extremely beneficial to the troops and reduce DOD energy costs, these projects should be limited to those focused on providing cost-efficiencies, or improving warfighting capabilities. However, some of the DOD's programs are more focused on promoting green energy than military capabilities. One example is the current mandate that requires 25 percent of electricity used by the DOD to come from renewable sources by 2025. Congress should repeal this mandate.

Additional Reading:

- Senator Tom Coburn, "Department of Everything," November 2012, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=00783b5a-f0fe-4f80-90d6-019695e52d2d.

- Brian Slattery and Michaela Dodge, "Biofuel Blunder: Navy Should Prioritize Fleet Modernization over Political Initiatives," Heritage Foundation *Issue Brief* No. 4054, September 24, 2013, http://www.Heritage.org/research/reports/2013/09/navy-s-green-fleet-a-biofuel-blunder.

- Jack Spencer, "Capability, Not Politics, Should Drive DOD Energy Research," Heritage Foundation *WebMemo* No. 3299, June 22, 2011, http://www.Heritage.org/research/reports/2011/06/capability-not-politics-should-drive-dod-energy-research.

Calculations:

Savings are expressed as budget authority and include a total of program and grant costs based on FY 2015 figures from "Department of Defense Budget Fiscal Year 2015: RDT&E Programs (R-1)," March 2014, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/fy2015_r1.pdf, and open DOD grant opportunities found at Federal Grants, http://www.federalgrants.com. Total savings figures for 2016–2025 have been increased at the same rate as discretionary spending growth, according to the CBO's most recent August 2014 baseline.

Cut Commissary Subsidies

#3

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$500	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$4,500	$9,500

Heritage Recommendation:

The Defense Department should cut subsidies to its commissaries. This proposal saves $500 million in 2016, and $9.5 billion over 10 years.

Rationale:

The DOD currently has an extensive and separate retail network to serve those in the military and their dependents. There are four different retail systems operated by the DOD. One of them, the commissaries, is a network of grocery stores, available to all branches of the military. In addition to commissaries, the military has three separate exchanges, or general retail stores, one for the Army and Air Force, one for the Navy, and another for the Marine Corps.

Commissaries and exchanges are managed differently. All three of the exchanges are self-sustaining, relying on the revenue from their sales rather than direct appropriations. Commissaries, which are run by the Defense Commissary Agency (DeCA), rely on an annual subsidy to pay for their civilian workforce. Unlike the exchanges, the commissaries do not mark up the prices enough to fully fund their operations.

The Obama Administration's recommendation to cut subsidies to defense commissaries and strive toward streamlining the various systems into a single network is on the right track.[18]

Additional Reading:

- Mackenzie Eaglen and Julia Pollack, "How to Save Money, Reform Processes, and Increase Efficiency in the Defense Department," Heritage Foundation *Backgrounder* No. 2507, January 10, 2011, http://www.Heritage.org/research/reports/2011/01/how-to-save-money-reform-processes-and-increase-efficiency-in-the-defense-department.

- Congressional Budget Office, "Reducing the Deficit: Spending and Revenue Options," March 2011, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf.

Calculations:

Savings are expressed as budget authority, and are from the DOD's plans to reduce commissary subsidies by $1 billion over a three-year period, fully implemented in 2017 as described in chapter 5, page 6, in the "United States Department of Defense Fiscal Year 2015 Budget Request Overview," http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/fy2015_Budget_Request_Overview_Book.pdf.

#4

Close Domestic Dependent Elementary and Secondary Schools (DDESS)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$583	$585	$586	$593	$607	$620	$633	$650	$663	$675	$2,954	$6,195

Heritage Recommendation:

Close the Defense Department's Domestic Dependent Elementary and Secondary schools (DDESS) on military bases in the continental United States. This proposal saves $583 million in 2016, and $6.2 billion over 10 years.

Rationale:

The Pentagon's DDESS currently operates 63 schools on military bases in the United States, Puerto Rico, and Cuba. The majority of these, 58 schools, are in South Carolina, Virginia, Georgia, Alabama, Kentucky, and North Carolina. These schools were necessary following World War II because, while the military was racially integrated, the school districts in those states were not. That justification has long since disappeared. Today, the dependents of military members in all other states attend local public schools.

Not only are these schools unnecessary, they are inefficient.[19] The Fiscal Commission estimates that the cost per student in FY 2015 will be $81,000, far higher than the $11,000 average cost per student in the rest of the country. The department is now rebuilding the schools and plans on opening two new schools in Virginia and North Carolina in FY 2015.[20]

There is no need for the military to be operating schools in these states and the Pentagon should promptly close the schools and transfer military dependents into the local school systems.

Additional Reading:

- Fiscal Commission, "$200 Billion in Illustrative Savings [for 2015]," November 12, 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf.

- Senator Tom Coburn, "Department of Everything," November 2012, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=00783b5a-f0fe-4f80-90d6-019695e52d2d.

Calculations:

Savings are expressed as budget authority based on the FY 2014 estimated spending level as found on page DoDDE-368 of Department of Defense, "Fiscal Year 2015 Budget Estimates Department of Defense Dependents Education (DoDDE)" http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/DoDDE_PB15.pdf. Spending levels have been increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Reform Military Compensation

#5

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2,100	$3,300	$4,100	$4,900	$5,800	$6,700	$7,600	$8,600	$9,732	$11,012	$20,200	$63,844

Heritage Recommendation:

Congress must reform military compensation to stop wasteful cost growths and better align the entire compensation system with the needs of today's soldiers. This proposal saves $2.1 billion in 2016, and $63.8 billion over 10 years.

Rationale:

Active-duty soldiers receive compensation for their service in several ways: basic pay, health care, retirement, and additional non-pay benefits, such as education. In the past several decades, the cost for military personnel has grown drastically. From 2001 to 2012, the costs are estimated to have risen by 42 percent.[21] The cost growth has become very problematic for the Department of Defense. In order to keep these costs from consuming the entire Pentagon budget, the military has responded the only way it can—by cutting end strength. This is not a viable solution, as military end strength must be determined by military requirements and strategy.

Congress must reform the various compensation systems. This is not simply a cost-cutting exercise. The fact is that some of these systems were originally crafted when the DOD was created and are truly outdated. For example, the DOD retirement benefit is still a pension system from 1920 that provides no benefits to those who leave the military with fewer than 20 years of service.[22] Most of the private sector no longer uses a pension system; furthermore, the average person today will change jobs every 4.4 years.[23] Reforms are necessary to align the military compensation system with today's generation in order to better recruit and retain soldiers.

There have been many proposals for compensation reform. Many of these have merits; however the exact reform package should be informed by the findings of the Military Compensation and Retirement Modernization Commission, which will release a report in February 2015.

In general, compensation reform should:

- Consider all aspects of soldier compensation, including basic pay, retirement, health care, and other non-pay benefits;
- Reforms should reduce costs to the military in order to afford the necessary end strength to meet military requirements; and
- Reforms should not merely cut costs but should enforce a strong recruitment and retention system to sustain the all-volunteer force.

The estimates above are an example of possible savings from CBO's reform proposals for TRICARE and basic pay. The exact savings will be based on the details of the plan.

Additional Reading:

- Baker Spring, "Saving the American Dream: Improving Health Care and Retirement for Military Service Members and Their Families," Heritage Foundation *Backgrounder* No. 2621, November 17, 2011, http://www.Heritage.org/research/reports/2011/11/saving-the-american-dream-improving-health-care-and-retirement-for-military-service-members.

- Congressional Budget Office, "Options for Reducing the Deficit: 2014 to 2023," November 13, 2013, https://www.cbo.gov/budget-options/2013/44687.

Calculations:

Savings include two budget options found on pages 58 and 236 of Congressional Budget Office, "Options for Reducing the Deficit: 2014 to 2023," November 13, 2013, https://www.cbo.gov/budget-options/2013/44687. These options include Option 2: Cap Increases in Basic Pay for Military Service Members and Option 12: Modify TRICARE Enrollment Fees and Cost Sharing for Working-Age Military Retirees. The CBO provides savings estimates through 2023. We assume the same rate of growth in savings for 2024 and 2025 as occurred in 2023.

Increase Use of Performance-Based Logistics

#6

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$9,000	$10,362	$11,930	$13,736	$15,816	$18,210	$20,966	$24,139	$27,793	$32,000	$60,844	$183,952

Heritage Recommendation:

The Department of Defense should increase the use of the performance-based logistics method in weapon systems maintenance and sustainment. This proposal saves $9 billion in 2016, and $184.0 billion over 10 years.

Rationale:

To operate a weapon system, the DOD must pay for the full life-cycle cost of the equipment, which includes the development and procurement of the system, as well as the far more costly maintenance and sustainment of the weapon system. In fact, the DOD spends about $90 billion on maintenance and sustainment of weapon systems each year.[24]

Performance-based logistics (PBL) is a proven method used for sustainment work that enhances the military capability and availability of weapon systems at a lower cost. Rather than measuring stovepipe metrics, such as number of aircraft repaired or the quantity of repair parts acquired, the PBL approach uses metrics that measure whether the system is meeting the capability requirements for the warfighters. In other words, the PBL method emphasizes the readiness of the platform as the desired outcome.

The benefits of PBL have been known in the Pentagon for a while, and are even listed as the preferred practice in the DOD's acquisition regulations. A DOD report has also verified that PBL practices, when implemented correctly, lead to both cost savings and improved system performance.[25] That being said, PBL is not appropriate for all systems and should be judiciously applied. Furthermore, there are existing barriers and cultural biases against PBL that would make a universal application unfeasible. For those reasons, cost savings for the effort vary from $9 billion a year to $32 billion a year.[26]

Additional Reading:

- Baker Spring, "Performance-Based Logistics: Making the Military More Efficient," Heritage Foundation *Backgrounder* No. 2411, May 6, 2010, http://www.Heritage.org/research/reports/2010/05/performance-based-logistics-making-the-military-more-efficient.

- Mackenzie Eaglen and Julia Pollack, "How to Save Money, Reform Processes, and Increase Efficiency in the Defense Department," Heritage Foundation *Backgrounder* No. 2507, January 10, 2011, http://www.Heritage.org/research/reports/2011/01/how-to-save-money-reform-processes-and-increase-efficiency-in-the-defense-department.

Calculations:

Savings are expressed as budget authority and were calculated based on a range of estimated savings from the reports: John Boyce and Allan Banghart, "Performance Based Logistics and Project Proof Point," *Defense AT&L: Product Support Issue* (March–April 2012), http://www.dau.mil/pubscats/ATL%20Docs/Mar_Apr_2012/Boyce_Banghart.pdf, and Aerospace Industries Association, "Modernizing Defense Logistics," June 25, 2009, https://www.aia-aerospace.org/assets/paper_v1_0_6_25_09_rr.pdf. The estimates of cost savings range from a notably conservative or low level of $9 billion per year to $32 billion per year. Heritage conservatively assumes that the DOD would initially realize the lowest range of these savings, at $9 billion per year, with that figure growing to $32 billion over the 10 year period (growing at an annual rate of 15.1 percent).

#7

Focus the Department of Energy's National Nuclear Security Administration Spending on Weapons Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$529	$655	$908	$909	$1,039	$1,172	$1,307	$1,445	$1,585	$1,729	$4,040	$11,278

Heritage Recommendation:

The Department of Energy's National Nuclear Security Administration should halt growth in its programs that do not directly contribute to the country's nuclear weapons programs. This proposal saves $529 million in 2016, and $11.3 billion over 10 years.

Rationale:

The Department of Energy (DOE) is responsible for the nuclear reactors and weapons that are operated by the Defense Department. Each year, the DOE is allotted about $16 billion to $17 billion to fund defense-related activities. The recent negative review of U.S. nuclear forces has now driven the Administration to increase spending in the coming years. While this increase is entirely necessary, it is important that the resources are going to weapons programs, or those directly supporting weapons activities. Heritage recommends returning the following programs to their FY 2014 budget levels:

- Material Recycle and Recovery
- Storage
- Containers
- Secure Transportation Asset
- Environmental Projects and Operations
- Minority Serving Institution Partnership Program
- Information Technology and Cyber Security
- Warhead Dismantlement and Fissile Materials Transparency
- International Nonproliferation Export Control
- Nuclear Safeguards and Security Programs
- Defense Environmental Clean-Up

Additional Reading:

- Michaela Dodge and Baker Spring, "Bait and Switch on Nuclear Modernization Must Stop," Heritage Foundation *Backgrounder* No. 2755, January 4, 2013, http://www.Heritage.org/research/reports/2013/01/bait-and-switch-on-nuclear-modernization-must-stop.

Calculations:

Savings are expressed as budget authority and were calculated based on estimated spending levels from the Department of Energy National Nuclear Security Administration's "FY 2015 Congressional Budget Request," http://energy.gov/sites/prod/files/2014/04/f14/Volume%201%20NNSA.pdf. Estimated spending is provided through FY 2019. Heritage analysts applied the average growth in baseline defense spending from FY 2015–2024 to FY 2020–2025 spending levels. Savings equal the combined total of placing a hard cap on FY 2014 funding levels for 10 budget components, plus cancelling the Minority Serving Institution Partnership Program.

Endnotes: National Defense

16. U.S. Department of Defense, "The Department of Defense Report on the Civilian Personnel Workforce and Contracted Services Reductions in the Fiscal Year 2015 Budget," September 16, 2014, http://www.asamra.army.mil/scra/documents/20140916USDSec955%20Report.pdf (accessed November 12, 2014).
17. Grants.gov, http://www.grants.gov/web/grants/search-grants.html (accessed November 12, 2014).
18. U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, *United States Department of Defense Fiscal Year 2015 Budget Request Overview,* March 2014, pp. 5–6, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/fy2015_Budget_Request_Overview_Book.pdf (accessed November 12, 2014).
19. Senator Tom Coburn, "Department of Everything," November 2012, p. 48, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=00783b5a-f0fe-4f80-90d6-019695e52d2d (accessed November 12, 2014).
20. U.S. Department of Defense, *Fiscal Year 2015 Budget Estimates Department of Defense Dependents Education (DoDDE),* March 2014, p. DODDE 382, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/DoDDE_PB15.pdf (accessed November 12, 2014).
21. Bipartisan Policy Center and American Enterprise Institute, *Trends in Military Compensation: A Chartbook*, July 18, 2014, p. 13, http://www.aei.org/publication/trends-in-military-compensation-a-chartbook/ (accessed November 12, 2014 12).
22. Roy Wallace, David Lyle, and John Smith, "A Framework for Restructuring the Military Retirement System," U.S. Army War College, Strategic Studies Institute, July 2013, p. 2.
23. Jeanna Meister, "Job Hopping Is the 'New Normal' for Millennials: Three Ways to Prevent a Human Resource Nightmare," *Forbes*, August 14, 2012, Forbes http://www.forbes.com/sites/jeannemeister/2012/08/14/job-hopping-is-the-new-normal-for-millennials-three-ways-to-prevent-a-human-resource-nightmare/ (accessed November 12, 2014).
24. John Boyce and Allan Banghart, "Performance Based Logistics and Project Proof Point," *Defense AT&L: Product Support Issue* (March–April 2012), p. 30, http://www.dau.mil/pubscats/ATL%20Docs/Mar_Apr_2012/Boyce_Banghart.pdf (accessed November 12, 2014).
25. Ibid.
26. Baker Spring, "Performance-Based Logistics: Making the Military more Efficient," Heritage Foundation *Backgrounder* No. 2411, May 6, 2010, http://www.Heritage.org/research/reports/2010/05/performance-based-logistics-making-the-military-more-efficient; and Boyce and Banghart, "Performance Based Logistics and Project Proof Point."

Function 150:
International Affairs

End Funding for the United Nations Development Program (UNDP)

#8

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$81	$81	$82	$83	$85	$86	$88	$91	$92	$94	$412	$863

Heritage Recommendation:

End U.S. contributions to the United Nations Development Program (UNDP). This proposal saves $81 million in 2016, and $863 million over 10 years.

Rationale:

The UNDP aid meant to assist suffering populations in many authoritarian countries inadvertently helps perpetuate that suffering. In Burma, for example, a human rights group accused the UNDP of funding state-controlled programs to "expand military control over the population while divesting itself of the cost of operating programs and simultaneously legitimizing its policies in the name of development."[27] The UNDP has also funded improper activities in Iran, North Korea, Venezuela, and Zimbabwe.

In addition, UNDP management of resources is weak. A 2011 audit by the U.S. Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) identified numerous management and oversight failings and concluded: "Until these oversight and monitoring issues are addressed, there will continue to be concerns about the value of UNDP's services needed to provide the expected quantity, quality, and timeliness of progress in establishing and maintaining a viable police force."[28] Correspondence in 2014 between SIGAR and UNDP indicate that these deficiencies remain and, more worryingly, UNDP "appears to downplay UNDP's responsibility for overseeing LOTFA [Law and Order Trust Fund for Afghanistan] and fails to acknowledge the problems that continue to plague this program."[29]

Additional Reading:

- Brett Schaefer and Steven Groves, "Congress Should Withhold Funds from the U.N. Development Program," Heritage Foundation *WebMemo* No. 1783, January 26, 2008, http://www.Heritage.org/research/reports/2008/01/congress-should-withhold-funds-from-the-un-development-program.

- Brett Schaefer, "The UN Development Program Rewards North Korea," The Daily Signal, October 1, 2009, http://dailysignal.com/2009/10/01/the-un-development-program-rewards-north-korea/.

- Brett Schaefer, "Why Does UNDP Continue to Aid Repressive Regimes?" The Daily Signal, August 27, 2010, http://dailysignal.com/2010/08/27/why-does-undp-continue-to-aid-repressive-regimes/.

- Special Inspector General for Afghanistan Reconstruction, "2011 SIGAR Review of the Law and Order Trust Fund for Afghanistan," April 25, 2011, http://www.foxnews.com/world/interactive/2014/10/16/2011-review-law-and-order-trust-fund-for-afghanistan/.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 estimated spending levels as found on page 17 of the "FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," http://www.state.gov/documents/organization/222898.pdf. Spending levels have been increased at the same rate as discretionary spending for 2016–2025 according to the CBO's most recent August 2014 baseline spending projections.

#9

End Funding for the U.N. Intergovernmental Panel on Climate Change (IPCC)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$10	$10	$10	$10	$11	$11	$11	$11	$12	$12	$51	$108

Heritage Recommendation:

End contributions to the IPCC. This proposal saves $10 million in 2016, and $108 million over 10 years.

Rationale:

The IPCC is charged with the "preparation of comprehensive Assessment Reports about the state of scientific, technical and socio-economic knowledge on climate change, its causes, potential impacts and response strategies. The IPCC also produces Special Reports, which are an assessment on a specific issue and Methodology Reports, which provide practical guidelines for the preparation of greenhouse gas inventories."[30]

These studies have been subject to bias, manipulation, and poor data. In recent years, the U.S. House has voted to eliminate funding to the IPCC, but funds have been included in the final appropriations bills enacted into law.

Additional Reading:

- David W. Kreutzer, "A Cure Worse than the Disease: Global Economic Impact of Global Warming Policy," Heritage Foundation *Backgrounder* No. 2802, May 28, 2013, http://www.Heritage.org/research/reports/2013/05/a-cure-worse-than-the-disease-global-economic-impact-of-global-warming-policy.

- Brett Schaefer and Nicolas Loris, "U.S. Should Put U.N. Climate Conferences on Ice," Heritage Foundation *Issue Brief* No. 3792, December 5, 2012, http://www.Heritage.org/research/reports/2012/12/climate-change-us-should-work-outside-of-united-nations-climate-conferences.

- David Kreutzer, "If IPCC Sea Level Numbers Aren't Bad Enough, Try Tripling Them," The Daily Signal, July 22, 2011, http://dailysignal.com/2011/07/22/if-ipcc-sea-level-numbers-aren%e2%80%99t-bad-enough-try-tripling-them/.

Calculations:

Savings are expressed as budget authority based on the FY 2014 estimated spending levels as found on page 177 of the "FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," http://www.state.gov/documents/organization/222898.pdf. This estimated level has been increased at the same rate as discretionary spending in the CBO's most recent baseline spending projections.

Eliminate the U.S. Trade and Development Agency (USTDA)

#10

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$56	$56	$56	$57	$58	$59	$61	$62	$64	$65	$283	$594

Heritage Recommendation:

End funding for the U.S. Trade and Development Agency (USTDA). This proposal saves $56 million in 2016, and $594 million over 10 years.

Rationale:

The USTDA is intended to "help companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. The USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries."

The main argument against this program is that its activities more properly belong to the private sector. The best way to promote trade and development is to reduce trade barriers. The House Republican Study Committee has introduced legislation to eliminate this agency, arguing:

> The U.S. Trade and Development Agency has a dual mission of advancing internal economic development, as well as U.S. commercial interests in developing and middle-income countries. The Agency reports that of its 1,170 projects between 1997 and 2006, only 36.2% were actually successful in creating additional exports for American companies. The Agency's activities also overlap with numerous other government agencies and programs. It works with 16 fellow agencies on the Trade Promotion Coordinating Committee alone.

Additional Reading:

- Patrick Louis Knudsen, "$150 Billion in Spending Cuts to Offset Defense Sequestration," Heritage Foundation *Backgrounder* No. 2744, November 15, 2012, http://www.Heritage.org/research/reports/2012/11/150-billion-in-spending-cuts-to-offset-defense-sequestration.

- Brian M. Riedl, "How to Cut $343 Billion from the Federal Budget," Heritage Foundation *Backgrounder* No. 2483, October 28, 2010, http://www.Heritage.org/research/reports/2010/10/how-to-cut-343-billion-from-the-federal-budget.

- Republican Study Committee Sunset Caucus, "Eliminate the U.S. Trade and Development Agency," July 21, 2010, http://rsc.woodall.house.gov/uploadedfiles/waste_action_alert—ustradedevelopmentagency.pdf.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 estimated spending levels as found on page 23 of U.S. Department of State, "Fiscal Year 2015, Congressional Budget Justification: Foreign Operations, Appendix 2," http://www.state.gov/documents/organization/224069.pdf. This estimated level has been increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

#11

Reform Food Aid Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$168	$168	$168	$170	$173	$175	$178	$181	$184	$186	$847	$1,751

Heritage Recommendation:

Eliminate the Food and Agriculture Organization (FAO) funding and reform U.S. food assistance programs to allow local purchasing and remove shipping requirements. This proposal saves $168 million in 2016, and $1.8 billion over 10 years, as follows:

- $125 million in average annual savings from eliminating U.S. contributions to the FAO
- $50 million in annual savings from the Royce–Bass Food Aid Reform Act (H.R. 1983) as estimated by the House Foreign Affairs Committee Staff

Rationale:

The United States has been providing food assistance around the world for nearly six decades— addressing starvation and emergency food shortages, and supporting agricultural development and related projects in developing nations. The Food for Peace (P.L. 480) Title II program comprises over half of the total food aid budget annually, but is subject to requirements to purchase U.S. food and ship it on U.S. vessels. Congress should support and expand the reforms directed at improving the efficiency of America's food aid programs, while rejecting the proposed retention of purchase requirements for U.S. food and subsidies for U.S. shipping.

Several international organizations are focused on providing food assistance and supporting agricultural development. Not all are well managed or impactful. A 2011 British study concluded that the FAO represents "poor value for money" and criticized it for lacking a "corporate culture of value-for-money and cost effectiveness" and having weak "programming and financial accounting processes."[31]

Additional Reading:

- Bryan Riley and Brett Schaefer, "Congress Should Reject Proposed Food Aid Shipping Mandate," Heritage Foundation *Issue Brief* No. 4228, May 23, 2014, http://www.Heritage.org/research/reports/2014/05/congress-should-reject-proposed-food-aid-shipping-mandate.

