

Agriculture, Rural  
Development, Food and  
Drug Administration, and  
Related Agencies

**\$2.6**SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Repeal the USDA's Catfish Inspection Program

While the Food and Drug Administration regulates domestic and imported seafood, 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 have to comply with both FDA and USDA regulations. The evidence does not support the health justifications for the more intrusive inspection program, to which there has been wide bipartisan opposition. The U.S. Government Accountability Office criticized the program in a 2012 report with the not-so-subtle title *Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA*.<sup>2</sup>

The USDA catfish inspection program would also have serious trade implications. Foreign countries that want to export catfish to the U.S. would need to establish a new regulatory system equivalent to the USDA program. This approval process could take years. Catfish-exporting countries would likely retaliate with and win trade disputes, since the program would be an unjustified trade barrier. The retaliation would likely be against industries other than the catfish industry, such as milk producers or meat packers. American consumers would also suffer, as this program would reduce competition.

### ADDITIONAL READING

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Background* No. 2916, May 30, 2014.
- U.S. Government Accountability Office, *Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA*, GAO-12-411, May 2012.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	INCLUDED	Eliminates program and moves inspection back to FDA.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Repeals program.

**\$754**SAVINGS IN MILLIONS<sup>3</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate the USDA's Conservation Technical Assistance Program

The USDA's Natural Resources Conservation Service runs this costly program that offers landowners technical assistance 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. Private landowners are the best stewards of a given property and, if

necessary, can seek private solutions to conservation challenges.

Federal taxpayers should not be forced to subsidize advice for which landowners should be paying on their own. In addition, this government intervention could be crowding out the private solutions that should be available to private landowners.

### ADDITIONAL READING

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Significantly reduces program.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.

**\$497**SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate the USDA's Rural Business Cooperative Service

The RBCS maintains a wide range of financial assistance programs for rural businesses. It also has a significant focus on renewable energy and global warming, 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, just as any

other business must. Private capital will find its way to worthy investments.

The government should 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.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	INCLUDED	Eliminates agency.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates agency.

**\$5.4**SAVINGS IN BILLIONS<sup>5</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Repeal the USDA's Agricultural Risk Coverage and Price Loss Coverage Programs

The ARC and PLC programs are two major new commodity programs that Congress added in the 2014 farm bill. On a crop-by-crop basis, farmers can participate either in the ARC program or in the PLC program. The ARC program protects farmers from shallow losses, providing payments when their actual revenues fall below 86 percent of the expected revenues for their crops. The PLC program provides payments to farmers when commodity prices fall below a fixed reference price established by statute. The PLC program has such high reference prices that even at the time the 2014 farm bill was enacted,

payments for some commodities were likely from the outset.

These programs go far beyond providing a safety net for farmers. Instead, the pretext of a safety net is used to prevent many agricultural producers from competing in the market as other businesses do. Policymakers need to allow farmers to compete freely in the marketplace and reap the financial reward of being more efficient and better managed than their competitors are.

### ADDITIONAL READING

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," The Heritage Foundation *Mandate for Leadership Series*, September 21, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, "Addressing Risk in Agriculture," Heritage Foundation *Special Report* No. 189, September 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates ARC and PLC.

**\$9.7**SAVINGS IN BILLIONS<sup>6</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Include Work Requirement for Able-Bodied Adult Food Stamp Recipients

The food stamp program is the second-largest of the government's 89 means-tested welfare programs. The number of food stamp recipients has risen dramatically from about 17.2 million in 2000 to 44.2 million in 2016. Costs have risen from \$19.8 billion in FY 2000 to \$75.8 billion in FY 2016.

Food stamp assistance should be directed to those who are 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. Work requirements not only help to ensure that food stamps are directed to those who need them most, but also promote the principle of self-sufficiency by directing individuals toward work.

### ADDITIONAL READING

- Robert Rector, Rachel Sheffield, and Kevin Dayaratna, "Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent," Heritage Foundation *Backgrounder* No. 3091, February 8, 2016.
- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	PARTIALLY INCLUDED	Limits use of waivers that exempt able-bodied adults without dependents from work requirements.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Eliminates waivers that exempt able-bodied adults without dependents from work requirements.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Advocates Welfare Reform and Upward Mobility Act work requirements that extend to able-bodied parents.

**\$1.3**SAVINGS IN BILLIONS<sup>7</sup>

PRESIDENT

HOUSE

SENATE

RSC

## End Broad-Based Categorical Eligibility for Food Stamps

Categorical eligibility traditionally allows individuals who receive cash welfare assistance from programs such as Temporary Assistance for Needy Families to enroll in food stamps automatically. Under “broad-based categorical eligibility,” states can now loosen income limits and bypass asset tests for potential recipients of food stamps. Individuals or families can simply receive some type of TANF “service” and automatically become categorically eligible for food stamps. Because TANF services are available to households with incomes higher than those that are eligible for TANF cash

assistance, states can extend food stamp benefits to those with higher incomes than otherwise would be permissible.

Moreover, broad-based categorical eligibility allows states to waive asset tests entirely. An individual with a temporarily low income can receive a TANF service and then become categorically eligible for food stamps even if he has a large amount of savings. Policymakers should end broad-based categorical eligibility to ensure that food stamps are focused on helping those who are truly in need.

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### ADDITIONAL READING

- Katherine Bradley and Robert Rector, “Reforming the Food Stamp Program,” Heritage Foundation *Backgrounder* No. 2708, July 25, 2012.
- Rachel Sheffield, “How to Reform Food Stamps,” Heritage Foundation *Issue Brief* No. 4045, September 12, 2013.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Closes eligibility loopholes, limits categorical eligibility to recipients of SSI or TANF cash benefits, and modifies income calculations to target benefits to neediest households.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Ends categorical eligibility across all programs. Food stamp recipients would have to meet SNAP income and asset tests.

**\$1.5**SAVINGS IN BILLIONS<sup>8</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate the “Heat and Eat” Loophole in Food Stamps

Using a loophole known as “heat and eat,” states can artificially boost a household’s food stamp benefit. The amount of food stamps a household receives is based on its “countable” income (income minus certain deductions). Households that receive benefits from the Low-Income Heat and Energy Assistance Program are eligible for a larger utility deduction. In order to make households eligible for the higher deduction and thus for greater food stamp benefits, states have distributed LIHEAP checks for amounts as small as \$1 to food stamp recipients.

Although the 2014 farm bill tightened this loophole by requiring that a household must receive more than \$20 annually in LIHEAP payments to be eligible for the larger utility deduction and subsequently higher food stamp benefits, some states have continued to use it by paying over \$20 per year. Policymakers should close this loophole entirely.

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### ADDITIONAL READING

- Rachel Sheffield, “How to Reform Food Stamps,” Heritage Foundation *Issue Brief* No. 4045, September 12, 2013.
- Daren Bakst and Rachel Sheffield, “Eight Things to Watch for in the Farm Bill,” Heritage Foundation *Issue Brief* No. 4101, December 4, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates LIHEAP.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates LIHEAP.



**\$0**  
(NO SAVINGS)<sup>9</sup>

PRESIDENT	HOUSE	SENATE	<b>RSC</b>
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## Eliminate the USDA Sugar Program

The USDA sugar program uses price supports and marketing allotments that limit how much sugar processors can sell each year, as well as import restrictions. As a result of government intervention to limit supply, the price of American sugar is consistently higher than (and at times twice as high as) world prices.<sup>10</sup>

This program may benefit a small number of sugar growers and harvesters, but it does so at the expense of sugar-using industries and consumers. An International Trade Administration report found that “[f]or each sugar growing and harvesting job saved through high U.S. sugar prices, nearly three confectionery manufacturing jobs are lost.”<sup>11</sup> The program is also a hidden tax on consumers: Recent studies have found that it costs consumers as much as \$3.7 billion a year.<sup>12</sup>

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### ADDITIONAL READING

- Daren Bakst, ed., “Farms and Free Enterprise: A Blueprint for Agricultural Policy,” The Heritage Foundation *Mandate for Leadership Series*, September 21, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, “Addressing Risk in Agriculture,” Heritage Foundation *Special Report* No. 189, September 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	
House Budget Resolution	REJECTED	
Senate Budget Resolution	REJECTED	
Republican Study Committee	<b>INCLUDED</b>	Eliminates program.