- Bryan Riley and Brett Schaefer "U.S. Food Aid Should Focus on Combating Hunger and Malnutrition in Poor Nations," Heritage Foundation *Issue Brief* No. 3910, April 15, 2013, http://www.Heritage.org/research/reports/2013/04/us-food-aid-should-focus-on-combating-hunger-and-malnutrition-in-poor-nations.

Calculations:

Savings based on adding together the cost of the Food and Agriculture Organization (FAO) as found on page 44 of the "FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," and the savings from the Royce-Bass Food Aid Reform Act as described by committee staff, equaling $500 million over 10 years: House Foreign Affairs Committee, "Royce–Bass Food Aid Reform Act: Section-by-Section," undated, http://foreignaffairs.house.gov/sites/republicans.foreignaffairs.house.gov/files/Food%20Aid%20Reform%20Act%20Section-by-Section.pdf. The FAO's estimated FY 2014 cost of $116 million is increased, according to the CBO's most recent August 2014 baseline for discretionary spending. The $500 million in 10-year savings from the Royce–Bass Food Aid Reform Act is spread equally across the 10 years, as $50 million per year.

Eliminate the Export-Import Bank

#12

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$1,000	$2,000

Heritage Recommendation:

Allow the Export-Import Bank (Ex-Im) to expire when its current authorization lapses on June 30, 2015. This proposal saves $2 billion over 10 years under fair-value accounting that prevails in the private sector. CBO Director Douglas Elmendorf testified to the appropriateness of fair-value accounting when relaying the costs of the Export-Import Bank, stating, "In CBO's view, therefore, fair-value estimates provide a more comprehensive measure of the costs of federal credit programs, and CBO has provided fair-value estimates for many programs to help lawmakers more fully understand the trade-offs between certain policies."[32] Compared to the Congressional Budget Office's (CBO's) baseline, which per the 1990 Federal Credit Reform Act does not properly consider risk of default, this proposal would technically cost the federal government $14.4 billion over 10 years.

Rationale:

The Export-Import Bank provides discount financing to foreign firms and foreign governments for the purchase of American exports. The program primarily benefits very large corporations, but puts unsubsidized American firms at a competitive disadvantage and taxpayers at risk.

Ex-Im provides taxpayer-backed financing for just 2 percent of U.S. exports. The vast majority of benefits accrue to multinational firms that could easily access private financing. In FY 2013, for example, just 10 companies benefited from 75 percent of Ex-Im subsidies. Boeing is the biggest beneficiary, by far. Subsidies for air transport comprised more than 45 percent of all Ex-Im financings last year, including subsidies for the purchase of Boeing aircraft in China, Russia, the United Arab Emirates, and 22 other countries.

Ex-Im was capitalized with $1 billion in taxpayer dollars, and its financing is backed by the full faith and credit of the United States, which means that taxpayers are on the hook for any losses that the bank fails to cover with reserves. The current cap on bank "exposure" is $140 billion, although Ex-Im has exceeded that limit. If required to follow the strict accounting methods of private lenders, Ex-Im would incur a deficit of $2 billion in the next decade, according to the CBO.

Those anticipated losses do not include the detrimental impact on American firms of subsidizing overseas competitors. The subsidies also distort the allocation of credit and labor. For example, job losses to domestic companies have been caused by export financing of coal mining in Colombia, copper excavation in Mexico, and airplanes for India. An additional concern is that Ex-Im subsidies benefit unfriendly nations, including China, Venezuela, and Russia.

There is no shortage of private financing available, and Ex-Im subsidies simply are not needed to maintain record levels of exports.

Additional Reading:

- Diane Katz, "The Export-Import Bank: A Government Outfit Mired in Mismanagement," Heritage Foundation *Issue Brief* No. 4208, April 29, 2014, http://www.Heritage.org/research/reports/2014/04/the-exportimport-bank-a-government-outfit-mired-in-mismanagement.

- Diane Katz, "Export-Import Bank: Cronyism Threatens American Jobs," Heritage Foundation *Issue Brief* No. 4231, June 2, 2014, http://www.Heritage.org/research/reports/2014/06/exportimport-bank-cronyism-threatens-american-jobs.

- The Heritage Foundation, "Facts About the Export-Import Bank," *Factsheet* No. 149, July 28, 2014, http://www.Heritage.org/research/reports/2014/07/facts-about-the-export-import-bank.

Calculations:

According to testimony from the CBO, fair-value accounting results in an estimated savings, from eliminating the Export-Import Bank, of $2 billion over 10 years. Estimates provided on page 6 of congressional testimony "Testimony on Estimates of the Cost of the Credit Programs of the Export–Import Bank," June 25, 2014, http://www.cbo.gov/publication/45468.

Eliminate the Overseas Private Investment Corporation (OPIC)

#13

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
–$213	–$214	–$214	–$217	–$222	–$227	–$232	–$238	–$243	–$247	–$1,080	–$2,267

Heritage Recommendation:

Eliminate the Overseas Private Investment Corporation. While the CBO's methodology scores this recommendation as costing the government about $2.2 billion over 10 years, eliminating OPIC is consistent with the important goal of reducing the size and scope of government.

Rationale:

OPIC was created in 1969 by the Nixon Administration to promote investment in developing countries. OPIC provides loans and loan guarantees; subsidizes risk insurance against losses resulting from political disruption, such as coups and terrorism; and capitalizes investment funds. The private market also offers these services, but OPIC offers them at a discount (subsidy) that does not fully account for risk. By putting the taxpayer on the hook for this exposure, OPIC privatizes profits while socializing risk.

Some OPIC projects do not meet the program objective of decreasing poverty in developing countries, including:

- $67 million to finance 13 projects in the Palestinian territories while a unity government was formed with Hamas
- Financing for Papa John's pizza franchises in Russia
- $50 million of financing for a Ritz-Carlton hotel in Istanbul, Turkey

Milton Friedman criticized the agency in 1996 as follows: "I cannot see any redeeming aspect in the existence of OPIC. It is special interest legislation of the worst kind, legislation that makes the problem it is intended to deal with worse rather than better.... OPIC has no business existing."

Additional Reading:

- Bryan Riley and Brett Schaefer, "Time to Privatize OPIC," Heritage Foundation *Issue Brief* No. 4224, May 19, 2014, http://thf_media.s3.amazonaws.com/2014/pdf/IB4224.pdf.

- Tim Carney, "Republicans Try to Sneak Corporate Welfare Agency OPIC Through the House," *The Washington Examiner*, May 6, 2014, http://www.washingtonexaminer.com/republicans-try-to-sneak-corporate-welfare-agency-opic-through-the-house/article/2548134.

Calculations:

Calculations rely on the FY 2014 enacted amount of $210 million in net revenue, as found on page 4 of the Overseas Private Investment Corporation's "Congressional Budget Justification: Fiscal Year 2015," http://www.opic.gov/sites/default/files/files/opic-cbj-2015.pdf. This level of revenue has been increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

#14

Eliminate Funding for the United Nations Population Fund (UNFPA)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$36	$36	$36	$36	$37	$38	$39	$40	$40	$41	$181	$379

Heritage Recommendation:

Eliminate funding for the United Nations Population Fund (UNFPA). This proposal saves $36 million in 2016, and $378 million over 10 years.

Rationale:

UNFPA has faced continued assertions that it has been complicit in enforcement of China's coercive one-child policy.[33] The policy is often enforced by Chinese family planning officials through fines, forced abortions, and involuntary sterilization.

For years, the U.S. withheld funding to UNFPA under the Kemp–Kasten amendment that prohibits U.S. international aid from supporting coercive abortion procedures or involuntary sterilization.[34] In 2009, however, Congress exempted UNFPA funding from the Kemp–Kasten language and has since sent tens of millions of taxpayer dollars to UNFPA, with the most recent allocation providing $35 million per year to the organization. Concerns about UNFPA donations were multiplied by a report released in 2011, which identified the organization among four of the United Nations' largest aid agencies found to have stockpiled a total of $12.2 billion in unused donations in 2009.[35] Congress should permanently eliminate all federal funding to UNFPA.

Additional Reading:

- Sarah Torre, "Almost 40 Million 'Missing' Girls Later, China's One-Child Policy Is 31," The Daily Signal, September 28, 2011, http://dailysignal.com/2011/09/28/almost-40-million-%E2%80%9Cmissing%E2%80%9D-girls-later-china%E2%80%99s-one-child-policy-is-31/.

- Sarah Torre, "Abortion: U.S. Taxpayers Fund It Here and Abroad," The Daily Signal, January 23, 2013, http://dailysignal.com/2013/01/23/abortion-u-s-taxpayers-fund-it-here-and-abroad/.

- Sarah Torre, "Obama Budget Increases Taxpayer Funding of Abortion," The Daily Signal, April 11, 2013, http://dailysignal.com/2013/04/11/meri-budget-increases-taxpayer-funding-of-abortion/.

- Brett Schaefer, "Congress Should Renew the Report Requirement on U.S. Contributions to the U.N. and Reverse Record-Setting Contributions to the U.N.," Heritage Foundation *WebMemo* No.3324, July 22, 2011, http://www.Heritage.org/Research/Reports/2011/07/Congress-Should-Renew-the-Report-Requirement-on-US-Contributions-to-the-UN.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 estimated spending levels as found on page 177 of U.S. Department of State, "Fiscal Year 2015, Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs," http://www.state.gov/documents/organization/222898.pdf. This estimated spending has been increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

Endnotes: International Affairs

27. Brett Schaefer, "Why Does UNDP Continue to Aid Repressive Regimes?" The Daily Signal, August 27, 2010, http://dailysignal.com/2010/08/27/why-does-undp-continue-to-aid-repressive-regimes/.
28. George Russell, "UN Agency Blamed After Hundreds of Millions Diverted from Afghan Fund," FOX News, October 16, 2014, http://www.foxnews.com/world/2014/10/16/un-agency-blamed-after-hundreds-millions-diverted-from-afghan-fund/ (accessed December 15, 2014).
29. Letter from John F. Sopko, Special Inspector General for Afghan Reconstruction, to Helen Clark, UNDP Administrator, September 12, 2014, http://www.sigar.mil/pdf/special%20projects/SIGAR-14-98-SP.pdf (accessed December 15, 2014).
30. Intergovernmental Panel on Climate Change, "Activities: Fifth Assessment Report," November 2014, http://www.ipcc.ch/activities/activities.shtml (accessed December 15, 2014).
31. U.K. Department for Internal Development, "Multilateral Aid Review," March 2011, p. 86, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67583/multilateral_aid_review.pdf (accessed December 16, 2014).
32.. Douglas Elmendorf, "Testimony on Estimates of the Cost of the Credit Programs of the Export-Import Bank," Congressional Budget Office, testimony before the House Committee on Financial Services, June 25, 2014, http://www.cbo.gov/publication/45468 (accessed December 30, 2014).
33. Steven Mosher, "China's One-Child Policy and UNFPA: A Silent But Deadly Partnership," LifeNews.com, july 10, 2012, http://www.lifenews.com/2012/07/10/chinas-one-child-policy-and-unfpa-a-silent-but-deadly-partnership/ (accessed December 11, 2014).
34. Daniel Briggs, "The Kemp–Kasten Provision and UNFPA Funding," Americans United for Life, April 23, 2010, http://www.aul.org/2010/04/the-kemp-kasten-provision-and-unfpa-funding/ (accessed December 11, 2014).
35. Brett Schaefer, "Congress Should Renew the Report Requirement on U.S. Contributions to the U.N. and Reverse Record-Setting Contributions to the U.N.," Heritage Foundation *WebMemo* No. 3324, July 22, 2011, http://www.Heritage.org/Research/Reports/2011/07/Congress-Should-Renew-the-Report-Requirement-on-US-Contributions-to-the-UN.

Function 250:
General Science, Space, and Technology

Return Funding for the Office of Nuclear Physics to FY 2008 Levels

#15

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$95	$96	$96	$97	$99	$101	$104	$106	$109	$111	$483	$1,014

Heritage Recommendation:

Reduce funding for the Office of Nuclear Physics to FY 2008 levels. This proposal saves $95 million in 2016, and $1 billion over 10 years.

Rationale:

The Office of Nuclear Physics supports theoretical and experimental research in the field. The Department of Energy and the National Science Foundation conduct nearly all basic nuclear physics research. Research groups at 90 public and private universities, and nine federally funded laboratories (including Brookhaven, Oak Ridge, and Los Alamos), are exploring heavy ions, medium-energy physics, low-energy research, theory, accelerators, and isotopes. Much like the High Energy Physics program, funding for the Nuclear Physics program has become excessive. Program funding should be returned to the FY 2008 amount of $423 million.

Additional Reading:

- Nicolas Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by comparing current spending levels to estimated levels if FY 2008 had increased spending only for inflation. The FY 2014 funding level of $569.9 million can be found on page 122 of House of Representatives, 113th Congress, 2nd Session, “Energy and Water Development Appropriations Bill, 2015,” http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. The 2008 spending level of $423.7 million can be found on page 273 of “FY 2010 Congressional Budget: Nuclear Physics, Funding Profile by Subprogram, http://science.energy.gov/~/media/budget/pdf/sc-budget-request-to-congress/fy-2010/Cong_Budget_2010_NP.pdf. Estimated spending if held constant at the 2008 spending level was calculated by increasing the 2008 amount according to inflation in the CPI, as reported by the Bureau of Labor Statistics, from 2008 to 2013. Had spending increased only with inflation, spending in 2014 would have been $476 million, as compared to the enacted level of $570 million. The $94 million difference between the two spending levels was increased at the same rate as discretionary spending in the CBO’s most recent August 2014 baseline spending projections.

#16

Return Advanced Scientific Computing Research to FY 2008 Levels

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$85	$86	$86	$87	$89	$91	$93	$95	$97	$99	$433	$908

Heritage Recommendation:

Reduce Advanced Scientific Computing Research spending to FY 2008 levels. This proposal saves $85 million in 2016, and $907 million over 10 years.

Rationale:

This program under the Office of Sciences conducts computer modeling, simulations, and testing to advance the Department of Energy's mission through applied mathematics, computer science, and integrated network environments. These models can lay the foundation for scientific breakthroughs and are arguably some of the most important aspects of basic DOE research, but this program has also been the beneficiary of a consistently expanding budget, and in order to live within today's fiscal constraints, funding should be returned to the FY 2008 levels.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2669, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by comparing current spending levels to estimated levels, had FY 2008 spending increased only for inflation. The FY 2014 funding level of $478.6 million can be found on page 116 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. The 2008 spending level of $351.2 million can be found on page 6 of Yukiko Sekine, "NERSC Users Group Meeting Department of Energy Update," U.S. Department of Energy Office of Science, October 3, 2008, https://www.nersc.gov/assets/NUG-Meetings/2008/NERSC-NUG-yukiko-08.pdf. Estimated spending, if held constant at the 2008 spending level, was calculated by increasing the 2008 amount according to inflation in the CPI, as reported by the Bureau of Labor Statistics, from 2008 to 2013. Had spending increased only with inflation, spending in 2014 would have been $395 million, as compared to the enacted level of $479 million. The $84 million difference between the two spending levels was increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline spending projections.

Eliminate the Advanced Research Projects Agency–Energy (ARPA-E) Program

#17

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$284	$285	$286	$289	$296	$302	$309	$317	$323	$329	$1,440	$3,020

Heritage Recommendation:

Eliminate the Advanced Research Projects Agency–Energy (ARPA-E) program. This proposal saves $284 million in 2016, and $3 billion over 10 years.

Rationale:

The Advanced Research Projects Agency–Energy (ARPA-E) is another energy program designed to fund high-risk, high-reward projects on which the private sector would not embark on its own. ARPA-E also has the goal of reducing energy imports, increasing energy efficiency, and reducing energy-related emissions, including greenhouse gases.

The problem is that ARPA-E does not always seem to follow its own clear guideline: The federal government has awarded several ARPA-E grants to companies and projects that are neither high-risk nor something that private industry cannot support. These problems with ARPA-E were recently identified by the Government Accountability Office (GAO), the Department of Energy's Inspector General (DOE IG), and the House Science, Space, and Technology Committee staff. Of the 44 small and medium-size companies that received an ARPA-E award, the GAO found that 18 had previously received private-sector investment for a similar technology. The GAO found that 12 of those 18 companies planned to use ARPA-E funding to either advance or accelerate prior-funded work.

High-risk, high-reward programs are not necessary, especially when there is a bias to fund technologies that have already received funding to make the program appear successful. Congress should restructure the DOE to conduct the basic research that the private sector would not undertake and create a system that allows the private sector, using private funds, to tap into that research and commercialize it. Federal labs should allow basic research to reach the market organically.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

- Matthew Stepp, Sean Pool, Jack Spencer and Nicolas Loris, "Turning the Page: Reimagining the National Labs in the 21st Century Innovation Economy," The Information Technology & Innovation Foundation, June 19, 2013, http://www.itif.org/publications/turning-page-reimagining-national-labs-21st-century-innovation-economy.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found in page 123 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#18

Eliminate the Biological and Environmental Research (BER) Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$619	$621	$623	$630	$645	$659	$673	$691	$705	$718	$3,138	$6,584

Heritage Recommendation:

Eliminate the Biological and Environmental Research (BER) program. This proposal saves $619 million in 2016, and $6.6 billion over 10 years.

Rationale:

The BER program funds research for a variety of energy-related subjects including biology, radiochemistry, climate science, and subsurface biogeochemistry. At a basic research and development level, the funding for some of the research endeavors is valid, but climate change should not be one of them, because it is not part of the DOE's mission. Furthermore, the BER program also supports such activities as how plants and microbes "can be manipulated to harness their processes and products that contribute to new strategies for producing new biofuels, cleaning up legacy waste, and sequestering carbon dioxide."[36]

The entrepreneur who can make a biofuel product that is cost-competitive with oil does not need government funding. The need to capture and sequester CO_2 is questionable because the policy goal of reducing carbon dioxide itself is questionable. Even so, carbon capture and sequestration is a technological hurdle that the private sector should overcome without the government's help. Many BER programs should be cut drastically or entirely because they are private-sector activities, duplicative of other research, or do not align with the DOE's mission. Cuts should be made to the:

- The Climate and Environmental Science program
- Biological Systems Facilities and Infrastructure program
- Bioenergy Research Centers program
- The Foundational Genomics Research program
- The Genomics Analysis and Validation program
- The Metabolic Synthesis and Conversion program
- The Computational Biosciences program

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 164 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to CBO's most recent August 2014 baseline spending projections.

Reduce Basic Energy Sciences (BES) Funding

#19

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$301	$302	$302	$306	$313	$320	$327	$336	$342	$349	$1,524	$3,198

Heritage Recommendation:

Reduce funding for the Basic Energy Sciences (BES) program. This proposal saves $300 million in 2016, and $3.2 billion over 10 years.

Rationale:

BES is a legitimate program that investigates "fundamental research to understand, predict, and ultimately control matter and energy at the electronic, atomic, and molecular levels in order to provide the foundations for new energy technologies and to support other aspects of DOE mission in energy, environment, and national security."[37] However, many of the BES subprograms stray from fundamental research into commercialization. The government should eliminate such aspects of these programs, since private companies are capable of fulfilling these roles, whether through their own laboratories or by funding university research. On areas that focus on fundamental research and not commercial activities, the funding has simply become too excessive. While there is reason to phase out all Basic Energy Science funding, proposed cuts would eliminate some subprograms entirely, and return others close to FY 2008 levels.

Programs for Elimination:

- The Experimental Program to Stimulate Competitive Research (EPSCoR)
- The Solar Photochemistry program
- The Photosynthetic Systems program
- The Geosciences program

Programs for Reductions:

- The Experimental Condensed Matter Physics program
- The Theoretical Condensed Matter Physics program
- The Mechanical Behavior and Radiation Effects program
- The Neutron and X-ray Scattering and the Electron and Scanning Probe Microscopies program
- The Synthesis and Processing Science program
- The Materials Chemistry and Biomolecular program
- The Atomic, Molecular, and Optical program
- The Chemical Physics Research program
- The Catalysis program
- The Separations and the Heavy Element Chemistry program

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are based on the recommended $287.6 million in spending cuts as found in Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus. This level of cut is increased for inflation through 2014 and compared to the budget authority enacted for FY 2014 of $1.713 billion found on page 117 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. Both the FY 2014 enacted level of spending and the alternative, lower, spending levels are increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. Savings represent the difference between these two spending levels.

Eliminate Energy Information Hubs

#20

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$24	$24	$24	$25	$25	$26	$26	$27	$28	$28	$122	$257

Heritage Recommendation:

Eliminate Energy Information Hubs. This proposal saves $24 million in 2016, and $259 million over 10 years.

Rationale:

Energy Information Hubs create multidisciplinary teams to overcome obstacles in energy technologies. The Department of Energy should create multidisciplinary teams across offices and different agencies to reduce bureaucracy and pull valuable knowledge into different disciplines of research. The problem with the Energy Information Hubs is that they focus on promoting specific energy sources and technology developments.

Government projects that have become commercial successes—the Internet, computer chips, the global positioning system (GPS)—were not initially intended to meet a commercial demand but were developed for national security needs. Entrepreneurs saw an opportunity in these defense technologies and created the commercially viable products available today. The role of the DOE should be to conduct the basic research that the private sector would not undertake and create a system that allows the private sector, using private funds, to tap into that research and commercialize it. Federal labs should allow basic research to reach the market organically.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found in page 37 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://science.energy.gov/~/media/budget/pdf/sc-budget-request-to-congress/fy-2015/FY_2015_Budget_Basic_Energy_Sciences.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#21 Reduce Fusion Energy Sciences (FES) Spending to FY 2008 Levels

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$178	$178	$179	$181	$185	$189	$193	$198	$202	$206	$901	$1,889

Heritage Recommendation:

Reduce Fusion Energy Sciences (FES) spending. This proposal saves $178 million in 2016, and $1.9 billion over 10 years.

Rationale:

Fusion technology has much potential to offer inexhaustible quantities of energy without the byproduct of spent nuclear fuel that results from nuclear fission—the way that conventional nuclear power plants produce electricity. While research on fusion should continue, the question is whether the federal government should be involved and to what extent. Currently, there are 63 public and private universities, 11 national laboratories (eight belong to the DOE), and 29 international institutions that have fusion or plasma physics programs. Furthermore, at least 10 private companies are pursuing their own means to develop fusion technologies. The basic science for fusion energy already exists, which is why several start-up companies are raising capital for their own fusion reactors, and why bigger companies are investing in fusion technologies.

Although the universities and private companies have received federal funding, now is the time to reduce the DOE's involvement in studying plasmas. The DOE should remain involved, perhaps by continuing to participate in the International Thermonuclear Experimental Reactor (ITER) program, an effort to advance fusion technology, but more of the research should be driven by the private sector. One area to cut would be the Enabling R&D program, which develops and improves "the hardware, materials, and technology that are incorporated into existing fusion research facilities, thereby enabling these facilities to achieve higher levels of performance."[38]

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by comparing current spending levels to estimated levels, had FY 2008 spending increased only for inflation. The FY 2008 spending level of $294.3 million is found on page 16 of Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012, http://thf_media.s3.amazonaws.com/2012/pdf/bg2668.pdf. The FY 2014 funding level of $505.7 million can be found on page 164 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. Estimated spending for 2014, if held constant at the 2008 spending level (plus CPI inflation as reported by the Bureau of Labor Statistics), would have been $331 million, as compared to the enacted level of $506 million. The $175 million difference between the two spending levels was increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline discretionary spending projections.

Reduce High Energy Physics (HEP) Program Funding

#22

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$10	$10	$10	$10	$10	$10	$10	$11	$11	$11	$50	$103

Heritage Recommendation:

Reduce funding for the High Energy Physics (HEP) program. This proposal saves $10 million in 2016, and $102 million over 10 years.

Rationale:

The HEP program has the mission of uncovering "how our universe works at its most fundamental level." In effect, HEP exists to explore how space, matter, time, and energy interact with one another. Financial support from the HEP goes to 10 national laboratories and more than 100 public and private universities to study proton-accelerator-based physics, electron-accelerator-based physics, non-accelerator physics, theoretical physics, and advanced-technology research and development.

Understanding these issues is an area of research that the private sector would likely not undertake, so it is an appropriate endeavor for America's research labs and universities—but it is certainly not a critical function of government, especially considering America's fiscal situation. HEP is an area in which universities would strive to be the best and attract young talent and private funding.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by comparing current spending levels to estimated levels had FY 2008 spending increased only for inflation. The FY 2008 spending level of $701.5 million is found on page 16 of Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012, http://thf_media.s3.amazonaws.com/2012/pdf/bg2668.pdf. The FY 2014 funding level of $797.5 million can be found on page 120 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. Estimated spending for 2014, if held constant at the 2008 spending level (plus CPI inflation as reported by the Bureau of Labor Statistics), would have been $788 million, as compared to the enacted level of $797 million. The $9 million difference between the two spending levels was increased at the same rate as discretionary spending in the CBO's most recent August 2014 baseline discretionary spending projections.

Endnotes: General Science, Space, and Technology

36. Department of Energy, "FY 2012 Congressional Budget Request: Science," February 2011, p. 10, http://energy.gov/sites/prod/files/FY12Volume4.pdf (accessed December 15, 2014).
37. Ibid.
38. Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2013, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus#.

Function 270: **Energy**

Eliminate the Advanced Manufacturing Partnership

#23

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$183	$184	$184	$186	$191	$195	$199	$204	$208	$212	$928	$1,946

Heritage Recommendation:

Eliminate all Advanced Manufacturing spending. This proposal saves $183 million in 2016, and $1.9 billion over 10 years.

Rationale:

Manufacturers already know that energy is a significant input cost and will innovate to find ways to lower costs and gain a competitive advantage. Companies will make these investments if they believe that the technology is promising, worth the risk, and the best use of their investment dollars. American manufacturers and industrial companies will flourish on their own with a good tax policy, immediate expensing of equipment, and increased energy development that would lower their input costs.

Additional Reading:

- Nicolas Loris, "Eliminate Advanced Manufacturing and Alternative Fuel Programs," The Daily Signal, July 9, 2013, http://dailysignal.com/2013/07/09/eliminate-advanced-manufacturing-and-alternative-fuel-programs/.

**Note:* Savings from this proposal are also included in proposal to eliminate the Office of Energy Efficiency and Renewable Energy (EERE).

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 1 of U.S. Department of Energy, "Advanced Manufacturing Office FY 2015 Budget at-a-Glance," March 2014, http://energy.gov/sites/prod/files/2014/03/f9/fy15_at-a-glance_amo.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#24
&
#25

Eliminate Department of Energy Loans and Loan Guarantees

Heritage Recommendation:

Eliminate Department of Energy (DOE) loans and loan guarantees, leaving only funds available to deal with the associated costs of outstanding commitments.

Rationale:

The federal government should not be involved with investment decisions that are better left to the private sector. The government's intervention in the market decreases the incentive to innovate, and increases the incentive to use the political process to lobby for handouts. Federal loans and loan guarantees promote cronyism that rewards political connectedness over market viability. Market-viable technologies should not need financial support from the taxpayer. Whether a company that receives a DOE loan is profitable or not, the program is misguided. Rather than seeking to improve and reform DOE loan and loan-guarantee programs, policymakers should eliminate them.

Additional Reading:

- Nicolas Loris, "Green Energy Oversight: Examining the Department of Energy's Bad Bet on Fisker Automotive," testimony before the Committee on Oversight and Government Reform Subcommittee on Economic Growth, Job Creation, and Regulatory Affairs, April 24, 2013, http://www.Heritage.org/research/testimony/2013/09/green-energy-oversight-does-bad-bet-on-fisker-automotive.

Calculations:

Enacting this option would reduce taxpayer exposure, but no specific savings amount is assumed for enacting this proposal.

Eliminate the Office of Electricity Deliverability and Energy Reliability (OE)

#26

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$150	$150	$150	$152	$156	$159	$163	$167	$170	$173	$758	$1,590

Heritage Recommendation:

Eliminate the Office of Electricity Deliverability and Energy Reliability (OE). This proposal saves $150 million in 2016, and $1.6 billion over 10 years.

Rationale:

The OE pursues activities to modernize the nation's grid; it is evident that much of the funding advances the Administration's goals of promoting electric vehicles and renewable energy. In fact, the Administration recognizes, "Without development and deployment of 'next generation' electric transmission, distribution and customer technologies, the grid could become a barrier to the adoption of cleaner energy supplies and more energy-efficient demand-side measures."[39]

Upgrading the nation's electricity grid has merit, but it should not be a government-centric approach, nor should it be used as a subsidy to advance renewable energy sources, especially by focusing on building new transmission lines to remote areas. Furthermore, smart-grid technology should be developed and driven by the private sector. Any money allocated for cybersecurity, and for a cooperative public–private role for grid protection, could very well fall under the Department of Homeland Security's purview.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 101 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#27

Eliminate the Office of Energy Efficiency and Renewable Energy (EERE)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$1,930	$1,937	$1,941	$1,964	$2,010	$2,054	$2,098	$2,155	$2,197	$2,238	$9,782	$20,524

Heritage Recommendation:

Eliminate the Office of Energy Efficiency and Renewable Energy (EERE). This proposal saves $1.9 billion in 2016, and $20.5 billion over 10 years.

Rationale:

EERE funds research and development of what the government deems clean-energy technologies—hydrogen technology, wind energy, solar energy, biofuels and bio-refineries, geothermal power, vehicle technology, and building and weatherization technologies, most of which have been in existence for decades. Promoting these technologies is not an investment in basic research, but mere commercialization. Congress should eliminate EERE.

All of this spending is for activities that the private sector should undertake if companies believe it is in their economic interest to do so. The reality is that the market opportunity for clean-energy investments already exists if it is economically viable. Americans spent $481 billion on gasoline in 2011. Both the electricity and the transportation-fuels markets are multitrillion-dollar markets. The global market for energy totals $6 trillion. With such a robust, consistent demand, any clean-energy technology that can capture a part of that market share will make tens, if not hundreds, of billions of dollars annually.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 93 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Reduce Office of Fossil Energy (FE) Funding

#28

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$341	$342	$343	$347	$355	$363	$371	$381	$388	$395	$1,728	$3,626

Heritage Recommendation:

Reduce funding for the Office of Fossil Energy (FE). This proposal saves $341 million in 2016, and $3.6 billion over 10 years.

Rationale:

Most of the funding for fossil-energy research and development focuses on technologies that will reduce carbon dioxide emissions and are activities that the private sector should carry out. The FE spends money on a clean-coal power initiative, on fuels and power systems to reduce fossil power plant emissions, innovations for existing plants, integrated gasification combined cycle (IGCC) research, advanced turbines, carbon sequestration, and natural gas technologies. Part of the DOE's strategic plan is to bring down the cost and increase the scalability of carbon and capture sequestration.

By attempting to force government-developed technologies into the market, the government diminishes the role of the entrepreneur and crowds out private-sector investment. This practice of the government picking winners and losers denies energy technologies the opportunity to compete in the marketplace, which is the only proven way to develop market-viable products. When the government attempts to drive technological commercialization, it circumvents this critical process. Thus, almost without exception, it fails in some way.

Congress should eliminate these programs while keeping the funding necessary to maintain the Strategic Petroleum Reserve (SPR) and Naval Petroleum and Elk Hills School Lands Fund. Congress should explore selling off SPR over time in a way that maintains cooperation under international agreements and meets any relevant national security requirements.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated using the CBO baseline and by comparing the FY 2014 spending level to the Heritage-proposed spending level of $222.7 million (increased to $226 for inflation through 2014) as found on page 16 of Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012, http://thf_media.s3.amazonaws.com/2012/pdf/bg2668.pdf. The FY 2014 funding level of $562.1 million can be found on page 105 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. Both spending levels were increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. The savings represent the difference between the two policies.

#29

Reduce Funding for the Office of Nuclear Energy

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$293	$294	$294	$298	$305	$311	$318	$327	$333	$339	$1,484	$3,112

Heritage Recommendation:

Reduce funding the Office of Nuclear Energy. This proposal saves $293 million in 2016, and $3.1 billion over 10 years.

Rationale:

Like spending with conventional fuels and renewables, the Department of Energy spends entirely too much money on nuclear projects that should be conducted by the private sector. For example, the Office of Nuclear Energy includes tens of millions of dollars for small modular reactor (SMR) licensing and support programs. While SMRs have great potential, commercialization must be shouldered by the private sector. A portion of available funds should be redirected to the Nuclear Regulatory Commission for SMR-licensing preparation. This does not preclude the DOE from engaging in SMR-related work. The President's Nuclear Energy Enabling Technologies (NEET) program is charged with investigating the crosscutting of technologies with applicability to multiple reactor designs, including SMRs.

Cuts to the NEET budget should include eliminating the unnecessary modeling and simulation hub, and tens of millions from the National Scientific User Facility, which supports work that should be funded by the Science budget, if at all. That still leaves approximately $25 million to fund NEET projects. Fuel-cycle research and development should also be cut by $55 million, leaving $120 million, which should almost entirely be dedicated to restart the Yucca Mountain project for storing spent nuclear fuel.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated using the CBO baseline and by comparing the FY 2014 spending level to the Heritage-proposed spending level of $592.0 million (increased to $600.9 for inflation through 2014) as found on page 16 of Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012, http://thf_media.s3.amazonaws.com/2012/pdf/bg2668.pdf. The FY 2014 funding level of $889.2 million can be found on page 102 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. Both spending levels were increased at the same rate as discretionary spending for 2016–2025 according to the CBO's most recent August 2014 baseline spending projections. The savings represent the difference between the two policies.

Eliminate Subsidies for Power Marketing Administrations (PMAs)

#30

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$86	$87	$87	$88	$90	$92	$94	$97	$98	$100	$438	$919

Heritage Recommendation:

Eliminate subsidies for Power Marketing Administrations (PMAs). This proposal saves $86 million annually, and $919 million over 10 years.

Rationale:

The DOE's Power Marketing Administrations (PMAs) consist of four power entities that sell electricity that stems primarily from hydroelectric power. Formed in the early 1900s, PMAs were set up to provide cheap electricity to rural areas, mostly small communities and farms. PMAs originated as federal water projects currently operated by the Army Corps of Engineers and the Bureau of Reclamation. PMAs use the revenue generated from electricity sales to reimburse taxpayers for construction and operation costs, but PMAs can sell the electricity at below-market rates because of favorable financing terms—they receive federal tax exemptions and receive loans at below-market interest rates. The PMAs' construction, rehabilitation, operation, and maintenance costs are financed through the main DOE budget, offset collections, alternative financing, and a reimbursable agreement with the Bureau of Reclamation.

PMAs are an outmoded form of providing rural areas with electricity, yet they still enjoy tremendous special privileges that interfere with market competition. The DOE should restructure PMAs to sell electricity at market rates by eliminating the subsidy for federal electricity rates. Congress should eliminate subsidies for PMAs.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 1 of U.S. Department of Energy, "Funding by Appropriation," March 2014, http://science.energy.gov/~/media/budget/pdf/sc-budget-request-to-congress/fy-2015/FY_2015_Budget_SC_Overview.pdf. Both spending levels were increased at the same rate as discretionary spending for 2016-2025 according to CBO's most recent August 2014 baseline spending projections.

#31 & #32

Eliminate Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2,746	$2,756	$2,762	$2,793	$2,859	$2,922	$2,985	$3,066	$3,126	$3,183	$13,916	$29,198

Heritage Recommendation:

Eliminate Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. This proposal saves $2.7 billion in 2016, and $29.2 billion over 10 years.

Rationale:

The Office of Science includes SBIR and STTR programs with the original intent to "increase private sector commercialization of innovations derived from Federal R&D, thereby increasing competition, productivity, and economic growth."[40]

A recent overview of the SBIR and STTR programs stresses that the goal of the programs today is to place more emphasis on commercialization, "[a]ccepting greater risk in support of agency missions." Using taxpayer dollars to offset higher risk is no way to promote economic development. It ensures that the public pays for the failures, as they have with failed government energy investments, while the private sector reaps the benefits of any successes. Congress should eliminate all SBIR and STTR funding in the DOE budget.

Additional Reading:

- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:

Estimated 2009 spending of $2.5 billion on the two programs provided by the Small Business Administration (SBA), "The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program," undated, http://www.sbir.gov/sites/default/files/sbir_sttr_program_overview_tips_for_applicants.pdf. The SBA's estimated 2009 spending figures were updated for inflation through 2014 according to the CPI (as reported by the Bureau of Labor Statistics). The 2014 estimated level was then increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Auction Off the Assets of the Tennessee Valley Authority (TVA)

#33

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
–$5	–$20	$100	$500	$500	$500	$500	$500	$500	$500	$1,075	$3,575

Heritage Recommendation:

Auction off the assets of the Tennessee Valley Authority (TVA). Not including potential revenue from auctioning assets, this proposal saves $3.6 billion over 10 years.

Rationale:

The TVA has had 80 years of independence from the oversight, review, and budgetary control of a more traditional federal agency, as well as from the rigors of operating as a private shareholder-owned utility. This lack of effective oversight from either the government or the private sector has resulted in costly decisions, excessive expenses, high electricity rates, and growing liabilities for all U. S. taxpayers.

The TVA has had ample time to reduce debt, reduce operating costs, and reform and fully fund its pension fund. There is little reason to believe that any of these important reforms will be completed by the TVA—it is easier to ask Congress for another increase in the debt ceiling. The most effective way to restore efficiency to the TVA system is to sell its assets via a competitive auction and bring it under the rigors of market forces and public utility regulation.

Additional Reading:

- Ken G. Glozer, "Time for the Sun to Set on the Tennessee Valley Authority," Heritage Foundation *Backgrounder* No. 2904, May 6, 2014, http://www.Heritage.org/research/reports/2014/05/time-for-the-sun-to-set-on-the-tennessee-valley-authority.

Calculations:

Savings derived from 2011 CBO budget options, found on page 20 of CBO, "Reducing the Deficit: Spending and Revenue Options," March 2011, http://www.cbo.gov/sites/default/files/03-10-reducingthedeficit.pdf. The CBO's estimate provides data for the 2012–2021 period. Because the annual outlays reflect the timing of the transfer (with costs in the initial years and savings in the out years), and because there is no reason to assume a significant change in these costs and savings between 2011 and the present, Heritage analysts directly applied the CBO's estimated 2011–2021 outlays and savings to the 2016–2025 time period.

Endnotes: Energy

39. U.S. Department of Energy, "FY 2013 Congressional Budget Request: Department of Energy: Volume 3," February 2012, http://energy.gov/sites/prod/files/FY13%20DOE%20Congressional%20Budget%20Request%20-%20Volume3.pdf (accessed December 15, 2014).
40. DARPA, "Small Business Innovation Research Program," http://www.darpa.mil/Opportunities/SBIR_STTR/SBIR_Program.aspx (accessed December 11, 2014).

Function 300:
Natural Resources and Environment

Eliminate Funding for Development and Implementation of New Ozone Standards

#34

Heritage Recommendation:

Prohibit the Environmental Protection Agency (EPA) from using any appropriated funds to implement new ozone standards. This recommendation is in the form of a rider prohibiting any use of funds for this purpose, but does not presume lower spending by the EPA beyond other savings proposed elsewhere.

Rationale:

Making the standard any more stringent than the current 75 parts per billion (ppb) would impose significant and unnecessary costs on business and taxpayers, in return for marginal environmental benefits. However, the EPA has proposed regulations for a revised standard between 70 ppb and 65 ppb, with the possibility of going as low as 60 ppb.

Concentration levels of ozone have already decreased by 33 percent from 1980 to 2013, and the average number of high ozone days per monitor in a year has decreased by 75 percent as recently as 2012. Furthermore, changing the ozone standard is premature, as the existing standards adopted in 2008 are only just beginning to be implemented. A tighter standard may even be impossible to meet because background levels in some areas of the country have been found to regularly exceed 60 ppb.

The costs of such a stringent and unwarranted standard could be devastating. A study by NERA Economic Consulting estimates $2.2 trillion in compliance costs from 2017 through 2040 for a 60 ppb standard. Based on EPA data for the three-year period from 2010 to 2012, over 60 percent of those counties would be in violation of a 70 ppb standard; 81 percent for a 65 ppb standard; 93 percent for a 60 ppb standard.

Additional Reading:

- Daren Bakst, "Reining in the EPA Through the Power of the Purse," Heritage Foundation *Issue Brief* No. 4264, August 19, 2014, http://www.Heritage.org/research/reports/2014/08/reining-in-the-epa-through-the-power-of-the-purse.

- Daren Bakst and Katie Tubb, "EPA Ozone Regulations Could be Most Expensive in U.S. History," The Daily Signal, August 4, 2014, http://dailysignal.com/2014/08/04/epa-ozone-regulation-expensive-u-s-history/.

- Andrew Grossman, "High On Ozone: The EPA's Latest Assault on Jobs and the Economy," Heritage Foundation *WebMemo* No. 3330, August 1, 2011, http://www.Heritage.org/research/reports/2011/08/high-on-ozone-the-epas-latest-assault-on-jobs-and-the-economy.

- Angela Antonelli, "Can No One Stop the EPA?" Heritage Foundation *Backgrounder* No. 1129, July 8, 1997, http://thf_media.s3.amazonaws.com/1997/pdf/bg1129.pdf.

Calculations:

This recommendation reduces the size of government, but no specific savings are assumed from prohibiting these regulations from taking effect.

#35

Eliminate the Renewable Fuel Standard (RFS)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$5	$5	$5	$5	$5	$5	$6	$6	$6	$6	$25	$54

Heritage Recommendation:

Eliminate the Renewable Fuel Standard (RFS). This proposal saves $5 million in 2016 and $54 million over 10 years.

Rationale:

Administered by the EPA and more commonly known as the ethanol mandate, the RFS mandates that refineries blend increasing amounts of ethanol into gasoline each year. By law, there must be 15 billion gallons (and no more) of corn-based ethanol and another 21 billion gallons of non-corn biofuels in the nation's fuel supply by 2022. Even though Congress set target levels, the EPA officially sets the annual targets based on domestic gasoline and diesel production and administers a trading, credit, and waiver system among refiners.

The Congressional Budget Office recently published a report showing the RFS will increase gas prices by 13 cents to 26 cents per gallon as soon as 2017.[41] Multiple federal agency and government-backed studies demonstrate the RFS has harmed Americans, driving up fuel and food prices. And, in January 2013, a U.S. Court of Appeals struck down the EPA's requirement for cellulosic ethanol, calling it "unreasonable."[42] Congress should not mandate the use of certain fuels and should discontinue all funding for implementation of this unworkable program.

Additional Reading:

- Nicolas Loris, "The Ethanol Mandate: Don't Mend It, End It," Heritage Foundation *Backgrounder* No. 2811, June 12, 2013, http://www.Heritage.org/research/reports/2013/06/the-ethanol-mandate-that's-mend-it-end-it.

- David Kreutzer, "Renewable Fuel Standard, Ethanol Use, and Corn Prices," Heritage Foundation *Backgrounder* No. 2727, September 17, 2012, http://www.Heritage.org/research/reports/2012/09/the-renewable-fuel-standard-ethanol-use-and-corn-prices.

Calculations:

According to page 92 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf, $96.5 million was spent in FY 2014 on federal vehicle and fuels standards and certification. Savings from this proposal assume that a fraction of that amount, $5 million in 2014, could be cut without the RFS. Both the current FY 2014 spending level and the alternative level of $91.5 million were increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. The savings represent the difference between these two spending levels.

Eliminate EPA Grant Programs and Information Exchange/Outreach

#36

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$131	$131	$132	$133	$136	$139	$142	$146	$149	$152	$663	$1,391

Heritage Recommendation:

Eliminate EPA grant programs as well as information exchange/outreach programs. Estimated savings for eliminating the EPA grant programs are not available, but eliminating the information exchange/outreach program saves $131 million in 2016, and $1.4 billion over 10 years.

Rationale:

The EPA should not be funding Environmental Education Grants and other grant programs, such as job-training programs. The EPA has allocated taxpayer money to projects that educate and increase awareness about stewardship. The majority of grants have been awarded to nonprofits with schools being a distant second; the most popular topics are biodiversity and general "environmental literacy." Past educational projects have included learning how to build "rain gardens," the significance of urban forests, poster contests on sun protection, asthma awareness and radon, and schoolyard habitat restoration.[43] From 1992 to 2011, the EPA has granted over $54 million through this program. Even the Obama Administration has recognized a need to cut back on revolving state grants, reducing its FY 2014 budget request for such grants by $581 million.

Additional Reading:

- Nicolas Loris, "EPA Is Desperately in Need of Budget Cuts. Here's a Few Places to Start," The Daily Signal, July 10, 2014, http://dailysignal.com/2014/07/10/epa-desperately-need-budget-cuts-heres-places-start/.

- The Heritage Foundation, "Environmental Conservation: Eight Principles of the American Conservation Ethic," http://www.Heritage.org/research/projects/environmental-conservation.

Calculations:

Savings for eliminating the information exchange/outreach program are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found in page 1,003 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf. The 2014 enacted level was then increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#37 to #45

Eliminate Nine Climate Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$106	$106	$106	$107	$110	$112	$115	$118	$120	$122	$535	$1,122

Heritage Recommendation:

Eliminate climate-related programs within the Department of Energy. This proposal saves $106 million in 2016, and $1.1 billion over 10 years.

Rationale:

When the Clean Air Act (CAA) was passed, Congress never intended or envisioned that CO_2, an invisible and odorless gas required for life, would be covered under the law. The potential economic implications of CO_2 regulation are staggering, and its effect on everyday life could be unprecedented without offering any measurable environmental benefit. For these reasons, Congress, and not the EPA or any other federal agencies, should decide whether carbon dioxide should be regulated or considered in environmental permit reviews. Congress should expressly prohibit the regulation of CO_2 and other greenhouse gases, deny funding of agency efforts to reduce greenhouse gases, and repeal any agency actions to date that serve either directly or indirectly to develop CO_2 regulations, such as the EPA's endangerment finding.

The EPA's greenhouse gas regulations will drive up energy prices for families and businesses. It will cost more to heat, cool, and light homes, and to cook meals. These higher energy prices will also have ripple effects throughout the economy. As energy prices increase, the cost of making products rises. Higher operating costs for businesses will be reflected in higher prices for consumers. As prices rise, consumers buy less, and companies are forced to shed employees, close entirely, or relocate to other countries where the cost of doing business is lower. The result is fewer opportunities for American workers, lower incomes, less economic growth, and higher unemployment.

While carbon dioxide and other greenhouse gas emissions may have contributed in some capacity to climate variations, the available climate data simply do not indicate that the earth is heading toward catastrophic warming with dire consequences for human health and public welfare, nor do the data indicate that the dominant driving force behind climate change is human-induced greenhouse gas emissions. Such a view does nothing to account for the shortcomings of climate models that are the underlying foundation for carbon policies and regulations. While some climate models have forecast such a catastrophe, data of observed climate reality has shown these models, and the assumptions on which they are built, to be incorrect. There is simply no need for the EPA to implement costly accounting programs and egregious greenhouse gas regulations that will choke off American energy use.

Congress should eliminate funding for:

1. Regulation of greenhouse gas emissions from vehicles (as well as non-road equipment, locomotives, aircraft, and transportation fuels)
2. Regulation of CO_2 emissions from power plants and all sources
3. Greenhouse Gas Reporting Program
4. Global Methane Initiative
5. Climate Resilience Fund
6. Climate Resilience Evaluation Awareness Tool
7. Green Infrastructure Program
8. Climate Ready Water Utilities Initiative
9. Climate research funding for the Office of Research and Development

Additional Reading:

- Nicolas Loris, Kevin D. Dayaratna, and David W. Kreutzer, "EPA Power Plant Regulations: A Backdoor Energy Tax," Heritage Foundation *Backgrounder* No. 2863, December 5, 2013, http://www.Heritage.org/research/reports/2013/12/epa-power-plant-regulations-a-backdoor-energy-tax.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 enacted spending levels for Environmental and Program Management and Science and Technology as found on page 203 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf. The 2014 enacted level was then increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#46

Eliminate Regional EPA Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$422	$423	$424	$429	$439	$449	$459	$471	$480	$489	$2,137	$4,485

Heritage Recommendation:

Eliminate regional EPA programs that should be owned and managed by state and local governments. This proposal saves $422 million in 2016, and $4.5 billion over 10 years.

Rationale:

Resource management should take into account the fact that environmental conditions will vary from location to location and from time to time. A site- and situation-specific approach takes advantage of the fact that those who are closest to a natural habitat are also those who are best able to manage it. Such practices allow prioritization of funds and the separation of problems into manageable units.

Additional Reading:

- Nicolas Loris, "EPA Is Desperately in Need of Budget Cuts. Here's a Few Places to Start," The Daily Signal, July 10, 2014, http://dailysignal.com/2014/07/10/epa-desperately-need-budget-cuts-heres-places-start/.

- The Heritage Foundation, "Environmental Conservation: Eight Principles of the American Conservation Ethic," http://www.Heritage.org/research/projects/environmental-conservation.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 enacted spending levels as found in page 1,002 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf. The 2014 enacted level was then increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Lease or Sell Underused EPA Space

#47

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$22	$22	$22	$22	$22	$22	$22	$22	$22	$22	$110	$220

Heritage Recommendation:

Space not currently used by the Environmental Protection Agency should be leased. This proposal saves $21 million annually, and $216 million over 10 years.

Rationale:

The EPA has been leasing unneeded space since 2007, achieving over $12 million in savings. According to a 2013 EPA Inspector General report, the agency could save an additional $21 million every year by leasing all remaining underutilized space. The EPA should maximize use of public space and faithfully steward taxpayer resources.

Additional Reading:

- Nicolas Loris, "EPA Is Desperately in Need of Budget Cuts. Here's a Few Places to Start," The Daily Signal, July 10, 2014, http://dailysignal.com/2014/07/10/epa-desperately-need-budget-cuts-heres-places-start/.
- The Heritage Foundation, "Environmental Conservation: Eight Principles of the American Conservation Ethic," http://www.Heritage.org/research/projects/environmental-conservation.

Calculations:

The EPA estimates that it can save $21.6 million annually from releasing underused space, found on page 6 of U.S. Environmental Protection Agency, "EPA Can Further Reduce Space in Under-Utilized Facilities," February 20, 2013, http://www.epa.gov/oig/reports/2013/20130220-13-P-0162.pdf

#48

Eliminate the National Clean Diesel Campaign (NCDC)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$20	$20	$20	$21	$21	$22	$22	$23	$23	$24	$102	$216

Heritage Recommendation:

Eliminate the National Clean Diesel Campaign (NCDC), commonly called the Diesel Emissions Reduction Act (DERA) grant program. This proposal saves $20 million in 2016, and $216 million over 10 years.

Rationale:

While Congress only authorized $30 million for the EPA's clean diesel program in 2012, hundreds of millions have been spent over the years to develop more than 60,000 pieces of clean diesel technology, such as "emissions and idle control devices, aerodynamic equipment, engine and vehicle replacements, and alternative fuel options." Diesel Emissions Reduction Act grants have been used to pay for new or retrofitted tractors and cherry pickers in Utah ($750,000), electrified parking spaces at a Delaware truck stop ($1 million), a new engine and generators for a 1950s locomotive in Pennsylvania ($1.2 million), school buses in San Diego County ($1.6 million), and new equipment engines for farmers in the San Joaquin Valley ($1.6 million). Though these projects might have merit, federal taxpayers should not have to pay for projects that should be undertaken by private investors or state and local groups. If these technologies are economically viable and consumer demand exists, these products will be developed without the help of taxpayers.

Additional Reading:

- Nicolas Loris, "EPA Is Desperately in Need of Budget Cuts. Here's a Few Places to Start," The Daily Signal, July 10, 2014, http://dailysignal.com/2014/07/10/epa-desperately-need-budget-cuts-heres-places-start/.

- Katrina Trinko, "Heritage Experts Weigh in on Massive Omnibus Spending Bill," The Daily Signal, January 13, 2014, http://dailysignal.com/2014/01/13/Heritage-experts-weigh-massive-omnibus-spending-bill/.

- The Heritage Foundation, "Environmental Conservation: Eight Principles of the American Conservation Ethic," http://www.Heritage.org/research/projects/environmental-conservation.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 810 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf. The 2014 enacted level was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Eliminate Environmental Justice Programs

#49

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$7	$7	$7	$7	$7	$7	$7	$8	$8	$8	$35	$73

Heritage Recommendation:
Eliminate environmental-justice programs. This proposal saves $7 million in 2016, and $72 million over 10 years.

Rationale:
The EPA's environmental-justice programs were originally designed to protect low-income communities from environmental harm. However, the EPA now too often goes beyond this purpose. Under the premise of serving low-income communities, the EPA applies the law inconsistently to prevent businesses from developing, thus blocking the very economic opportunity that underserved and disadvantaged communities need. Further, environmental-justice programs have expanded to subsidize state and local projects that federal taxpayers should not be forced to fund. For example, the Environmental Justice Small Grants program has funded projects completely unrelated to environmental justice, such as neighborhood litter cleanups; education on urban gardening, composting, and the negative effects of urban sprawl and automobile dependence; and a pilot program to reach California's nail salon community in order to increase "knowledge of healthy/green nail salon concepts and practices."[44] Congress should eliminate these programs, which have been coopted by political agendas rather than protecting communities from truly dangerous conditions.

Additional Reading:

- Nicolas Loris, "EPA Is Desperately in Need of Budget Cuts. Here's a Few Places to Start," The Daily Signal, July 10, 2014, http://dailysignal.com/2014/07/10/epa-desperately-need-budget-cuts-heres-places-start/.
- The Heritage Foundation, "Environmental Conservation: Eight Principles of the American Conservation Ethic," http://www.Heritage.org/research/projects/environmental-conservation.
- James Rust, "'Environmental Justice' Injustice (EPA Elitism, Exploitation)," Master Resource, August 13, 2014, https://www.masterresource.org/environmental-justice/environmental-injustice/.

Calculations:
Savings are expressed as budget authority and were calculated using the FY 2014 enacted spending levels as found on page 193 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf. The FY 2014 spending level was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Endnotes: Natural Resources and Environment

41. Congressional Budget Office, "The Renewable Fuel Standard: Issues for 2041 and Beyond," June 26, 2014, https://www.cbo.gov/publication/45477 (accessed December 16, 2014).
42. Christopher Doering, "Court Rules EPA Ethanol Mandate 'Unreasonable,'" *USA Today*, January 25, 2013, http://www.usatoday.com/story/news/politics/2013/01/25/epa-biofuel-mandate-unreasonable/1865567/ (accessed December 16, 2014).
43. Environmental Protection Agency, "Profiles of Environmental Education Grants Awarded in Wisconsin: 1992–2011," November 4, 2014, http://www2.epa.gov/education/profiles-environmental-education-grants-awarded-wisconsin (accessed December 11, 2014).
44. Environmental Protection Agency Office of Enforcement and Compliance Assurance, "Environmental Justice Small Grants; FY2013 Summaries By Region," September 11, 2013, http://www.epa.gov/compliance/environmentaljustice/resources/publications/grants/ej-smgrants-recipients-2013.pdf (accessed December 11, 2014).

Function 350:
Agriculture

Eliminate the Market Access Program (MAP)

#50

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$186	$186	$187	$175	$175	$176	$176	$176	$176	$176	$909	$1,789

Heritage Recommendation:

Eliminate the U.S. Department of Agriculture's (USDA's) Market Access Program (MAP). This proposal saves $186 million in 2016, and $1.8 billion over 10 years.

Rationale:

The USDA's Foreign Agricultural Service runs several market development programs, including MAP, that are designed to help industry promote exports overseas.

MAP subsidizes trade associations, businesses, and other private entities to help them market and promote their products overseas. Under MAP, taxpayers have recently helped to fund international wine-tastings, organic hair products for cats and dogs, and a reality television show in India. It is not government's role to advance the marketing interests of certain industries or businesses. Taxpayers should not be forced to subsidize the marketing that private businesses should do on their own.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

- Daren Bakst, "Animated Squirrels, Prunes, and Doggie Hair Gel: Your Tax Dollars at Work," The Daily Signal, July 25, 2013, http://dailysignal.com/2013/07/25/animated-squirrels-prunes-and-doggie-hair-gel-your-tax-dollars-at-work/.

- Senator Tom Coburn, "Treasure Map: The Market Access Program's Bounty of Waste, Loot and Spoils Plundered from Taxpayers," June 2012, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=5c2568d4-ae96-40bc-b3d8-19e7a259f749.

Calculations:

Savings based on CBO projections of program cost, as found on page 4 of "CBO's April 2014 Baseline for Farm Programs,' April 14, 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. The CBO's estimates include the period 2013–2024. For 2025, Heritage analysts assumed the same level of savings of $176 million as estimated by the CBO for 2021–2024.

#51

Repeal the USDA Catfish Inspection Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$14	$14	$14	$14	$14	$14	$14	$14	$14	$14	$70	$140

Heritage Recommendation:

Repeal the U.S. Department of Agriculture's (USDA's) catfish inspection program. This proposal saves $14 million annually, and $140 million over 10 years.

Rationale:

The Food and Drug Administration (FDA) regulates domestic and imported seafood. However, the 2008 farm bill created a special exception requiring the USDA to regulate catfish that is sold for human consumption. This program, which has not yet been implemented, would impose costly duplication because facilities that process seafood, including catfish, would be required to comply with both FDA and USDA regulations.

The evidence does not support the health justifications for the more intrusive inspection program. There has been wide bipartisan opposition to the program. The GAO has criticized the program, publishing a 2012 report with the not-so-subtle title "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA."[45] Another GAO report succinctly summarized most of the problems, noting that the program "would result in duplication of federal programs and cost taxpayers millions of dollars annually without enhancing the safety of catfish intended for human consumption."[46]

The USDA catfish inspection program would also have serious trade implications. Foreign exporters selling catfish under FDA requirements would need to establish a new regulatory system equivalent to the USDA program. This approval process could take years.

Catfish-exporting countries, such as Vietnam, would likely retaliate and win any trade disputes because the program would be an unjustified trade barrier. The retaliation would likely come against industries other than the catfish industry, such as milk producers or meat packers. American consumers also would suffer because this program would reduce competition.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

- Daren Bakst, "Farm Bill: Taxpayers and Consumers Are Getting Catfished," The Daily Signal, November 19, 2013, http://dailysignal.com/2013/11/19/farm-bill-taxpayers-consumers-getting-catfished/.

- U.S. Government Accountability Office, "High Risk Series: An Update," GAO–13–283, February 2013, pp. 198–199, http://www.gao.gov/assets/660/652133.pdf.

- U.S. Government Accountability Office, "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA," GAO–12–411, May 2012, http://www.gao.gov/assets/600/590777.pdf.

Calculations:

As reported on pages 19–20 of U.S. Government Accountability Office, "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA," *Report to Congressional Requesters* GAO-12-411, May 2012, http://www.gao.gov/assets/600/590777.pdf, the proposed catfish program would cost the federal government and industry an estimated $14 million annually, with the federal government bearing 98 percent of the cost. This GAO report notes that the reported estimate of $14 million annually may understate the true costs of the program.

#52

Eliminate the Conservation Reserve Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2,005	$1,888	$1,795	$1,742	$1,892	$1,979	$1,911	$2,004	$2,104	$1,924	$9,322	$19,244

Heritage Recommendation:

Eliminate the Conservation Reserve Program. This proposal saves $19.2 billion over 10 years.

Rationale:

The Conservation Reserve Program pays farmers not to farm. In return for not farming allegedly environmentally sensitive land, farmers receive annual payments, courtesy of taxpayers; contracts last for 10 to 15 years. Much of this land could be highly productive land if it were used.

By taking land out of production, there is less land that could be used to meet important agricultural needs and increase the supply of important commodities. The reduced supply of land can drive up real-estate prices making it more difficult for farmers to expand operations and for new farmers to get a start in agriculture in the first place.

Additional Reading:

- Brian M. Riedl, "How Farm Subsidies Harm Taxpayers, Consumers, and Farmers, Too," Heritage Foundation *Backgrounder* No. 2043, June 20, 2007, http://www.heritage.org/research/reports/2007/06/how-farm-subsidies-harm-taxpayers-consumers-and-farmers-too.

- Patrick Sullivan et al., "The Conservation Reserve Program: Economic Implications for Rural America" U.S. Department of Agriculture *Agricultural Economic Report* No. AER-834, October 2004, http://www.ers.usda.gov/publications/aer-agricultural-economic-report/aer834.aspx.

Calculations:

Savings based on CBO projections of program cost as found on page 26 of "CBO's April 2014 Baseline for Farm Programs," April 14, 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. The CBO's estimates provide projected costs for 2013–2024. Because the costs do not follow any particular trend, Heritage analysts used an average of the 2016–2024 period as the 2025 value.

Eliminate the Conservation Technical Assistance Program

#53

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$725	$727	$729	$737	$755	$771	$788	$809	$825	$840	$3,673	$7,706

Heritage Recommendation:

Eliminate the Conservation Technical Assistance Program. This proposal saves $725 million in 2016, and $7.7 billion over 10 years.

Rationale:

The Natural Resources Conservation Service runs a costly program to offer technical assistance to landowners on natural resource management. This assistance includes help in maintaining private lands, complying with laws, enhancing recreational activities, and improving the aesthetic character of private land. The services are provided to both governmental and private entities.

Private landowners, not government, are the best stewards of property. If necessary, they can seek private solutions to conservation challenges. Federal taxpayers should not be forced to subsidize advice that private (and public) landowners should be paying for on their own.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 enacted spending levels as found on page 61 of USDA, "FY 2015: Budget Summary and Annual Performance Plan, U.S. Department of Agriculture," http://www.obpa.usda.gov/budsum/FY15budsum.pdf. The FY 2014 spending level was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#54

Eliminate the Rural Business-Cooperative Service (RBCS)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$258	$259	$260	$263	$269	$275	$281	$288	$294	$299	$1,309	$2,746

Heritage Recommendation:

Eliminate the Rural Business-Cooperative Service (RBCS). This proposal saves $258 million in 2016, and $2.7 billion over 10 years.

Rationale:

The RBCS is an agency in the U.S. Department of Agriculture that has a wide range of financial assistance programs to help rural businesses. It also has a significant focus on renewable energy and climate change, including subsidizing biofuels.

Rural businesses are fully capable of running themselves, investing, and seeking assistance through private means. The fact that these businesses are in rural areas does not change the fact that they can and should succeed on their own merits like any other business. Private capital will find its way to worthy investments.

The government should also not be in the business of picking winners and losers when it comes to private investments or energy sources. Instead of handing taxpayer dollars to businesses, the federal government should identify and remove the obstacles that it has created for businesses in rural communities.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

Calculations:

Savings were calculated by using the FY 2014 estimated spending levels as found in page 106 of USDA, "FY 2015: Budget Summary and Annual Performance Plan, U.S. Department of Agriculture," http://www.obpa.usda.gov/budsum/FY15budsum.pdf. Because the mandatory component of this spending varied significantly, from $0 in 2013 to $243 million in 2014, and an estimated $118 million in 2015, Heritage analysts took the average of these three values ($120 million) as the basis for the FY 2014 spending level, which was then added to the discretionary FY 2014 spending level and increased at the same rate as discretionary spending for 2016–2025 according, to the CBO's most recent August 2014 baseline spending projections.

Eliminate the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs

#55 & #56

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$4,748	$4,360	$3,488	$2,736	$2,322	$2,189	$2,182	$2,291	$2,262	$2,262	$17,654	$28,840

Heritage Recommendation:

Eliminate the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. This proposal saves $4.7 billion in 2016, and $28.8 billion over 10 years.

Rationale:

In the 2014 farm bill, Congress eliminated the infamous direct payment program that paid farmers regardless of need. However, Congress also added two major new commodity programs, the ARC and PLC programs.

Eligible farmers can choose between the ARC and PLC programs. ARC is a shallow-loss program, meaning that it covers minor losses. Payments are provided when crop revenue falls below 86 percent of historical revenue. The concept of a safety net for farmers who suffer significant losses is being trumped by a new model of protecting farmers from virtually all risk.

PLC provides payments to farmers when prices for certain commodities, such as corn and wheat, fall below a fixed reference price set in statute. The reference prices were set so high that some commodities may receive payments at the outset, even though the program is only intended to cover deep losses.

Taxpayers are basically writing a blank check to farmers, with costs that could go well beyond CBO projections that assumed prices would stay at or near record highs. These two programs could cost more than the direct payment program, while continuing to promote harmful and unnecessary subsidies that discourage innovation and private risk-management solutions, and distort agricultural decisions.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

- Daren Bakst and Rachel Sheffield, "The 'Heat and Eat' Food Stamp Loophole and the Outdated Cost Projections for Farm Programs," Heritage Foundation *Issue Brief* No. 4193, April 7, 2014, http://www.Heritage.org/research/reports/2014/04/the-heat-and-eat-food-stamp-loophole-and-the-outdated-cost-projections-for-farm-programs.

Calculations:

Savings based on CBO projections of program costs as found on pages 8 and 9 of "CBO's April 2014 Baseline for Farm Programs," April 14, 2014,
http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. Savings include those reported for "Price Loss Coverage," "Agricultural Risk Coverage–County," and "Agricultural Risk Coverage Individual." The CBO's projections are for 2016–2024. It is assumed that 2024 spending levels are held constant in 2025.

Endnotes: Agriculture

45. U.S. Government Accountability Office, "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA," GAO–12–411, May 2012, http://www.gao.gov/assets/600/590777.pdf (accessed December 121, 2014).
46. U.S. Government Accountability Office, "High Risk Series: An Update," GAO–13–283, February 2013, pp. 198–199, http://www.gao.gov/assets/660/652133.pdf (accessed December 16, 2014).

Function 370: **Commerce and Housing Credit**

Let the Postal Service (USPS) Eliminate Saturday Mail Delivery

#57

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$1,285	$1,460	$1,685	$1,850	$2,020	$2,170	$2,320	$2,470	$2,720	$2,970	$8,300	$20,950

Heritage Recommendation:

In addition to other efficiency-creating steps, the U.S. Postal Service (USPS) should be granted authority to eliminate Saturday delivery of letter mail. This proposal would save $1.3 billion in 2016, and $21 billion over 10 years.

Although the USPS relies almost exclusively on its own revenue for operations, as part of the federal government, its spending is included in the Unified Budget. The reduction of USPS spending will benefit taxpayers by reducing the chances of a financial failure that will lead to a taxpayer-funded bailout.

Rationale:

The USPS is in trouble. As the Internet has grown, the amount of mail sent by Americans is inexorably shrinking, leading to losses in the billions. Unless the organization is comprehensively reformed, it will fail, leaving the U.S. taxpayer to pick up the pieces.

Congress, however, is impeding the Postal Service's ability to reform its operations for the smaller role it will play in the new digital world. Most prominently, and expensively, the USPS has been prohibited from reducing its mail service to five days a week from the current six, eliminating Saturday mail service (parcel delivery would continue). Such a step would save approximately $2 billion per year for the USPS.

Additional Reading:

- James L. Gattuso, "Can the Postal Service Have a Future?" Heritage Foundation *Backgrounder* No. 2848, October 10, 2013, http://www.Heritage.org/research/reports/2013/10/can-the-postal-service-have-a-future.
- James Gattuso, "Sending a Message: USPS Strips Saturday Service," The Daily Signal, February 7, 2013, http://dailysignal.com/2013/02/07/sending-a-message-usps-sinks-Saturday-service/.

Calculations:

Based on CBO Cost Estimate, "H.R. 2748, Postal Reform Act of 2013, June 23, 2014, http://www.cbo.gov/sites/default/files/hr2748.pdf. This savings estimate based on scores for the reduction in the frequency of mail delivery, other changes in mail delivery, and Alaska mail delivery. The CBO estimates are provided through 2024. We assume the same trend in savings as indicated by the CBO's estimates for the 2025 value. This results in estimated savings of $850 million, $2.1 billion, and $20 million in 2025 for the three components listed above.

#58

Cut Universal Service Subsidies

Heritage Recommendation:

Eliminate telecommunications subsidies for rural areas, phase out the schools and libraries subsidy program, and reduce spending on the Lifeline program by reducing fraud and waste.

Although this proposal will have no impact on the budget deficit, it will save taxpayers approximately $9.3 billion annually, and $92.7 billion in taxes and fees over 10 years, since these programs are supported by fees.

Rationale:

The Universal Service Fund (USF) was created in 1996 to replace a system of implicit subsidies administered by telephone companies. Run by the Federal Communications Commission (FCC) through the Universal Service Administrative Corporation, the program is financed by a dedicated fee paid by all telecommunications service users. The program funds a number of subsidy programs, including those for rural telephone companies, schools and libraries fund, and for low-income consumers:

- The "high-cost fund," which cost $4.17 billion during the 2013 funding year, largely supports rural areas where the cost of providing telecom connections is high. Under reforms adopted by the FCC in summer 2014, the USF, which traditionally subsidized rural phone companies, will be replaced by a new fund focusing on rural broadband and wireless service. Even after that reform, however, the program will remain fundamentally flawed, because it provides federal cash regardless of need. Residents of Aspen, Colorado, and Jackson Hole, Wyoming, for instance, receive support regardless of need at the expense of poorer Americans elsewhere. The program should be ended.
- The schools and libraries (E-Rate) fund—which, based on increases approved by the FCC in December 2014, now costs $3.9 billion per year—was originally intended to finance the connection of schools and libraries to the Internet.[47] For the most part, that task was completed years ago. But rather than declare victory, the program has been expanded to fund other Internet-related goods and services. This program is not needed. If any federal funding is needed by schools, it should be managed by the Department of Education—not the FCC—and should compete with other education priorities.
- The "Lifeline" fund provides discounted phone service and equipment to low-income Americans. While well-intended, the program has been plagued by fraud and abuse, as costs tripled from under $600 million in 2001 to almost $1.8 billion in the 2013 funding year.[48]

Additional Reading:

- Diane Katz and Luke Welch, "The FCC's Universal Service Folly," The Daily Signal, November 8, 2011, http://dailysignal.com/2011/11/08/the-fcc%E2%80%99s-universal-service-folly.
- Matthew Sabas, "Obamaphones: Rife with Waste, Fraud and Abuse," The Daily Signal, November 24, 2013, http://dailysignal.com/2013/11/24/obamaphones-rife-waste-fraud-abuse/.
- Adi Robertson, "FCC Approves Multibillion-Dollar Push to Put Wi-Fi in Schools and Libraries, The Verge, July 11, 2014, http://www.theverge.com/2014/7/11/5888059/fcc-approves-e-rate-reform-proposal-2014.

Calculations:

Taxpayer savings were calculated by adding the costs of the high-cost fund and the schools and libraries fund, along with the proposed $1.2 billion reduction in the Lifeline fund. High-cost spending of $4.17 billion is found on page 35 of Universal Service Administration Company, *2013 Annual Report*, http://usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-Interactive-Layout-2013.pdf. Schools and libraries fund costs are found at news release, "FCC Continues E-Rate Reboot to Meet Nation's Digital Learning Needs," FCC, December 11, 2014, http://www.fcc.gov/document/fcc-continues-e-rate-reboot-meet-nations-digital-learning-needs. Lifeline program costs are found on page 8 of Universal Service Administration Company, *2001 Annual Report*, http://www.usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-2001.pdf.

#59 to #63

Eliminate Five Corporate Welfare Programs in Commerce Department

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$892	$895	$897	$908	$929	$950	$970	$996	$1,016	$1,034	$4,521	$9,487

Heritage Recommendation:

Eliminate:

1. International Trade and Investment Administration ($460.6 million in FY 2014)[49]
2. Economic Development Administration ($246.5 million in FY 2014)[50]
3. Minority Business Development Agency ($28 million in FY 2014)[51]
4. Hollings Manufacturing Extension Partnership ($129 million in FY 2014)[52]
5. Advanced Manufacturing Technology Consortia ($15 million in FY 2014)[53]

This proposal saves $892 million in 2016, and $9.5 billion over 10 years.

Rationale:

The International Trade Administration (ITA) serves as a taxpayer-financed sales department for selected businesses, and promotes the U.S. as an investment destination. Businesses should market and sell their own products without using tax money, and foreigners need little help understanding that the U.S. market is worth entering through investments. The ITA also enforces various, mostly counterproductive, aspects of U.S. trade law, particularly antidumping duties and countervailing duties. The Economic Development Administration hands out money to businesses and universities that are not offering products and services that people want to buy. The Minority Business Development Agency hands out grants and runs federally funded management consulting operations, called business centers, in over 40 locations. The National Institute of Standards and Technology (NIST) operates the Hollings Manufacturing Extension Partnership, which is another federally funded management consulting operation directed at manufacturers. The Advanced Manufacturing Technology (AMTech) Consortia program, also managed by NIST, provides federal grants to support commercial technology research.

Businesses should not receive taxpayer subsidies. These long-lived and unnecessary subsidies increase federal spending and distort the marketplace. Corporate welfare to politically connected corporations should end.

Additional Reading:

- Michael Sargent et al., "Cutting the Commerce, Justice, and Science Spending Bill by $2.6 Billion: A Starting Point," Heritage Foundation *Issue Brief* No. 4220, May 12, 2014, http://www.Heritage.org/research/reports/2014/05/cutting-the-commerce-justice-and-science-spending-bill-by-26-billion-a-starting-point.

- Brian M. Riedl, "The Advanced Technology Program," testimony before the Homeland Security and Governmental Affairs Committee, United States Senate, May 26, 2005 http://www.Heritage.org/research/testimony/the-advanced-technology-program.

- Brian M. Riedl, "The Advanced Technology Program: Time to End this Corporate Welfare Handout," Heritage Foundation *Backgrounder* No. 1665, July 15, 2003, http://www.Heritage.org/research/reports/2003/07/the-advanced-technology-program-time-to-end-this-corporate-welfare-handout.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels for each of the five programs as footnoted above. Spending levels were increased at the same rate as discretionary spending growth for 2016–2025, according to the most recent August 2014 CBO baseline.

#64 Repeal the Corporation for Travel Promotion

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
–$38	–$42	–$46	–$50	–$55	$0	$0	$0	$0	$0	–$231	–$231

Heritage Recommendation:

Repeal the Corporation for Travel Promotion, which was extended by the Travel Promotion, Enhancement, and Modernization Act in the December 2014 omnibus spending bill. It should be noted that once created, federal programs are rarely allowed to expire.

This proposal will increase net government spending (taxes minus revenues) by $231 million over five years (the length of its current extension) because, although it will reduce government spending by $500 million, it will also eliminate $731 million in projected tax revenues. Despite adding to net spending, this proposal will reduce the size and scope of government.

Rationale:

More commonly known as Brand USA, the Corporation for Travel Promotion is a public-private partnership that promotes international travel to the U.S. and is administered by the Department of Commerce.[54] Funding comes from the private sector and local governments, and is matched by federal funding up to $100 million. Federal funds come from a fee collected from foreign travelers using the Electronic System for Travel Authorization (ESTA), a service intended to expedite the visa process for nations that are friends and allies of the U.S.

According to the Department of Commerce, the travel industry is one of America's largest export services and garnered $1.5 trillion in total sales in 2013; and international travel to America began increasing years before Brand USA's founding in 2010, beginning with a post-9/11 upswing in 2004. The federal government's role in international travel should remain in improving visa and security requirements. Congress should not be helping industries with marketing and communication strategies.

Additional Reading:

- Katie Tubb, "U.S. Does Not Lack Brand Recognition," The Daily Signal, October 10, 2014, http://dailysignal.com/2014/10/10/u-s-lack-brand-recognition/.
- Jessica Zuckerman, "Travel Promotion: Brand USA Marked by Waste and Abuse," Heritage Foundation *Issue Brief* No. 3751, October 10, 2012, http://www.Heritage.org/research/reports/2012/10/travel-promotion-brand-usa-marked-by-waste-and-abuse.

Calculations:

Savings are based on budget authority found on page 2 of Congressional Budget Office Cost Estimate, "H.R. 4450: Travel Promotion, Enhancement, and Modernization Act of 2014," July 18, 2014, http://www.cbo.gov/sites/default/files/hr4450.pdf. This estimate includes $100 million in estimated federal budget authority from FY 2016–2020 as well as $731 million in estimated revenues that would not be collected if the program were repealed.

Reform the Securities and Exchange Commission (SEC)

#65

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$321	$448	$588	$742	$912	$1,099	$1,304	$1,530	$1,778	$2,051	$3,011	$10,773

Heritage Recommendation:

Freeze the Securities and Exchange Commission (SEC) budget in real, inflation-adjusted terms. This proposal saves $321 million in 2016 and $10.8 billion over 10 years.

Rationale:

The mission of the SEC is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. These are important goals. However, over the past 10 years, the SEC budget has increased by 60 percent, 26 percent faster than the government as a whole, about a third faster than the economy, and over twice as fast as inflation. In its FY 2015 budget request, the SEC has asked for a 16 percent increase, from $1,463 billion to $1.7 billion.

There is no reason to believe that the previous flood of resources has improved the SEC's performance or effectiveness. In fact, the SEC has become sclerotic and moribund. It has too many layers of middle management, too many offices and too many layers of review. It needs to be reformed and streamlined. It needs to focus on its core enforcement mission of preventing fraud and ensuring compliance with disclosure laws. What it does not need is more tax money.

Additional Reading:

- David Burton, "Lack of Resources Is Not the Reason for SEC Tardiness," The Daily Signal, December 10, 2013 http://dailysignal.com/2013/12/10/lack-resources-reason-sec-tardiness/.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels and FY 2015 requested spending level as found on page 17 of SEC, "FY 2015 Congressional Budget Justification; FY 2015 Annual Performance Plan; FY 2013 Annual Performance Report," http://www.sec.gov/about/reports/secfy15congbudgjust.pdf. Historical growth averaging 6.49 percent from 2008 to 2013 is found from the total 46 percent growth between 2008 and 2013, reported in David Burton, "Lack of Resources Is Not the Reason for SEC Tardiness," The Daily Signal, December 10, 2013 http://dailysignal.com/2013/12/10/lack-resources-reason-sec-tardiness/. A current policy continuation assumes annual increases of 8.72 percent for 2016 to 2025. This equals the average growth rate in SEC spending from 2008 through the 2015 request. We compare this current spending path to an alternative policy that increases the FY 2014 enacted amount by CPI inflation as projected by the CBO in its most recent August 2014 baseline. The savings equal the difference between the two spending paths.

Endnotes: Commerce and Housing Credit

47. News release, "FCC Continues E-Rate Reboot to Meet Nation's Digital Learning Needs," Federal Communications Commission, December 11, 2014, http://www.fcc.gov/document/fcc-continues-e-rate-reboot-meet-nations-digital-learning-needs (accessed January 6, 2015).
48. Universal Service Administration Company, *2001 Annual Report*, p. 8, http://www.usac.org/_res/documents/about/pdf/annual-reports/usac-annual-report-2001.pdf (accessed January 6, 2015).
49. Penny Pritzker, "The Department of Commerce Budget in Brief: Fiscal Year 2015," U.S. Department of Commerce, p. 49, http://www.osec.doc.gov/bmi/budget/FY15BiB/EntireBiB2_508.pdf (accessed January 6, 2015).
50. Ibid., p. 22.
51. Ibid., p. 61.
52. Ibid., p. 122.
53. National Institute of Standards and Technology, National Technical Information Service, "Fiscal Year 2015 Budget Submission to Congress," p. 183, http://www.osec.doc.gov/bmi/budget/FY15CJ/NISTandNTISFY2015CJFinal508Compliant.pdf (accessed January 6, 2015).

Function 400: **Transportation**

Limit Highway Trust Fund (HTF) Spending to Revenues

#66

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$17,000	$15,000	$15,000	$17,000	$16,000	$18,000	$19,000	$19,000	$21,000	$21,637	$80,000	$178,637

Heritage Recommendation:

Limit Highway Trust Fund (HTF) spending to the level of revenue collected. This proposal saves approximately $17 billion in 2016, and $179 billion over 10 years.[55]

Rationale:

Federal gasoline and diesel taxes are passed on to motorists, bus operators, and truckers at the pump, and then deposited into the federal HTF along with related fees. Past federal highway authorization bills increased HTF spending levels, permitting Congress to spend down the fund's accumulated balance. Beginning in 2008, Congress was spending more out of the HTF than was brought in as revenue. Since 2008, Congress has repeatedly bailed out the HTF by transferring amounts from the Treasury's General Fund, for a total bailout of about $62 billion. A six-year reauthorization bill would need to fill a $90 billion gap between spending and revenue ($15 billion a year).

Going forward, inflation, fuel economy standards, vehicle efficiency, and steady levels of vehicle miles traveled will mean lower or stagnant levels of revenue deposited into the HTF. But until recently, inflation and over-spending have been the main drivers of decreased revenue and purchasing power. Congress diverts at least 25 percent of HTF dollars to non-road, non-bridge projects, including bicycle and nature paths, sidewalks, subways and buses, landscaping, and related low-priority and purely local activities.

Congress should limit HTF spending to revenues collected and refocus the federal highway program to encompass only Interstate Highway System maintenance and expansion, and a few other federal priorities, letting the states or private sector take over the other activities if they value them. Doing so would free up valuable HTF money for road and bridge projects that will benefit those motorists paying for the program in the first place.

Additional Reading:

- The Heritage Foundation, "Which Way for the Highway Trust Fund?" *Factsheet* No. 148, July 21, 2014, http://www.Heritage.org/research/reports/2014/07/which-way-for-the-highway-trust-fund.
- Ronald D. Utt, "'Turn Back' Transportation to the States," Heritage Foundation *Backgrounder* No. 2651, February 7, 2012, http://www.Heritage.org/research/reports/2012/02/turn-back-transportation-to-the-states.

Calculations:

Savings based on revenue shortfalls reported for the highway trust funds in Congressional Budget Office, "Projections of Highway Trust Fund Accounts under CBO's August 2014 Baseline," http://www.cbo.gov/sites/default/files/cbofiles/attachments/43884-2014-08-HighwayTrustFund.pdf. The report contains shortfalls through 2024. We assumed the same rate of change in shortfalls (3 percent) for 2025 as projected for the 2017–2024 period.

#67

Phase Out the Federal Transit Administration (FTA)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2,330	$4,539	$6,730	$9,024	$11,458	$11,711	$11,961	$12,285	$12,525	$12,757	$34,081	$95,320

Heritage Recommendation:

Phase out the Federal Transit Administration (FTA) by putting it and its funding level on a five-year phase-out plan. This proposal saves 2.3 billion in 2016, and $95 billion over 10 years.

Rationale:

Called the Urban Mass Transit Administration when created in 1964, the agency now known as the Federal Transit Administration provides grants to state and local governments and transit authorities to operate, maintain, and improve transit systems (such as for buses and subways).

The federal government has subsidized mass transit since the 1960s, and it began using federal gas tax (user fees) paid by drivers into the Highway Trust Fund (HTF), to pay for transit in 1983. The transit diversion within the HTF marks the largest such diversion. The reasons for funding transit were to offer mobility to low-income citizens in metropolitan areas, reduce greenhouse gas emissions from cars, and relieve traffic congestion. Yet transit has failed in all of these areas despite billions of dollars in subsidies over the past few decades. Transit's use is concentrated in just six cities: Boston, Chicago, New York, Philadelphia, San Francisco, and Washington. Over half of all transit work commuting trips are to these cities, but outside these cities, people choose to travel in automobiles in overwhelming numbers.

The FTA, a federal agency, has been subsidizing purely local or regional activities when it grants subsidies for streetcars, subways, and buses. Transit is inherently local, not national, in nature, and it would be more appropriately funded at the local or regional level. Motorists in Montana or Texas should not have to see the gas tax dollars they send to Washington diverted to buses and subways, when they expect to see it spent on road and bridge improvements.

Transit should not be a federal priority, particularly given current federal budget constraints. The federal government should phase out the federal transit program over five years. It should reduce federal funding for transit by one-fifth per year, and simultaneously reduce the FTA's operating budget by the same amount. Phasing out the program would allow state and local governments the time to determine the level of funding they want to dedicate to transit going forward—if any. It would also give them time to adopt policy changes that improve their transit systems' cost-effectiveness and performance.

Additional Reading:

- Wendell Cox, "Transit Policy in an Era of the Shrinking Federal Dollar," Heritage Foundation *Backgrounder* No. 2763, January 31, 2013, http://www.Heritage.org/research/reports/2013/01/transit-policy-in-an-era-of-the-shrinking-federal-dollar.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 1,002 of "Appendix, Budget of the United States Government, Fiscal Year 2015," March 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/dot.pdf. The current spending path for the program assumes that the FY 2014 figure increases at the same rate as discretionary spending growth over the 2016–2025 period, according to the CBO's most recent August 2014 baseline. Savings represent the difference between the current spending path and the projected spending under the phase-out.

Eliminate Grants to the National Rail Passenger Service Corporation (Amtrak)

#68

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$608	$871	$1,135	$1,401	$1,409	$1,417	$1,425	$1,435	$1,443	$1,450	$5,424	$12,594

Heritage Recommendation:
Eliminate the federal operating subsidy and phase out the capital programs over four years. This proposal saves $608 million in 2016, and $12.6 billion over 10 years.

Rationale:
The National Railroad Passenger Corporation, now known as Amtrak, was created by the federal government to take over bankrupt private passenger rail companies. It began service on May 4, 1971. In fiscal year 2014, it received an operating grant of approximately $340 million and a capital and debt service grant of about $1.05 billion. Amtrak has received over $66 billion (in 2014 dollars) in taxpayer-funded federal grants since its inception. Amtrak is not a federal agency, employing a corporate structure, and has a board appointed by the United States President; the federal government owns nearly all of Amtrak's stock.

Amtrak is characterized by an unsustainable financial situation and management that often appears more focused on lobbying Congress for more money rather than improving its performance and service for customers. Amtrak has a monopoly on passenger rail service, too, which stifles reform efforts. Labor costs, driven by the generous wages and benefits required by union labor agreements, constitute half of Amtrak's operating costs; this is an area ripe for reform. Amtrak trains are also notoriously behind schedule, evidenced by Amtrak's poor on-time performance rates. For example, the June 2014 Monthly Performance Report showed an on-time performance score of 69.7 percent, which was 6.2 percentage points less than a year prior, when just over three-fourths of trips were on time. In July 2014, Amtrak's score was 67.2 percent, 7.6 percentage points worse than in July 2013.

Congress should eliminate Amtrak's operating subsidies immediately in FY 2016, while phasing out its capital subsidies over five years, to give Amtrak's management time to modify business plans, work more closely with the private sector, reduce labor costs, change its marketing, and eliminate any money-losing lines. Simultaneously, the Secretary of Transportation should set up a task force to work with Amtrak's management to lay out a future for Amtrak, including but not limited to selling routes and equipment to the private sector, transferring Amtrak ownership to its employees, asking states to assume ownership and responsibility over routes, and discontinuing routes that are unprofitable and that a state does not want to fund. During this phase-out, Congress should repeal Amtrak's monopoly on passenger rail service, allowing private companies to enter the market and provide passenger rail service where they see a viable commercial market.

Additional Reading:

- Ronald D. Utt, "Chairman Mica's New Amtrak Proposal Would Use the Private Sector to Reform Passenger Rail," Heritage Foundation *WebMemo* No. 3290, June 13, 2011, http://www.Heritage.org/research/reports/2011/06/meric-privatization-proposal-to-reform-passenger-rail-service.

- Tad DeHaven, "Downsizing the Federal Government: Privatizing Amtrak," Cato Institute, June 2010, http://www.downsizinggovernment.org/transportation/privatizing-amtrak.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 enacted spending levels as found on pages 992–994 of "Appendix, Budget of the United States Government, Fiscal Year 2015," March 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/dot.pdf. Under the baseline scenario, the FY 2014 enacted operating subsidy and capital improvement costs are assumed to increase at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. Under the proposal, the operating subsidy is eliminated and the capital subsidy is phased out over five years. Savings represent the difference between the baseline and proposed scenarios.

Note: A previous version of the figures related to eliminating grants to Amtrak contained an error which overstated the proposed savings. The savings for that specific proposal, as well as the transportation savings subtotal, were updated as of June 24, 2015.

Close Down the Maritime Administration (MARAD) and Repeal the Jones Act

#69

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$150	$151	$151	$153	$156	$160	$163	$168	$171	$174	$761	$1,597

Heritage Recommendation:

Eliminate the Maritime Administration (MARAD) and repeal the Jones Act. Eliminating MARAD saves $150 million in 2016, and $1.6 billion over 10 years. No savings are included for repeal of the Jones Act.

Rationale:

Created in 1950, MARAD's purpose is to maintain a maritime fleet to be used during a national emergency. Decades later, it continues to oversee and implement outdated, Depression-era laws, which prevent foreign maritime industry companies from competing with those in the United States.

MARAD and the laws it implements are steeped in protectionism and subsidies. For example, taxpayers continue to pay for an Operating Differential Subsidy program that guarantees U.S.-flag vessel operators a payment to make up for the difference between shipping cargo on a U.S. vessel compared to a foreign vessel (the former being more expensive). Another program, the Ocean Freight Differential program, subsidizes part of the costs associated with having to transport food aid cargo on more expensive U.S.-flagged vessels, again as opposed to shipping them on foreign vessels. Finally, the Jones Act—established nearly a century ago in 1920—requires incredible standards: any cargo (or people) shipped between two U.S. cities must be on a U.S.-built and U.S.-flagged vessel with at least 75 percent of its crew from the U.S.

Congress should close down the Maritime Administration, transferring its international regulatory roles to another agency, such as the Department of State. The federal government should sell the government-owned ships in the Defense Ready Reserve Fleet and transfer funding for this program to the Department of Defense. Simultaneously, Congress should repeal the Jones Act, the Operating Differential Subsidy program, and Ocean Freight Differential program, which have spent billions of taxpayer dollars and stifled innovation of the U.S. domestic maritime industry.

Additional Reading:

- Wendell Cox and Ronald D. Utt, "How to Close Down the Department of Transportation," Heritage Foundation *Backgrounder* No. 1048, August 17, 1995, http://www.Heritage.org/research/reports/1995/08/bg1048nbsp-how-to-close-down-the-department.

- Brian Slattery, Bryan Riley, and Nicolas Loris, "Sink the Jones Act: Restoring America's Competitive Advantage in Maritime-Related Industries," Heritage Foundation *Backgrounder* No. 2886, May 22, 2014, http://www.Heritage.org/research/reports/2014/05/sink-the-jones-act-restoring-americas-competitive-advantage-in-maritime-related-industries.

Calculations:

Only the savings from closing down the MARAD are included. These savings are expressed as budget authority and were calculated by using the FY 2015 estimated spending levels as found on page 1,027 of "Appendix, Budget of the United States Government, Fiscal Year 2015," March 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/dot.pdf. The FY 2015 estimated spending level was used instead of the FY 2014 enacted level because the FY 2014 enacted level was markedly higher than the FY 2013 or FY 2015 levels. The FY 2015 estimated level was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#70

Eliminate the New Starts Transit Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$1,972	$1,979	$1,983	$2,006	$2,053	$2,099	$2,144	$2,202	$2,245	$2,286	$9,993	$20,969

Heritage Recommendation:

Eliminate the New Starts Transit Program. This proposal saves $2.0 billion in 2016, and $21.0 billion over 10 years.

Rationale:

The New Starts program was created in 1991 as part of the Intermodal Surface Transportation Efficiency Act, with the purpose of giving transit agencies grants for building transit projects. In fact, it gives them the incentives to build costly transit systems they can ill afford to operate, much less fund for capital improvements.

Criteria for eligible projects includes "congestion relief," "environmental benefits," and "economic development effects," but it no longer includes "operating efficiencies," as the research of the Cato Institute's Randal O'Toole shows.[56] In some cases, such as when a streetcar receives a New Starts grant, the project will *increase* traffic congestion by blocking a lane and slowing down cars using the road. Streetcars also can duplicate existing bus routes; the H Street Streetcar recently constructed in Washington, D.C., is an example. Another D.C. example—the Silver Metro Line addition to the Washington Metropolitan Area Transit Authority's rail system—refutes the economic development effects claim. In this case, the Reston and Tysons areas were booming commercially years before the rail line was built and began operating.

As opposed to distributing New Starts funds via formulas to the states, as highway funding is deployed, Congress chose to set up New Starts as a competitive grant program to which transit agencies apply for available funds. Transit agencies, therefore, have the incentive to pursue overly expensive transit projects and expand their bus, transit, or streetcar service even without sufficient demand for more service. Further, this program can become nothing more than one that funds earmarks selected at the discretion of the executive branch, much as the Obama Administration has used New Starts to advance its "smart growth" (read: anti-driver) agenda.

Congress should terminate the New Starts program immediately, and reduce future authorizations for transit by the amount that would otherwise have gone to New Starts. Such a reform should also be a part of ending the federal transit program and allowing the states and private sector to manage and fund transit systems where they value them and can afford them. Local, not federal, taxpayers, as well as a transit system's users that benefit from the service, should fund urban transit systems.

Additional Reading:

- Randal O'Toole, "Paint Is Cheaper than Rails: Why Congress Should Abolish New Starts," Cato Institute *Policy Analysis* No. 727, June 19, 2013, http://www.cato.org/publications/policy-analysis/paint-cheaper-rails-why-congress-should-abolish-new-starts.

- Randal O'Toole, Cato Institute, testimony before the Subcommittee on Highways and Transit, House Transportation and Infrastructure Committee, December 11, 2013, http://transportation.house.gov/uploadedfiles/2013-12-11-otoole.pdf.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 1,002 of "Appendix, Budget of the United States Government, Fiscal Year 2015," March 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/dot.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#71

Privatize the Saint Lawrence Seaway Development Corporation (SLSDC)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$32	$33	$33	$33	$34	$35	$35	$36	$37	$38	$165	$346

Heritage Recommendation:

Privatize the Saint Lawrence Seaway Development Corporation (SLSDC). This proposal saves $32 million in 2016, and $345 million over 10 years.

Rationale:

Created in the Wiley–Dondero Act of 1954, the SLSDC is a government-owned entity charged with maintaining and operating a part of the Saint Lawrence Seaway that is within United States territory. The seaway opened in 1959.

Canada, which also borders the seaway, privatized its section in 1998, eliminating any future taxpayer funding for its maintenance and operation activities. Privatization of this kind in the U.S. would encourage productivity and competitiveness, and mean lessening the burden on taxpayers. Congress should follow Canada's example and privatize the SLSDC—a reform that is long overdue.

Additional Reading:

- Emily Goff, "How to Cut $30 Billion More from the THUD Bill," Heritage Foundation *Issue Brief* No. 3984, July 1, 2013, http://www.Heritage.org/research/reports/2013/07/how-to-cut-from-transportation-housing-and-urban-development-appropriations.
- Chris Edwards, "Downsizing the Federal Government: Department of Transportation, Timeline of Growth," Cato Institute, undated, http://www.downsizinggovernment.org/transportation/timeline.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 1,020 of "Appendix, Budget of the United States Government, Fiscal Year 2015," March 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/dot.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

Eliminate the Transportation Investment Generating Economic Recovery (TIGER) Grant Program

#72

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$609	$611	$612	$619	$634	$648	$662	$680	$693	$706	$3,085	$6,474

Heritage Recommendation:

Eliminate the Transportation Investment Generating Economic Recovery (TIGER) grant program, also called the National Infrastructure Investment Program. This proposal saves $609 million in 2016, and $6.5 billion over 10 years.

Rationale:

TIGER is a competitive grant program administered by the U.S. Department of Transportation. It began as part of the 2009 stimulus bill and was intended to be a temporary program that funded road, rail, transit, and port projects in the national interest.

Six years later, this "temporary" program has proved too tempting a spending opportunity for Congress and the Administration to give up, and has remained a permanent fixture. President Obama proposed doubling the program's budget to $1.25 billion in FY 2015, compared to the FY 2014 level of $600 million, which was already inflated by $125 million compared to 2013.

Through TIGER, Washington sends federal dollars to purely local, not federal, projects—one reason why it merits its elimination. Past projects include a $16 million, six-mile pedestrian mall in Fresno, California, and a $10.4 million "Complete Street Initiative" (read: non-driver-friendly) project in Lee County, Florida.

Moreover, TIGER grants can amount to "administrative earmarks," because federal bureaucrats choose the criteria that a project must meet, and in turn choose which projects will receive grants. That, in turn, gives cities perverse incentives to pander to Washington, asking for money for projects that may not even be aligned with their priorities at home.

The TIGER grant program adds to government bureaucracy, duplicates programs at state and local transportation agencies, and spends money on projects of the government's choosing, not where private investors in a free market might put resources.

These projects would be more appropriately funded by the local communities that benefit from them. Congress should eliminate the TIGER program.

Additional Reading:

- Baruch Feigenbaum, "Evaluating and Improving TIGER Grants," Reason Foundation *Policy Brief* No. 99, April 2012, http://reason.org/files/improving_transportation_tiger_grants.pdf.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found on page 944 of "Appendix, Budget of the United States Government, Fiscal Year 2015," March 2014, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/dot.pdf. The FY 2014 enacted spending was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. Projected savings may underestimate actual savings from eliminating this program, as President Obama has proposed a more than doubling of the TIGER budget, but we assume here that spending remains in line with its FY 2014 level.

Endnotes: Transportation

54. David Inserra, “Brand USA: Senate Immigration Bill Extends Wasteful, Flawed Program,” The Daily Signal, June 26, 2013, http://dailysignal.com/2013/06/26/senate-immigration-bill-expands-wasteful-flawed-program/.
55. Congressional Budget Office, “Projections of Highway Trust Fund Accounts under CBO’s August 2014 Baseline,” http://www.cbo.gov/sites/default/files/cbofiles/attachments/43884-2014-08-HighwayTrustFund.pdf (accessed December 12, 2014).
56. Randal O’Toole, “Paint Is Cheaper than Rails; Why Congress Should Abolish New Starts,” Cato Institute *Policy Analysis* No. 727, June 19, 2013, http://object.cato.org/sites/cato.org/files/pubs/pdf/pa727_web.pdf (accessed December 12, 2014).

Function 450: Community and Regional Development

Eliminate Fire Grants

#73

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$591	$603	$617	$631	$645	$659	$675	$692	$709	$725	$3,087	$6,547

Heritage Recommendation:

Eliminate the fire grant program administered by the Federal Emergency Management Agency (FEMA). This proposal saves $591 million in 2016, and $6.5 billion over 10 years.

Rationale:

Fire grants encompass a number of programs. The Assistance to Firefighters Grant (AFG) program subsidizes the routine activities of local fire departments and emergency management organizations. The Fire Prevention and Safety (FP&S) grants fund projects to improve the safety of firefighters and protect the public from fire and related hazards, while the Staffing for Adequate Fire and Emergency Response (SAFER) grants are intended to increase staffing levels by funding the salaries of career firefighters and paying for recruitment activities for volunteer fire departments.

The Heritage Foundation's Center for Data Analysis evaluated the effectiveness of fire grants by matching fire grant award data to the National Fire Incident Reporting System, an incident-based database of fire-related emergencies reported by fire departments. Using panel data from 1999 to 2006 for more than 10,000 fire departments, the evaluation assessed the impact of fire grants on four different measures of fire casualties: (1) firefighter deaths, (2) firefighter injuries, (3) civilian deaths, and (4) civilian injuries.

The Heritage Foundation evaluation compared fire departments that received grants to fire departments that did not receive grants. In addition, the evaluation compared the impact of the grants before and after grant-funded fire departments received federal assistance.

Fire grants appear to be ineffective at reducing fire casualties. AFG, FP&S, and SAFER grants failed to reduce firefighter deaths, firefighter injuries, civilian deaths, or civilian injuries. Without receiving fire grants, comparison fire departments were just as successful at preventing fire casualties as grant-funded fire departments.

Additional Reading:

- David B. Muhlhausen, "Do DHS Fire Grants Reduce Fire Casualties" Heritage Foundation *Center for Data Analysis Report* No. 09-05, September 23, 2009, http://www.Heritage.org/research/reports/2009/09/do-dhs-fire-grants-reduce-fire-casualties.

- David B. Muhlhausen, "Fire Grants: Do Not Reauthorize an Ineffective Program," Heritage Foundation *Issue Brief* No. 3788, November 29, 2012, http://www.Heritage.org/research/reports/2012/11/fire-grants-do-not-reauthorize-femas-ineffective-program.

Calculations:

Savings are expressed as budget authority, as reported on page 179 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Fire grant outlays are included in FEMA Total State and Local Programs and are assumed, based on FY 2013 funding levels, to represent 26 percent of the total state and local program costs. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

#74

Eliminate the Small Business Administration Disaster Loans Program (DLP)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$33	$33	$34	$35	$36	$36	$37	$38	$39	$33	$171	$354

Heritage Recommendation:

Eliminate the Small Business Administration's (SBA's) Disaster Loans Program (DLP). This proposal saves over $33 million in 2016, and $354 million over 10 years. Actual savings could be significantly higher as spending amounts vary significantly based on the number of declared disasters. For example, budget authority for the Disaster Loans Program totaled $887 million in 2013, while estimated at $230 million and $187 million, respectively, for 2014 and 2015.

Rationale:

After federally declared disasters, SBA disaster loans offer taxpayer-funded direct loans to assist businesses, nonprofit organizations, homeowners, and renters in repairing damaged and replacing destroyed property. Unfortunately, the generous federal disaster relief offered by the DLP creates a "moral hazard" by discouraging individuals and businesses from purchasing insurance for natural catastrophes. Currently, SBA disaster loans are awarded regardless of whether the beneficiaries previously took steps to reduce their exposure to losses from natural disasters.

While SBA disaster loans are intended to help applicants return their property to the same condition as before the disaster, the unintended consequence of this requirement is that borrowers are forced to rebuild in disaster-prone locations. For example, instead of moving from a town sitting in a major flood zone, applicants are required to rebuild in the exact same location. Thus, applicants are still located in a high-risk area. In many cases, the loans fail to offer a long-term solution.

Additional Reading:

- David B. Muhlhausen, "Business Disaster Reform Act of 2013: Review of Impact and Effectiveness," testimony before the Senate Committee on Small Business and Entrepreneurship, March 14, 2013, http://www.Heritage.org/research/testimony/2013/03/small-business-disaster-reform-act-of-2013.

Calculations:

Savings are expressed as budget authority as reported on page 369 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

Function 500:
Education, Training, Employment, and Social Services

Sunset Head Start to Make Way for Better State and Local Alternatives

#75

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$887	$1,806	$2,711	$3,699	$4,800	$5,891	$6,979	$8,126	$9,207	$10,281	$13,903	$54,387

Heritage Recommendation:

Sunset Head Start over 10 years. Specifically:

- Appropriate 90 percent of the program's FY 15 budget in FY 16.
- Appropriate 80 percent of the program's FY 15 budget in FY 17.
- Appropriate 70 percent of the program's FY 15 budget in FY 18.
- Appropriate 60 percent of the program's FY 15 budget in FY 19.
- Appropriate 50 percent of the program's FY 15 budget in FY 20.
- Appropriate 40 percent of the program's FY 15 budget in FY 21.
- Appropriate 30 percent of the program's FY 15 budget in FY 22.
- Appropriate 20 percent of the program's FY 15 budget in FY 23.
- Appropriate 10 percent of the program's FY 15 budget in FY 24.
- Appropriate 0 percent of the program's FY 15 budget in FY 25.

This proposal saves $54.4 billion over 10 years.

Rationale:

The federal Head Start program has failed to live up to its stated mission of improving kindergarten readiness for children from low-income families. In December 2012, the Department of Health and Human Services, the agency that administers Head Start, released a scientifically rigorous evaluation of more than 5,000 children participating in the program. It found that Head Start had little to no impact on cognitive skills, social-emotional well-being, health, or parenting practices of participants. Low-income families should not have to be dependent on distant, ineffective federal preschool programs.

As such, Congress should sunset the federal Head Start program over a period of 10 years. The sunset provision will provide states with adequate time to determine whether they need to provide additional state funding to subsidize day care for low-income families.

Additional Reading:

- Lindsey M. Burke and David B. Muhlhausen, "Head Start Impact Evaluation Report Finally Released," Heritage Foundation *Issue Brief* No. 3823, January 10, 2013, http://www.Heritage.org/research/reports/2013/01/head-start-impact-evaluation-report-finally-released.

- David B. Muhlhausen, "Head Start Program: Fraudulent and Ineffective," Heritage Foundation *WebMemo* No. 2919, May 28, 2010, http://www.Heritage.org/research/reports/2010/05/head-start-program-fraudulent-and-ineffective.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2015 requested spending levels as found on page 108 of Department of Health and Human Services, "Fiscal Year 2015: Budget in Brief, Strengthening Health and Opportunity for All Americans," http://www.hhs.gov/budget/fy2015/fy-2015-budget-in-brief.pdf. The savings assume that current spending would continue to grow from its FY 2015 requested level at the same rate as discretionary spending over the 2016–2025 period, as specified in the most recent August 2014 CBO baseline. The alternative policy would reduce the FY 2015 level as specified. The savings represent the difference between the current and proposed policies.

Eliminate Competitive/Project Grant Programs and Reduce Spending on Formula Grants

#76 & #77

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$3,702	$3,702	$3,702	$3,702	$3,702	$3,702	$3,702	$3,702	$3,702	$3,702	$18,510	$37,020

Heritage Recommendation:

Eliminate competitive and project grant programs that fall under No Child Left Behind (NCLB), beginning with those that are duplicative and ineffective. At the same time, reduce spending on formula grant programs managed by the Department of Education by 10 percent.

- Elimination of competitive grant programs under NCLB ($1.6 billion annually)
- Reducing formula grant spending by 10 percent ($2.1 billion annually)

This proposal saves $3.7 billion annually, and $37 billion over 10 years.

Rationale:

Federal policymakers interested in limiting and better targeting education spending should streamline the existing labyrinth of federal education programs. Federal competitive grant programs authorized under the Elementary and Secondary Education Act (ESEA) should be eliminated, starting with those that are duplicative and ineffective, and federal spending should be reduced to reflect remaining formula programs authorized under Title I of ESEA and the handful of other programs that do not fall under the competitive/project grant category. Remaining programs managed by the Department of Education, such as large formula grant programs for K-12 education, should be reduced by 10 percent.

Since the 1970s, inflation-adjusted per-pupil federal education spending has nearly tripled. Spending increases reflect the number of federal education programs that have amassed over the decades. No Child Left Behind—just one federal education law—authorizes dozens of competitive and formula grant programs, many of which are redundant and ineffective. The numerous federal education programs have not only failed to improve K-12 education nationally, but have levied a tremendous bureaucratic compliance burden on states and local school districts. In order to stop the federal education spending spree, and to ensure that state and local school leaders' focus is oriented toward meeting the needs of students and parents—not toward satisfying federal bureaucrats—program count and associated federal spending should be curtailed.

Additional Reading:

- Lindsey M. Burke, "How the A-PLUS Act Can Rein in the Government's Education Power Grab," Heritage Foundation *Backgrounder* No. 2858, November 14, 2013, http://www.Heritage.org/research/reports/2013/11/how-the-a-plus-act-can-rein-in-the-governments-education-power-grab.

- Lindsey M. Burke, "Reducing the Federal Footprint on Education and Empowering State and Local Leaders," Heritage Foundation *Backgrounder* No. 2565, June 2, 2011, http://www.Heritage.org/research/reports/2011/06/reducing-the-federal-footprint-on-education-and-empowering-state-and-local-leaders.

Calculations:

Savings were calculated based on FY 2015 estimated spending levels found in Department of Education, Department of Education Fiscal Year 2015 Congressional Action Table, December 19, 2014, http://www2.ed.gov/about/overview/budget/budget15/15action.pdf. Savings assume that ESEA competitive/project grant spending is eliminated ($1.622 billion annually) and that ESEA grant spending is reduced by 10 percent (a savings of $2.080 billion annually based on $20.803 billion annual spending).

Eliminate Titles II, VI, and VIII of the Higher Education Act (HEA)

#78 to #80

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2,374	$2,383	$2,388	$2,415	$2,472	$2,527	$2,581	$2,650	$2,702	$2,752	$12,032	$25,244

Heritage Recommendation:

Streamline the Higher Education Act (HEA) to reflect the law's primary purpose of authorizing federal student aid. Specifically:

- Eliminate Title II (Teacher Quality Partnership Grants)
- Redirect funding for Title VI (area studies centers)
- Eliminate Title VIII (additional programs)

This proposal saves $2.4 billion in 2016 and $25.2 billion over 10 years. Data on the costs of Title VIII programs is only available for the three largest programs (totaling $24 million), which are included in this savings estimate. Actual savings from eliminating all Title VIII programs would be greater.

Rationale:

Title II of the HEA includes Teacher Quality Partnership Grants, which are designed to enable university faculty to work with highly qualified teachers in high needs schools to provide professional development and to strengthen the content knowledge of elementary and high school teachers. Title II also includes a handful of other teacher-preparation-related grants. Such worthwhile local partnerships can take place more effectively and efficiently without federal involvement. Teacher development programs should be funded at the district level, not by federal taxpayers. Eliminating the programs that fall under Title II of the HEA provides an opportunity to reduce spending and limit federal intervention in higher education policy.

Title VI of the HEA authorizes 10 international-education programs, including area studies centers, which are designed to develop an understanding of "specific geographic regions of critical scholarly and policy importance."[57] Although it is critical for American national security to have a network of individuals who have expertise in specific regions and languages, Congress should pursue this goal by eliminating Title VI, repealing its authorization, and redirecting Title VI funding to the National Security Education Program (NSEP). The NSEP funds studies in languages and regions critical to national security and is administered by the Department of Defense. Title VIII authorizes more than two dozen additional programs. In order to control higher education spending, Title VIII should be eliminated.

Additional Reading:

- Michael Gonzalez, "America Is Ill-Served by Its Government-Funded Area Studies and Foreign Policy Programs," Heritage Foundation *Backgrounder* No. 2946, August 25, 2014, http://www.Heritage.org/research/reports/2014/08/america-is-ill-served-by-its-government-funded-area-studies-and-foreign-policy-programs.

- Lindsey M. Burke, "Reauthorizing the Higher Education Act—Toward Policies that Increase Access and Lower Costs," Heritage Foundation *Backgrounder* No. 2941, August 19, 2014, http://www.Heritage.org/research/reports/2014/08/reauthorizing-the-higher-education-acttoward-policies-that-increase-access-and-lower-costs.

Calculations:

Savings from eliminating Title II are based on the FY 2014 spending level found in U.S. Department of Education, "Programs: Funding Status, 2014," http://www2.ed.gov/programs/teacherqual/funding.html. Title VIII savings are calculated by adding the costs of the three programs for which data are available at U.S. Department of Education, "Higher Education: Fiscal Year 2013 Budget Request," http://www2.ed.gov/about/overview/budget/budget13/justifications/s-highered.pdf. No savings are assumed from redirecting Title VI funding. The FY 2014 spending levels were increased at the same rate as discretionary spending over the 2016-2025 period, according to the CBO's most recent August 2014 baseline.

Decouple Federal Financing from Accreditation

#81

Heritage Recommendation:

Decouple higher education accreditation from federal student aid.

Rationale:

Currently, higher education accreditation is a de facto federal enterprise, with federally sanctioned regional and national accrediting agencies being the sole purveyors of accreditation. Student aid can only flow to institutions accredited through the federally approved system. The result has been a system that has created barriers to entry for innovative start-ups by insulating traditional brick-and-mortar colleges and universities from market forces that could reduce costs. The existing accreditation regime has also made it difficult for students to customize their higher education experience to fully reach their earnings and career potential. And because entire institutions are accredited instead of individual courses, accreditation is a poor measure of course quality and a poor indicator of the skills acquired by students.

Decoupling federal financing from accreditation would enable states to determine who can accredit colleges, programs, and individual courses. Allowing federal student aid to follow students under the new state-based accreditation system to any college or course provider that has state approval holds the potential to create a much more nimble and meaningful system of knowledge and skill acquisition, particularly for those who have been underserved, historically, by the traditional college system.

Additional Reading:

- Lindsey M. Burke and Stuart M. Butler, "Accreditation: Removing the Barrier to Higher Education Reform," Heritage Foundation *Backgrounder* No. 2728, September 21, 2012, www.heritage.org/research/reports/2012/09/accreditation-removing-the-barrier-to-higher-education-reform.

- Stuart M. Butler, "The Coming Higher-Ed Revolution," *National Affairs*, No. 10 (Winter 2012), http://www.nationalaffairs.com/publications/detail/the-coming-higher-ed-revolution.

Calculations:

No budget impact is assumed.

#82

Expand the D.C. Opportunity Scholarship Program (OSP)

Heritage Recommendation:

Expand school choice in the nation's capital in a budget neutral manner. Specifically:

- Expand the D.C. Opportunity Scholarship Program (OSP) with savings from other Heritage education recommendations not listed in this budget book.

Rationale:

Policymakers can advance the goal of growing school choice by expanding access to the D.C. OSP through existing funding authorized by the D.C. School Choice Incentive Act, most recently reauthorized as the Students for Opportunity and Results (SOAR) Act. These bills created and continued the D.C. OSP, which provides vouchers to children from low-income families in Washington, D.C., to attend a private school of choice. When the D.C. OSP was created in 2003, Members of Congress funded the new school choice option through what is known as the "three sector" approach: $20 million in funding for the D.C. OSP; $20 million in supplemental funding for D.C.'s public charter schools; and an *additional* $20 million for the D.C. Public School System. Federal policymakers should shift a portion of the additional federal funding provided to traditional public schools in the "three sector" approach to fund additional vouchers for students to attend a private school of choice. As the District of Columbia falls under the jurisdiction of Congress, it is appropriate for the federal government to fund the D.C. OSP. Moreover, 91 percent of students who used a voucher to attend a private school of choice graduated high school, according to a study by the U.S. Department of Education—a rate 21 percentage points higher than a control group of their peers who were awarded but did not use a scholarship.

Additional Reading:

- Lindsey M. Burke, "The Value of Parental Choice in Education: A Look at the Research," Heritage Foundation *Issue Brief* No. 4173, March 18, 2014, http://www.Heritage.org/research/reports/2014/03/the-value-of-parental-choice-in-education-a-look-at-the-research.

- Patrick Wolf et al., "Evaluation of the DC Opportunity Scholarship Program: Final Report," U.S. Department of Education, NCEE 2010-4018, June 2010, http://ies.ed.gov/ncee/pubs/20104018/pdf/20104018.pdf.

Calculations:

The proposal shifts funding within the District of Columbia's education budget, making it a budget-neutral recommendation.

Eliminate the PLUS Loan Program

#83

SAVINGS IN BILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
–$3	–$3	–$3	–$3	–$3	–$3	–$3	–$4	–$4	–$4	–$15	–$33

Heritage Recommendation:

Rein in college costs and loan debt burdening students and families by limiting borrowing. Specifically:

- Eliminate Parent PLUS loans.
- Eliminate Grad PLUS loans.

Under fair value accounting, this proposal costs $3 billion in 2016, and $33 billion over 10 years. This proposal is included because PLUS loans have led to higher levels of individual and family debt without easing the cost of college.

Rationale:

Part B of Title IV of the Higher Education Act authorizes federal PLUS loans. The $21 billion PLUS loan program provides federal loans to graduate students and the parents of undergraduate students. Parents of undergraduate students are able to borrow up to the cost of attendance at a given college. During the 2011–2012 academic year, the PLUS loan program provided 879,000 parents of undergraduate students with an average of $12,575. There is no limit (either in number of years or aggregate dollars) on how much a parent can borrow, and the loans are available in addition to federal loans that are already available to the students themselves. The availability of Parent PLUS loans, created in 1980, has resulted in families incurring substantial debt, while failing to ease the cost of college over time. The Parent PLUS loan should be terminated.

Similarly, the Graduate PLUS loan program, open to graduate students who take out loans to finance graduate school, enables students to borrow up to the full cost of attendance. A graduate student may borrow up to the cost of attendance at a given school, less any other aid received. During the 2011–2012 academic year, the PLUS loan program provided 360,000 graduate students with an average loan of $19,958.[58] Undergraduate and graduate students already have access to up to $138,500 in federal loans through the Stafford Loan program, and students enrolled in school to become health care professionals can borrow up to $224,000. Borrowing above those already high amounts should not be encouraged, and the Grad PLUS program should be eliminated.

Additional Reading:

- Lindsey M. Burke, "Reauthorizing the Higher Education Act— Toward Policies that Increase Access and Lower Costs," Heritage Foundation *Backgrounder* No. 2941, August 19, 2014, http://www.Heritage.org/research/reports/2014/08/reauthorizing-the-higher-education-acttoward-policies-that-increase-access-and-lower-costs.

Calculations:

Estimated costs based on fair value accounting are provided by the Congressional Budget Office on page 6 of "Fair-Value Estimates of the Cost of Selected Federal Credit Programs for 2015 to 2024," May, 2014, https://www.cbo.gov/sites/default/files/45383-FairValue.pdf.

#84

Privatize the Corporation for Public Broadcasting (CPB)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$445	$445	$445	$445	$445	$445	$445	$445	$445	$445	$2,225	$4,450

Heritage Recommendation:

Privatize the Corporation for Public Broadcasting (CPB). This proposal saves $445 million annually, and $4.5 billion over 10 years.

Rationale:

In 2012, total spending on public broadcasting, derived from all federal and non-federal sources, amounted to $2.8 billion. In that year, 82 percent of this spending came from non-federal sources. The CPB made up only $444 million, or 16 percent, of this amount. Without federal funding for the CPB, services such as the Public Broadcasting Service (PBS) and National Public Radio (NPR), which receive funding from the CPB, could make up the lost money by increasing revenues from corporate sponsors, foundations, and members.

The goal of CPB is also increasingly met by other media sources. The range of television options has increased dramatically since the CPB was created in 1967. At that time, households faced very limited television options. In 2013, the average household had 189 channels.

Additional Reading:

- Emily Goff, "Why Big Bird's Federal Subsidies Need to Go," The Daily Signal, October 14, 2012, http://dailysignal.com/2012/10/14/why-big-birds-federal-subsides-need-to-go/.
- Glenn J. McLoughlin and Mark Gurevitz, "The Corporation for Public Broadcasting: Federal Funding and Issues," Congressional Research Service, January 7, 2014, http://fas.org/sgp/crs/misc/RS22168.pdf.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found in page 3 of CPB, "Corporation for Public Broadcasting Appropriation Request and Justification: FY 2014 and FY 2016," April 2013, http://www.cpb.org/appropriation/justification_14-16.pdf, While most other spending items are assumed to grow at the same rate as discretionary spending as specified in the CBO's most recent August 2014 baseline, we assume that the spending on the CPB would hold steady at $445 million per year because spending on CPB has not grown in recent years (it was $444 million in 2012 and will be $445 million for 2014–2016).

Eliminate the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH)

#85 & #86

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$296	$297	$298	$301	$309	$315	$322	$331	$337	$344	$1,501	$3,150

Heritage Recommendation:

Eliminate federal funding for both the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH). This proposal saves $296 million in 2016, and $3.2 billion over 10 years.

Rationale:

Private contributions to the arts and humanities vastly exceed the amount provided by the NEA and NEH. According to the nonprofit Americans for the Arts, private giving to arts and humanities amounted to $13.1 billion in 2011, which compared to $292 million for the NEA and NEH combined. According to *The Washington Post,* Kickstarter alone provides more funding for the arts than the NEA does. *The Post* goes on to explain:

> Individuals have always been the backbone of arts funding. The NEA has never tried to compete with individual donors, and that's the premise of Kickstarter—it's a platform that allows individual donors to fund projects. In 2011, individuals contributed $13 billion to arts and cultural charities. According to the NEA, individuals make up 75 percent of all private giving, much more than corporations or foundations. Kickstarter, in essence, simplifies the long-held American tradition of individual private donors giving to the arts.
>
> The exchange also highlights another misconception about the arts: that the U.S. government once funded the arts so heavily as to compete with private donors. In reality, the NEA has always made up a small part of overall arts funding when compared to private philanthropy.[59]

Additional Reading:

- Katherine Boyle, "Yes, Kickstarter Raises More Money for Artists than the NEA. Here's Why That's Not Really Surprising," *The Washington Post,* July 7, 2013, http://www.washingtonpost.com/blogs/wonkblog/wp/2013/07/07/yes-kickstarter-raises-more-money-for-artists-than-the-nea-heres-why-that's-not-really-surprising/.

- Patrick Louis Knudsen, "Tight Budget? How Congress Can Save $42 Billion by Eliminating Bad Government Programs," Heritage Foundation *Backgrounder* No. 2837, August 29, 2013, http://www.Heritage.org/research/reports/2013/08/tight-budget-congress-can-save-42-billion-by-eliminating-bad-government-programs.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels of the NEH as found on page 11 of NEH, "Appropriations Request for Fiscal Year 2015," March 2014, http://www.neh.gov/files/neh_request_fy2015.pdf, and NEH, "National Endowment for the Arts Appropriations History," 1966 to 2014, http://arts.gov/open-government/national-endowment-arts-appropriations-history. FY 2014 spending levels were increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline.

#87

Eliminate Job Corps

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$1,721	$1,757	$1,797	$1,838	$1,878	$1,917	$1,965	$2,015	$2,065	$2,112	$8,991	$19,065

Heritage Recommendation:

Eliminate Job Corps. This proposal saves over $1.7 billion in 2016, and $19 billion over 10 years.

Rationale:

The National Job Corps Study, a randomized experiment—the "gold standard" of scientific research—assessed the impact of Job Corps on participants compared to similar individuals who did not participate in the program. For a federal taxpayer investment of $25,000 per Job Corps participant, the study found:

- Compared to non-participants, Job Corp participants were less likely to earn a high school diploma (7.5 percent versus 5.3 percent);
- Compared to non-participants, Job Corp participants were no more likely to attend or complete college;
- Four years after participating in the evaluation, the average weekly earnings of Job Corps participants were a mere $22 higher than the average weekly earnings of the control group; and
- Employed Job Corps participants earned only $0.22 more in hourly wages compared to employed control group members.

If the Job Corps actually improves the skills of its participants, it should have substantially raised their hourly wages. A paltry $0.22 increase in hourly wages suggests that Job Corps does little to boost the job skills of participants.

A cost-benefit analysis based on the National Job Corps Study found that the benefits of the Job Corps do not outweigh the cost of the program. Job Corps does not provide the skills and training to substantially raise the wages of participants. Costing $25,000 per participant over an average participation period of eight months, the program is a waste of taxpayers' dollars.

Additional Reading:

- David B. Muhlhausen, "Job Corps: An Unfailing Record of Failure," Heritage Foundation *WebMemo* No. 2423, May 5, 2009, http://www.Heritage.org/research/reports/2009/05/job-corps-an-unfailing-record-of-failure.

- David. B. Muhlhausen, "Do Federal Social Programs Work?" Heritage Foundation *Backgrounder* No. 2884, March 19, 2014, http://www.Heritage.org/research/reports/2014/03/do-federal-social-programs-work.

Calculations:

Savings are expressed as budget authority as reported on page 233 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

Eliminate Workforce Innovation and Opportunity Act (WIOA) Job-Training Programs

#88

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$3,366	$2,533	$2,564	$2,597	$2,630	$2,661	$2,698	$2,738	$2,652	$2,581	$13,690	$27,020

Heritage Recommendation:

Eliminate the Workforce Innovation and Opportunity Act (WIOA). This proposal saves $3.4 billion in 2016, and $27 billion over 10 years.

Rationale:

The Department of Labor has a history of operating ineffective job-training programs. The evidence from every multi-site experimental evaluation of federal job-training programs published since 1990 strongly indicates that these programs are ineffective. Based on these scientifically rigorous evaluations using the "gold standard" of random assignment, these studies consistently find failure. Federal job-training programs targeting youth and young adults have been found to be extraordinarily ineffective.

According to a 2009 GAO report,

> little is known about what the workforce system is achieving. Labor has not made such research a priority and, consequently, is not well positioned to help workers or policymakers understand which employment and training approaches work best. Knowing what works and for whom is key to making the system work effectively and efficiently. Moreover, in failing to adequately evaluate its discretionary grant programs, Labor missed an opportunity to understand how the current structure of the workforce system could be modified to enhance services for growing sectors, to encourage strategic partnerships, and to encourage regional strategies.[60]

The simple fact is that there is abundant evidence suggesting that federal job-training programs do not work.

Additional Reading:

- David. B. Muhlhausen, "Do Federal Social Programs Work?" Heritage Foundation *Backgrounder* No. 2884, March 19, 2014, http://www.Heritage.org/research/reports/2014/03/do-federal-social-programs-work.

- U.S. Government Accountability Office, "Workforce Investment Act: Labor Has Made Progress in Addressing Areas of Concern, But More Focus Needed on Understanding What Works and What Doesn't," February 26, 2009, http://www.gao.gov/new.items/d09396t.pdf.

Calculations:

Savings are expressed as budget authority as reported on page 233 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

Endnotes: Education, Training, Employment, and Social Services

57. Anna Grzymala-Busse, "Area-Studies Centers Are Vital but Vulnerable," *The Chronicle of Higher Education*, September 30, 2013, http://www.chronicle.com/article/Area-Studies-Centers-Are-Vital/141939 (accessed December 12, 2014).
58. National Association of Student Financial Aid Administrators, "National Student Aid Profile: Overview of 2013 Federal Programs," 2013, http://www.nasfaa.org/advocacy/profile/2013_National_Student_Profile.aspx (accessed December 12, 2014).
59. Katherine Boyle, "Yes, Kickstarter Raises More Money for Artists than the NEA. Here's Why That's Not Really Surprising," *The Washington Post*, July 7, 2013, http://www.washingtonpost.com/blogs/wonkblog/wp/2013/07/07/yes-kickstarter-raises-more-money-for-artists-than-the-nea-heres-why-thats-not-really-surprising/ (accessed December 12, 2014).
60. U.S. Government Accountability Office, "Workforce Investment Act: Labor Has Made Progress in Addressing Areas of Concern, But More Focus Needed on Understanding What Works and What Doesn't," February 26, 2009, http://www.gao.gov/new.items/d09396t.pdf (accessed December 12, 2014).

Function 600:
Income Security

Let Trade Adjustment Assistance (TAA) Expire

#89

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$823	$867	$897	$922	$947	$973	$1,000	$1,028	$1,055	$1,084	$4,456	$9,596

Heritage Recommendation:

The entire Trade Adjustment Assistance (TAA) program was set to expire on December 31, 2014. However, Congress extended the life of the program through FY 2015 with passage of the Consolidated and Further Continuing Appropriations Act of 2015. Congress should not reauthorize TAA again, and should let the program expire at the end of FY 2015. This proposal saves $823 million in 2016, and $9.6 billion over 10 years.

Rationale:

TAA provides overly generous government benefits to American workers who lose their jobs because of foreign trade, even though these workers are a small fraction of laid-off workers.

However, is there any evidence that this assistance and training improves earnings based on newly acquired job skills? Program evaluations of TAA say no. This finding should not be surprising, because scientifically rigorous evaluations of federal job-training programs have consistently found these programs to be highly ineffective.

A 2012 quasi-experimental impact evaluation of TAA by Mathematica Policy Research and Social Policy Research Associates builds upon the consensus of three previous quasi-experimental impact evaluations that have found TAA ineffective at improving the employment outcomes of participants. Thus, Congress should let this costly and ineffective program expire by not reauthorizing the program.

Overall, there is little empirical support for the notion that TAA improves the employment outcomes of displaced workers. In fact, TAA participants are more likely to earn *less* after participating in the program. This trend was also confirmed by a Government Accountability Office report that concluded that TAA participants are more likely to earn less in their new employment. Last, TAA failed a commonsense test of determining whether the program produces more benefits than its costs.

Additional Reading:

- David B. Muhlhausen, "Trade Adjustment Assistance: Let the Ineffective and Wasteful Job-Training Program Expire," Heritage Foundation *Issue Brief* No. 4121, January 8, 2014, http://www.Heritage.org/research/reports/2014/01/trade-adjustment-assistance-and-ineffective-job-training-program.

- James Sherk, "Congress Should Allow Trade Adjustment Assistance to Expire," Heritage Foundation *WebMemo* No. 3134, February 4, 2011, http://www.Heritage.org/Research/Reports/2011/02/Congress-Should-Allow-Trade-Adjustment-Assistance-to-Expire.

- U.S. Government Accountability Office, "Trade Adjustment Assistance: Most Workers in Five Layoffs Received Services, But Better Outreach Needed on New Benefits," January 2006, http://www.gao.gov/new.items/d0643.pdf.

Calculations:

Savings based on CBO projections of program cost as found in "CBO's April 2014 Baseline for Farm Programs," April 14, 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. The CBO projections include program costs through 2024. We assume costs of $1,084 in 2025, using the same percentage increase in costs from 2024 to 2025 as occurred between 2020-2024.

Cap Total Means-Tested Welfare Spending

#90

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$100,000	$150,000	$229,472	$250,042	$268,599	$289,101	$316,622	$342,330	$367,309	$397,216	$998,113	$2,710,691

Heritage Recommendation:

Gradually scale back aggregate means-tested welfare spending to pre-recession (FY 2007) levels plus 10 percent, and cap at the rate of inflation going forward. This proposal would save $100 billion in 2016, and $2.7 trillion over 10 years.

Rationale:

The U.S. welfare system consists of approximately 80 federally means-tested welfare programs that provide cash, food, housing, medical care, and social services to poor and lower-income Americans. Total spending on these programs in FY 2013 was $943 billion. Total annual welfare spending has increased sixteenfold since the 1960s, and has cost taxpayers a total of $22 trillion, or three times the amount the government has spent on all military wars combined since the beginning of the nation's history. Furthermore, under President Obama's current plan, welfare spending will amount to $13 trillion over the next decade alone.

Welfare spending must be put on a more prudent course. Rolling back spending to pre-recession levels (plus 10 percent) as the economy recovers, and then capping it at the rate of inflation, would require policymakers to direct welfare spending to the areas of greatest priority, rather than allowing welfare spending to simply continue its upward climb without helping individuals achieve self-sufficiency.

Additional Reading:

- Robert Rector, "Examining the Means-Tested Welfare State: 79 Programs and $927 Billion in Annual Spending," testimony before the House Budget Committee, May 3, 2012, http://www.Heritage.org/research/testimony/2012/05/examining-the-means-tested-welfare-state.

- Robert Rector and Rachel Sheffield, "The War on Poverty After 50 Years," Heritage Foundation *Backgrounder* No. 2955, September 15, 2014, http://www.Heritage.org/research/reports/2014/09/the-war-on-poverty-after-50-years.

Calculations:

Savings were calculated by Heritage analyst Robert Rector, Senior Research Fellow in the Institute for Family, Community, and Opportunity. See Robert Rector and Rachel Sheffield, "How to Get Welfare Spending Under Control," Heritage Foundation *Issue Brief* No. 3874, March 11, 2013, http://www.Heritage.org/research/reports/2013/03/how-to-get-welfare-spending-under-control.

#91

Set a Work Requirement for Able-Bodied Adult Food Stamp Recipients

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$5,400	$27,000	$54,000

Heritage Recommendation:

Reform the food stamps program to include a work requirement for able-bodied adults. Able-bodied adults must work, prepare for work, or look for work for a minimum number of hours each month in order to receive benefits. This proposal saves approximately $5.4 billion annually, and $54 billion over 10 years.

Rationale:

The food stamps program is one of the largest of the federal government's roughly 80 means-tested welfare programs. Food stamp spending increased from roughly $20 billion in FY 2000 to nearly $40 billion in FY 2007. Between FY 2008 and FY 2012, it doubled again to approximately $80 billion. Some of the growth in food stamp spending was due to the recession, but government policies have also made it easier for people to get on the rolls and remain there.

Food stamp assistance should be directed to those most in need. Able-bodied adults who receive food stamps should be required to work, prepare for work, or look for work in exchange for receiving assistance. Not only do work requirements help ensure that food stamps are directed to those who need them most, a work requirement also promotes the principle of self-sufficiency by directing individuals towards work.

Additional Reading:

- Robert Rector and Katherine Bradley, "Reforming the Food Stamp Program," Heritage Foundation *Backgrounder* No. 2708, July 25, 2012, http://www.Heritage.org/research/reports/2012/07/reforming-the-food-stamp-program.

- Rachel Sheffield, "How to Reform Food Stamps," Heritage Foundation *Issue Brief* No. 4045, September 12, 2013, http://www.Heritage.org/research/reports/2013/09/how-to-reform-food-stamps.

Calculations:

Savings are calculated based on the current level of 4.5 million able-bodied adults without dependents (ABAWD) receiving food stamps in FY 2013 at a monthly benefit of $200 (see C*haracteristic of Supplemental Nutrition Assistance Program Households: Fiscal Year 2013,* Table A.15, p. 51, http://www.fns.usda.gov/sites/default/files/ops/Characteristics2013.pdf). This adds up to a total cost of roughly $10.8 billion annually. It is projected that a work requirement would result in the ABAWD caseload dropping by half, yielding an annual savings of $5.4 billion.

Return Supplemental Security Income (SSI) to Serve Its Originally Intended Population

#92

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$12,000	$12,000	$11,000	$12,000	$12,000	$13,000	$14,000	$13,000	$13,000	$13,000	$59,000	$125,000

Heritage Recommendation:

Return Supplemental Security Income (SSI) to serve its originally intended population by ending SSI for children. This proposal would save $12 billion in 2016, and $125 billion over 10 years.

Rationale:

SSI is designed to provide cash assistance to low-income disabled adults who are unable to work, and to the low-income elderly. The program also provides cash assistance to households with children who are functionally disabled and come from low-income homes.

The original intent of SSI was to provide cash assistance for adults who are unable to support themselves because of a disability or because of age. Low-income parents with a disabled child are eligible for cash assistance from the Temporary Assistance for Needy Families (TANF) program, as well as for benefits from various other means-tested welfare programs, such as Medicaid and food stamps. Today, about 15 percent of SSI recipients are children.

SSI should focus on providing cash assistance to low-income adults who are unable to work, either because of disability or age. Cash SSI benefits for children should be eliminated. However, any medical expenses due to a child's disability that are not covered by another program, such as Medicaid, should be provided by SSI. Parents of children who are no longer receiving SSI cash benefits would continue to be eligible for a wide variety of means-tested welfare aid, including TANF, the Earned Income Tax Credit, food stamps, and Medicaid.

Additional Reading:

- Congressional Budget Office, "Options for Reducing the Deficit: 2015–2024," Option 12: Eliminate Supplemental Security Income Benefits for Children, November 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/49638-BudgetOptions.pdf.

Calculations:

Savings based on 2014 CBO budget options, option 12, found in CBO, "Options for Reducing the Deficit: 2015 to 2014," http://www.cbo.gov/sites/default/files/cbofiles/attachments/49638-BudgetOptions.pdf. CBO's projections go through 2024. We assume the same level of savings for 2025 as projected for both 2023 and 2024.

#93

Reduce Fraud in the Earned Income Tax Credit (EITC)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$40,000	$80,000

Heritage Recommendation:

Reduce fraud due to false income reporting in the Earned Income Tax Credit (EITC) program. This proposal saves approximately $8 billion annually, and $80 billion over 10 years.

Specifically, policymakers should change the law as follows:

- Require the IRS to fully verify income through a review of form W-2, form 1099, business licensing or registration, and relevant invoices before any refundable EITC payment is made.
- Require individuals claiming self-employment or small business income to:
  a. Provide a form 1099 documenting the income; or,
  b. Be a registered or licensed small business and provide invoices of payments received including date of service and identifying contact information from customers.
- Require the IRS to check the administrative records of the Temporary Assistance for Needy Families, Supplemental Nutrition Assistance Program, and subsidized housing programs to determine if the tax filer received benefits or a dependent child received benefits from the program during the calendar year and to determine whether the household composition and income reported on the claimant tax form is consistent with that reported to state agencies operating those programs.
- Provide a $2,000 penalty for any tax filing involving an erroneous claim for a refundable tax credit that is based on substantial misreported income.

Rationale:

The Earned Income Tax Credit is the nation's largest means-tested cash welfare program. Although the EITC in some cases reduces federal income taxes owed, its major function is to provide "refundable" tax credits to low-income individuals. A "refundable tax credit" is simply a cash welfare grant to individuals who have no federal income tax liability. About 15 percent of the total expense of the EITC goes to tax reduction, while 85 percent goes to refundable cash credits.[61] In 2012, 24.3 million individuals received refundable EITC payments at a cost of $56.2 billion.[62]

Fraud is prevalent in this expensive welfare program. An IRS audit conducted from 2006 to 2008 found that 43 percent to 50 percent of tax returns claiming the EITC involved erroneous overclaims. These overclaims were not minor filing errors; the overwhelming majority of individuals making overclaims were not eligible for the credit at all. According to the IRS, the erroneous, often fraudulent, overclaims accounted for 28 percent to 39 percent of all EITC payments. The total overclaim amounts were estimated at $14 billion to $19.3 billion per year during the period.[63]

The EITC differs favorably from other means-tested aid programs: Individuals must report earned income to receive cash aid. Thus, in certain income ranges, the EITC can encourage work effort. However, millions of individuals each year fraudulently report income to obtain EITC cash bonuses. These individuals invent fictitious income (or under-report earnings) to maximize their EITC welfare payments. According to the IRS, 30 percent of all EITC claims are based on false or erroneous income claims. In the 2006–2008 audit, 50 percent of the overclaim amount of $14 billion to $19.3 billion per year involved false income reporting.[64]

If the income misreporting ratios from the 2006–2008 audits are applied to 2012 EITC payments, an estimated 8 million households engaged in false income reporting in that year, yielding roughly $10 billion in overclaimed refundable EITC credits. We project that this fraud could be reduced by 80 percent by implementing these proposed anti-fraud measures.

The IRS has an effective capability to detect false income claims. But typically, the IRS scrutinizes claims only in a small number of cases. Audits generally occur after the EITC cash payments have already been made. There are apparently current legal restrictions on the IRS, which require it to make EITC refunds prior to proper income verification. The Department of the Treasury's "Agency Financial Report" for FY 2013 states that 30 percent of EITC overpayments are the result of detectable income misreporting. The report adds:

> These [EITC payment] errors relate to improper income reporting which allows claimants to fall within the EITC income limitations and qualify for EITC. The errors include both under-reporting and over-reporting of income by both wage earners and taxpayers who report that they are self-employed. Income reported through information returns such as Forms W-2, Forms 1099, etc., which can be used for verification of some income, becomes available only after tax returns are processed. Under law, the IRS must process income tax returns within 45 days of receipt or pay interest to taxpayers.[65]

Overclaims and overpayments can be significantly reduced by requiring the IRS to fully verify reported income before any refundable EITC payment is made.

Additional Reading:

- Department of the Treasury, "Fiscal Year 2013 Agency Financial Report," December 16, 2013, pp. 206–208, http://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/2013%20Department%20of%20the%20Treasury%20AFR%20Report%20v2.pdf.

Calculations:

Per the above explanations, estimated fraud due to false income reporting in the EITC amounts to about $10 billion per year. We estimate that this amount could be reduced by about 80 percent if the proposed anti-fraud measures are implemented, yielding $8 billion in annual savings.

#94

Reduce Anti-Marriage Penalties in the Earned Income Tax Credit (EITC)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$30,000	$60,000

Heritage Recommendation:

Restrict eligibility for Earned Income Tax Credit (EITC) payments to married parents, adoptive parents, and foster parents who reside with and support the child. Single parents who reside with the child and have formal legal custody would also be eligible. Eliminate eligibility for relatives of the child and parents who do not have legal custody. Adults who claim the EITC for dependent children must reside with the child. Requirements for documentation of residency should be strengthened. This proposal saves approximately $6 billion annually, and $60 billion over 10 years.

Rationale:

The purpose of the EITC is to provide a refundable tax credit to low-income parents with children. To receive the credit, a person should have to be the actual custodial parent of the child. Non-custodial parents should not be eligible for the EITC. In the event of cohabiting, non-married parents should receive the credit based only on the mother's income.

Erroneous overclaims equal between 29 percent and 38 percent of the dollar value of EITC claims.[66] Refundable EITC payments in 2012 equaled some $52.6 billion;[67] therefore the overclaim amount would be between $15 billion and $20 billion.

Roughly 20 percent of all EITC claims involve a qualifying-child error—cases in which the parent or the child or both are not eligible to receive the credit.[68] About three-quarters of overclaims with qualifying-child errors involve false claims of residency. Many qualifying-child errors involve payments to relatives and non-custodial parents of the child, many of whom do not reside with the child. Restricting EITC eligibility and tightening residency documentation would reduce qualifying child errors and other unjustified payments.

Current qualifying child claim errors may cost taxpayers as much as $10 billion per year. We estimate savings could equal roughly 35 percent of the cost of qualifying child errors, or $3.5 billion per year.

Additional Reading:

- Robert Rector, "How Welfare Undermines Marriage and What to Do About It," Heritage Foundation *Issue Brief* No. 4302, November 17, 2014, http://www.heritage.org/research/reports/2014/11/how-welfare-undermines-marriage-and-what-to-do-about-it.

Calculations:

Savings were calculated by Heritage analyst Robert Rector, Senior Research Fellow in the Institute for Family, Community, and Opportunity.

Endnotes: Income Security

61. Internal Revenue Service, "SOI Tax Stats–Individual Statistical Tables by Size of Adjusted Gross Income: Individual Income Tax Returns with Earned Income Credit," http://www.irs.gov/uac/SOI-Tax-Stats---Individual-Statistical-Tables-by-Size-of-Adjusted-Gross-Income (accessed December 12, 2014).
62. Ibid.
63. Internal Revenue Service, "Compliance Estimates for the Earned Income Tax Credit Claimed on 2006–2008 Returns," Publication 5162(8-2014), August 2014, p. iv.
64. Ibid., p. 16.
65. Department of the Treasury, "Fiscal Year 2013 Agency Financial Report," December 16, 2013, pp. 206–208, http://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/2013%20Department%20of%20the%20Treasury%20AFR%20Report%20v2.pdf (accessed December 12, 2014).
66. Internal Revenue Service, *Compliance Estimates for the Earned Income Tax Credit Claimed on 2006–2008 Returns,* Publication 5162 (8-2014), August 2014, p. 11.
67. Internal Revenue Service, "SOI Tax Stats–Individual Statistical Tables by Size of Adjusted Gross Income, Individual Income Tax Returns with Earned Income Credit," http://www.irs.gov/uac/SOI-Tax-Stats---Individual-Statistical-Tables-by-Size-of-Adjusted-Gross-Income (accessed January 7, 2015).
68. Internal Revenue Service, *Compliance Estimates for the Earned Income Tax Credit Claimed on 2006–2008 Returns,* p. 21.

Function 750: **Administration of Justice**

Eliminate the Office of Community Oriented Policing Services (COPS)

#95

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$248	$280	$286	$292	$298	$305	$311	$319	$327	$336	$1,404	$3,002

Heritage Recommendation:

Eliminate the Office of Community Oriented Policing Services (COPS). This proposal saves $248 million in 2016 and $3.0 billion over 10 years.

Rationale:

Created in 1994, COPS promised to add 100,000 new state and local law enforcement officers on the streets by 2000. Research by The Heritage Foundation has demonstrated that COPS not only failed to add 100,000 additional officers[69] to America's streets, it was also ineffective at reducing crime.[70]

State and local officials, not the federal government, are responsible for funding the staffing levels of police departments. By paying for the salaries of police officers, COPS funds the routine, day-to-day functions of police and fire departments. In *Federalist* No. 45, James Madison wrote:

> The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce; with which last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the lives, liberties, and properties of the people, and the internal order, improvement, and prosperity of the State.

When Congress subsidizes local police departments in this manner, it effectively reassigns to the federal government the powers and responsibilities that fall squarely within the expertise, historical control, and constitutional authority of state and local governments. The responsibility to combat ordinary crime at the local level belongs wholly, if not exclusively, to state and local governments.

The COPS program has an extensive track record of poor performance and should be eliminated. These grants also unnecessarily perform functions that are the responsibility of state and local governments.

Additional Reading:

- David B. Muhlhausen, "Impact Evaluation of COPS Grants in Large Cities," Heritage Foundation *Center for Data Analysis Report* No. 06-03, May 26, 2006, http://www.Heritage.org/research/reports/2006/05/impact-evaluation-of-cops-grants-in-large-cities

- David B. Muhlhausen, "Byrne JAG and COPS Grant Funding Will Not Stimulate the Economy," statement before the Senate Judiciary Committee, May 12, 2009, http://www.Heritage.org/research/testimony/byrne-jag-and-cops-grant-funding-will-not-stimulate-the-economy.

Calculations:

Savings are expressed as budget authority as reported on page 230 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

Eliminate Grants within the Office of Justice Programs (OJP)

#96

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$1,358	$1,387	$1,417	$1,449	$1,482	$1,513	$1,551	$1,590	$1,629	$1,674	$7,093	$15,050

Heritage Recommendation:

Eliminate state and local grants administered by the Office of Justice Programs (OJP). This proposal saves $1.4 billion in 2016, and $15.1 billion over 10 years.

Rationale:

The majority of the programs under the OJP umbrella deal with problems or functions that lie within the jurisdiction of state and local governments and should therefore be handled by state and local officials. Grants from the OJP are given to state and local governments for many criminal justice purposes, including local police officer salaries, state corrections, court programs, and juvenile justice programs.

To address criminal activity appropriately, the national government should limit itself to handling tasks that state and local governments cannot perform by themselves. The tendency to search for a solution at the national level is misguided and problematic. For example, juvenile delinquents and criminal gangs are a problem common to all states, but the crimes that they commit are almost entirely and inherently local in nature and regulated by state criminal law, law enforcement, and courts. The fact that thefts by juveniles occur in all states does not mean that these thefts are a problem requiring action by the national government.

State and local officials, not the federal government, are responsible for funding the state and local criminal justice programs. OJP subsidizes the routine, day-to-day functions of state and local criminal justice programs. When Congress subsidizes routine state and local criminal justice programs in this manner, it effectively reassigns to the federal government the powers and responsibilities that fall squarely within the expertise, historical control, and constitutional authority of state and local governments. The responsibility to combat ordinary crime at the local level belongs wholly, if not exclusively, to state and local governments.

Additional Reading:

- David B. Muhlhausen, "Get Out of Jail Free: Taxpayer-Funded Grants Place Criminals on the Street Without Posting Bail," Heritage Foundation *WebMemo* No. 3361, September 12, 2011, http://www.Heritage.org/research/reports/2011/09/get-out-of-jail-free-criminals-on-the-street-without-posting-bail.

- David B. Muhlhausen, "Drug and Veterans Treatment Courts: Budget Restraint and More Evaluations of Effectiveness Needed," testimony before the Committee on the Judiciary, Subcommittee on Crime and Terrorism of the United States Senate, July 19, 2011, http://www.Heritage.org/research/testimony/2011/07/drug-and-veterans-treatment-courts-budget-restraint-and-more-evaluations-of-effectiveness-needed.

- David B. Muhlhausen, "The Second Chance Act: Budget Restraint and More Evaluations of Effectiveness Needed," testimony before the Committee on the Judiciary, Subcommittee on Crime, Terrorism, and Homeland Security of the United States House of Representatives, September 29, 2010, http://www.Heritage.org/research/testimony/the-second-chance-act-budget-restraint-and-more-evaluations-of-effectiveness-needed.

- David B. Muhlhausen, "Byrne JAG and COPS Grant Funding Will Not Stimulate the Economy," statement before the Senate Judiciary Committee, May 12, 2009, http://www.Heritage.org/research/testimony/byrne-jag-and-cops-grant-funding-will-not-stimulate-the-economy.

- David B. Muhlhausen, "The Youth PROMISE Act: Outside the Scope and Expertise of the Federal Government," testimony before the Committee on the Judiciary, Subcommittee on Crime, Terrorism, and Homeland Security of the United States House of Representatives, July 15, 2009, http://www.Heritage.org/research/testimony/the-youth-promise-act-outside-the-scope-and-expertise-of-the-federal-government.

- David B. Muhlhausen, "Where the Justice Department Can Find $2.6 Billion for its Anti-Terrorism Efforts," Heritage Foundation *Backgrounder* No. 1486, October 5, 2001, http://www.Heritage.org/research/reports/2001/10/where-the-justice-department-can-find-26-billion.

Calculations:

Savings are expressed as budget authority as reported on pages 230–231 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

Eliminate Violence Against Women Act (VAWA) Grants

#97

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$428	$437	$447	$457	$467	$447	$489	$501	$514	$527	$2,236	$4,714

Heritage Recommendation:

Eliminate Violence Against Women Act (VAWA) grants. This proposal saves $428 million in 2016, and $4.7 billion over 10 years.

Rationale:

VAWA grants should be terminated, because these services should be funded locally. Using federal agencies to fund the routine operations of domestic violence programs that state and local governments could provide is a misuse of federal resources and a distraction from concerns that are truly the province of the federal government.

The principal reasons for the existence of the VAWA programs are to mitigate, reduce, or prevent the effects and occurrence of domestic violence. Despite being created in 1994, grant programs under the VAWA have not undergone nationally representative, scientifically rigorous experimental evaluations of effectiveness.

The Government Accountability Office concluded that previous evaluations of the VAWA programs "demonstrated a variety of methodological limitations, raising concerns as to whether the evaluations will produce definitive results." Further, the evaluations were not representative of the types of programs funded nationally by the VAWA. In addition to The Heritage Foundation and GAO, others have noted that there is virtually no evidence that the VAWA programs are effective.

Additional Reading:

- David B. Muhlhausen and Christina Villegas, "Violence Against Women Act: Reauthorization Fundamentally Flawed," Heritage Foundation *Backgrounder* No. 2673, March 29, 2012, http://www.Heritage.org/research/reports/2012/03/the-violence-against-women-act-reauthorization-fundamentally-flawed.

- Paul J. Larkin, Jr., "Send in the Lawyers: The House Passes the Senate's Violence Against Women Act," The Daily Signal, March 1, 2013, http://dailysignal.com/2013/03/01/send-in-the-lawyers-the-house-passes-the-senates-violence-against-women-act/.

- David B. Muhlhausen, "Violence Against Women Act Gives Grant Money to Misleading Organizations," The Daily Signal, February 13, 2013, http://dailysignal.com/2013/02/13/front-group-for-vawa-funded-organizations-gets-the-facts-wrong/.

- U.S. General Accounting Office, "Justice Impact Evaluations: One Byrne Evaluation was Rigorous; All Reviewed Violence Against Women Office Evaluations Were Problematic," March 2002, http://www.gao.gov/assets/240/233527.pdf.

Calculations:

Savings are expressed as budget authority as reported on page 231 of "Analytical Perspectives, Budget of the United States Government, Fiscal Year 2015, Table 29-1. Federal Programs by Agency and Account," http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/29_1.pdf. Budget authority is not provided for 2025, but is assumed to increase at the same rate as the geometric mean of the previous nine years.

#98 to #102

Reduce Funding for Five Programs in the Department of Justice

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$787	$790	$791	$800	$819	$838	$855	$879	$896	$912	$3,987	$8,367

Heritage Recommendation:

The U.S. Department of Justice has numerous departments and programs with budgets that should be reduced. Specifically:

1. The Civil Rights Division's FY 2014 appropriation of $144 million should be reduced by 20 percent.
2. The Environmental & Natural Resources Division's FY 2014 appropriation of $107 million should be reduced by 20 percent.
3. The Community Relations Service's FY 2014 appropriation of $12 million should be reduced by 50 percent.
4. The Bureau of Alcohol, Tobacco, Firearms & Explosives' (ATF's) FY 2014 appropriation of $1.179 billion should be reduced by 20 percent.
5. The Discretionary Grants Programs should have a 20 percent reduction from the FY 2014 levels of $2.096 billion.

These reductions would save $787 million in 2016, and $8.4 billion over 10 years.

Rationale:

A recent report by the Justice Department Inspector General described the Civil Rights Division as a dysfunctional division torn by "polarization and mistrust." It is a division that has waged a war on election integrity and filed abusive lawsuits intended to enforce progressive social ideology in areas ranging from public hiring to public education. Its budget should be significantly cut. For similar reasons, the budget of the Environmental & Natural Resources Division should also be cut, given its collusion in "sue and settle" lawsuits with extremist environmental groups.

The budget of the Community Relations Service (CRS) should be entirely eliminated. Rather than fulfilling its mandate of trying to be the "peacemaker" for community conflicts, the CRS has raised tensions in local communicates in recent incidents such as the Zimmerman case in Florida. The ATF's budget should also be decreased to eliminate resources that could be used for reckless operations similar to Operation Fast & Furious. And the Discretionary Grants Programs should be significantly reduced. The Justice Department should concentrate on enforcement of federal law, not act as a budget source or substitute for state and local government or nonprofit organizations with the exception of promising, innovative state programs with measurable results in reducing crime. For similar reasons, the budget of the Office of Justice Programs should also be cut.

Additional Reading:

- Department of Justice Office of the Inspector General, "Review of the Operations of the Voting Section of the Civil Rights Division," March 2013.
- J. Christian Adams, *Injustice: Exposing the Racial Agenda of the Obama Justice Department* (Regnery Publishing, 2011).
- John Fund and Hans von Spakovsky, *Obama's Enforcer: Eric Holder's Justice Department* (HarperCollins/Broadside, 2014).

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels as found in Department of Justice, "Summary of Budget Authority by Appropriation," May 26, 2014, http://www.justice.gov/sites/default/files/jmd/legacy/2014/05/26/ba.pdf. The proposed savings equal the difference between current spending and proposed spending cuts. All spending levels were increased at the same rate as growth in discretionary spending, according to the CBO's most recent August 2014 baseline.

Endnotes: Administration of Justice

69. David B. Muhlhausen, "Byrne JAG and COPS Grant Funding Will Not Stimulate the Economy," statement before the Senate Judiciary Committee, May 12, 2009, http://www.Heritage.org/research/testimony/byrne-jag-and-cops-grant-funding-will-not-stimulate-the-economy.
70. David B. Muhlhausen, "Impact Evaluation of COPS Grants in Large Cities," Heritage Foundation *Center for Data Analysis Report* No. 06-03, May 26, 2006, http://www.Heritage.org/research/reports/2006/05/impact-evaluation-of-cops-grants-in-large-cities.

Function 800:
General Government

Eliminate the Presidential Election Campaign Fund

#103

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2	$0	$0	$42	$2	$0	$0	$44	$2	$0	$46	$92

Heritage Recommendation:

Eliminate the Presidential Election Campaign Fund. This proposal saves $92 million over 10 years.

Rationale:

The Presidential Election Campaign Fund provides taxpayer money to parties and candidates. The money specifically goes to party conventions, matching funds for primary candidates, and grants for general election candidates. According to the Congressional Research Service, since 1976, $1.5 billion of taxpayer money has been spent under the Presidential Election Campaign Fund for these purposes. There are several arguments for eliminating this program.

First, candidates are increasingly opting out of the program. Strict spending limitations are placed on candidates as a condition of accepting the money. As campaigns have grown more expensive, the cost of these spending limits has outpaced the benefit of public money for most major candidates. Mitt Romney and Barack Obama both opted out of the program in 2012.

Second, the program has become increasingly unpopular among taxpayers. In 1980, 28.7 percent of taxpayers voluntarily selected the option on their federal tax returns to divert $3 from the general treasury to the Presidential Election Campaign Fund. By 2012, only 6 percent of taxpayers decided to do so.

More importantly, as a matter of principle, taxpayer money should not be used to fund political candidates and political party convention activities.

Additional Reading:

- R. Sam Garrett, "Proposals to Eliminate Public Financing of Presidential Campaigns," Congressional Research Service, January 8, 2014, http://fas.org/sgp/crs/misc/R41604.pdf.
- RSC Sunset Caucus, Waste Action Alert: "Eliminate the Presidential Election Campaign Fund," November 4, 2009, http://rsc.woodall.house.gov/uploadedfiles/sunsetalert_11-04-09.pdf.

Calculations:

Savings based on CBO, "H.R. 95: A Bill to Reduce Federal Spending and the Deficit by Terminating Taxpayer Financing of Presidential Election Campaigns and Party Conventions," June 21, 2013, http://www.cbo.gov/sites/default/files/hr95_0.pdf. We assume $2 million in savings for 2024, and no savings in 2025, as these are the levels projected by the CBO for years of, and immediately following, presidential elections, to which 2024 and 2025 apply.

Function 920: **Allowances**

Repeal the Davis–Bacon Act

#104

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$8,112	$8,142	$8,158	$8,251	$8,447	$8,633	$8,818	$9,056	$9,233	$9,404	$41,110	$86,254

Heritage Recommendation:

Repeal the Davis–Bacon Act and prevent states from imposing prevailing wage restrictions on federally funded construction projects. This proposal saves $8.1 billion in 2016, and $86 billion over 10 years.

Rationale:

The Davis–Bacon Act requires federally financed construction projects to pay "prevailing wages." In theory these should reflect going market rates for construction labor in that area. However the GAO and Inspector General have repeatedly criticized the Labor Department for using self-selected statistically unrepresentative samples to calculate the prevailing wage rates. Consequently, actual Davis–Bacon rates usually reflect union rates that average 22 percent above actual market wages.

The Davis–Bacon Act requires taxpayers to overpay for construction labor. Construction unions lobby heavily to maintain this restriction—it reduces the cost advantage of their nonunion competitors. But it needlessly inflates the total cost of building infrastructure and other federally funded construction by 10 percent.

The Congressional Budget Office has estimated that the Davis–Bacon Act applies to a third of all government construction—many state and local projects are partially or wholly funded with federal dollars. Without prevailing wage restrictions these projects would have cost $7.8 billion less in 2013. Congress should repeal the Davis–Bacon Act and prohibit states from imposing separate prevailing wage restrictions on federally funded construction projects. Doing so would save taxpayers tens of billions of dollars.

Additional Reading:

- James Sherk, "Examining the Department of Labor's Implementation of the Davis–Bacon Act," testimony before the House Committee on Education and the Workforce, April 14, 2011, http://www.Heritage.org/research/testimony/2011/04/examining-the-department-of-labors-implementation-of-the-davis-bacon-act.

Calculations:

Savings are expressed as budget authority and were calculated by comparing current federal construction spending of $277 billion annually, as found in U.S. Census Bureau, "Construction Spending: Value of Construction Put in Place at a Glance, November 2014," January 2015, https://www.census.gov/construction/c30/c30index.html, to spending levels in the absence of Davis–Bacon. Both spending levels were increased at the same rate as growth in discretionary spending, according to the CBO's most recent August 2014 baseline. Davis–Bacon increases construction costs by 9.9 percent, as documented in Sarah Glassman et al., "The Federal Davis–Bacon Act: The Prevailing Mismeasure of Wages," The Beacon Hill Institute, February 2008, http://www.beaconhill.org/BHIStudies/PrevWage08/DavisBaconPrevWage080207Final.pdf, and it extends to 32 percent of all public construction spending.

#105

Open Access to Drilling and Conduct Lease Sales

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$0	$400	$1,000	$700	$300	$800	$900	$400	$600	$567	$2,400	$5,667

Heritage Recommendation:

Open access to energy exploration and development on non-park, non-wilderness lands, and remove bans on drilling off America's territorial waters. This proposal saves $5.7 billion over 10 years.

Rationale:

An abundance of untapped energy lies beneath America's ground and off the coasts. The United States is the only country in the world that has placed a majority of its territorial waters off-limits to oil exploration. Furthermore, production on federal lands is decreasing while production on private and state-owned lands is skyrocketing.

Congress should lift the ban on exploration in the eastern Gulf of Mexico and the Atlantic and Pacific coasts, and should conduct more lease sales off Alaska's coasts. Another obvious area in which to expand oil production is Alaska's Arctic National Wildlife Refuge (ANWR), where an estimated 10.4 billion barrels of oil lie beneath a few thousand acres that can be accessed with minimal environmental impact. Congress should require the Secretary of the Interior to conduct lease sales if a commercial interest exists to explore and drill. Congress should also provide the funding, if necessary, for the federal government to hire personnel to conduct new lease sales after opening America's territorial waters and currently blocked onshore areas.

Federal and state governments would stand to benefit as well since increased production would increase revenues from bonus bids (for new leases), royalties, rents, and increased economic activity. States receive 50 percent of the revenues generated by onshore oil and natural gas production on federal lands and Congress should apply this allocation offshore as well. Drilling off states' coasts and allowing them a larger share of the royalty revenue would encourage more state involvement in drilling decisions. Offshore drilling would promote state and local government participation in allocating funds as well, whether closing a state's deficit or coastal restoration and conservation.

Additional Reading:

- Nicolas Loris, "Ten Actions Congress Can Take to Lower Gas Prices," Heritage Foundation *Backgrounder* No. 2689, May 12, 2012, http://www.Heritage.org/research/reports/2012/05/ten-actions-congress-can-take-to-lower-gas-prices.

Calculations:

Savings based on 2014 CBO budget options, specifically option 1, in CBO, "Options for Reducing the Deficit: 2015 to 2024," November 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/49638-BudgetOptions.pdf. The CBO score includes savings figures through 2024. Because there is no trend in the savings, we assume that 2025 savings are equal to the average savings levels estimated by the CBO for 2016–2024.

Empower States to Control Energy Production on Federal Lands

#106

Heritage Recommendation:

Open access to energy exploration and development on non-park, non-wilderness lands, and remove bans on drilling off America's territorial waters.

Rationale:

Much of the growth is occurring on private and state-owned lands, while oil and gas output on federal lands has been in decline. States are in the best position to promote economic growth and to protect the environment, which is why state regulators should manage energy production and resources in their respective states. The federal government owns nearly one-third of United States territory. Congress should consider privatizing some of that land, and in the meantime, transferring the management of federal lands to state regulators would encourage energy resource development on the federal estate while maintaining a strong environmental record.

States should be able to control the environmental review and permitting process to develop energy resources on federal land that is not Indian land, part of the National Park System, the National Wildlife Refuge System, or a congressionally designated area. The proposed Federal Land Freedom Act[71] would allow states to develop programs that satisfy all applicable federal laws required to produce energy on federal lands. Therefore, states would have complete control of their energy programs. Further, states would submit a declaration of their program to the Departments of Agriculture, Energy, and the Interior, and the program would not be subject to judicial review. Doing so would reduce the budgets for those federal agencies conducting the environmental review and permitting.

Additional Reading:

- Nicolas Loris, "Energy Production on Federal Lands: Handing Keys Over to the States," Heritage Foundation *Issue Brief* No. 3979, June 27, 2013, http://www.Heritage.org/research/reports/2013/06/energy-production-on-federal-lands-handing-keys-over-to-the-states.

Calculations:

No specific savings are assumed for this proposal.

Endnotes: Allowances

71. H.R. 2511—Federal Land Freedom Act of 2013.

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2015 Congressional Calendar and Key Dates

Key Dates for Budget and Recommendations

February 2	President Obama submits FY 2016 budget to Congress. However, it may be late (2014's arrived in March and 2013's arrived in April). If the President is late in submitting his budget, other budget process dates noted below may be impacted.
February 15	Congressional Budget Office submits economic and budget outlook report to Budget Committees.
March 15	Suspension of the debt ceiling expires, Treasury can employ "extraordinary measures" to extend the functional deadline for congressional action.
March 16	Six weeks after President submits budget: Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports budget resolution.
April 15	Congress completes action on budget resolution.
May 15	Annual appropriations bills may be considered in the House, even if action on budget resolution has not been completed.
May 31	Highway Bill Expires. Reforms to Federal Transit Program and Federal Highway Program should be made in any reauthorization.
June 10	House Appropriations Committee reports last annual appropriations bill.
June 15	Congress completes action on reconciliation legislation (if required by budget resolution).
June 30	Export-Import Bank's charter expires.
June 30	House completes action on annual appropriations bills.
July 15	President submits mid-session review of his budget to Congress.
September 30	2015 Fiscal year ends.
October 1	2016 Fiscal year begins.

2015 Congressional Calendar and Key Dates

House and Senate in Session
Senate in Session
Key Dates
Federal Holiday

January

SUN	MON	TUES	WED	THUR	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February

SUN	MON	TUES	WED	THUR	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
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March

SUN	MON	TUES	WED	THUR	FRI	SAT
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29	30	31				

April

SUN	MON	TUES	WED	THUR	FRI	SAT
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5	6	7	8	9	10	11
12	13	14	15	16	17	18
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26	27	28	29	30		

May

SUN	MON	TUES	WED	THUR	FRI	SAT
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3	4	5	6	7	8	9
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17	18	19	20	21	22	23
24 / 31	25	26	27	28	29	30

June

SUN	MON	TUES	WED	THUR	FRI	SAT
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21	22	23	24	25	26	27
28	29	30				

July

SUN	MON	TUES	WED	THUR	FRI	SAT
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August

SUN	MON	TUES	WED	THUR	FRI	SAT
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23 / 30	24 / 31	25	26	27	28	29

September

SUN	MON	TUES	WED	THUR	FRI	SAT
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October

SUN	MON	TUES	WED	THUR	FRI	SAT
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November

SUN	MON	TUES	WED	THUR	FRI	SAT
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29	30					

December

SUN	MON	TUES	WED	THUR	FRI	SAT
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