**\$1.9**SAVINGS IN BILLIONS<sup>13</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate USDA Revenue-Based Crop Insurance Policies

Any reasonable concept of a taxpayer-funded safety net for farmers would require a significant crop loss, but this program does not require yield losses for farmers to receive indemnities. There are generally two types of federal crop-insurance: yield-based, which protects farmers from yields that are lower than expected due to events beyond the control of farmers, such as weather and crop disease, and revenue-based, which protects farmers from dips in expected revenue due to low prices, low yields, or both. Revenue-based policies, which are more popular than yield-based policies because they do not require yield losses, accounted for 77 percent of all policies earning premiums in 2014.<sup>14</sup> Farmers

can even have greater yields than expected and still receive indemnity payments if commodity prices are lower than expected.

The federal government should not be in the business of insuring price or revenue; agricultural producers, like other businesses, should not be insulated from market forces or guaranteed financial success at the expense of taxpayers. Revenue-based crop insurance is unnecessarily generous and should be eliminated. Taxpayer-subsidized crop insurance should be limited to yield insurance as it was in the past.

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### ADDITIONAL READING

- Daren Bakst, ed., “Farms and Free Enterprise: A Blueprint for Agricultural Policy,” The Heritage Foundation *Mandate for Leadership Series*, September 21, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, “Addressing Risk in Agriculture,” Heritage Foundation *Special Report* No. 189, September 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$200**SAVINGS IN MILLIONS<sup>15</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate the USDA's Market Access Program

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.

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### ADDITIONAL READING

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014.
- Senator Tom Coburn, "Treasure Map: The Market Access Program's Bounty of Waste, Loot and Spoils Plundered from Taxpayers," June 2012.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.

## Policy Riders

### **Withhold funding for federal fruit-supply and vegetable-supply restrictions in marketing orders.**

In June 2015, the Supreme Court of the United States decided *Horne v. Department of Agriculture*,<sup>16</sup> a case regarding the federal government's authority to fine raisin growers who did not hand over part of their crop to the government. The Court held that forcing growers to turn over their raisins was a taking of private property requiring just compensation. Although the "raisin case" received much attention because of the outrageous nature of the government's actions, it is far from unique. In particular, the USDA uses its power to enforce a number of cartels through industry agreements known as marketing orders. Fruit and vegetable marketing orders<sup>17</sup> allow the federal government to authorize supply restrictions (volume controls), limiting the amounts that agricultural producers may sell. Marketing orders are bad enough, but at a minimum, Congress should stop funding these volume controls that limit how much of their own fruits and vegetables farmers may sell and should get the government out of the market and cartel management business.<sup>18</sup>

**Prohibit funding for national school meal standards.** The USDA's school-meal standards for the Healthy, Hunger-Free Kids Act of 2010 have been a failure. They are a burden on schools and have led to many negative outcomes. A September 2015 GAO report shows that since the implementation of these standards, participation in the school lunch program has declined, food waste remains a significant problem, and some schools have dropped out of the school lunch program at least partly because of the standards.<sup>19</sup> Some schools have even had to draw from their education funds to cover the costs imposed by these standards.<sup>20</sup> No funding should be directed toward implementation or enforcement of these standards. Any new standards should give states and local educational authorities much greater flexibility and respect the role of parents in helping their children make dietary decisions.

**Prohibit funding for the community eligibility provision.** The community eligibility provision is a policy that was implemented by the Healthy, Hunger-Free Kids Act of 2010. It expands free school meals to students regardless of family income. Under this provision, if 40 percent of students in a school, group of schools, or school district are identified as eligible for free meals because they receive benefits from another means-tested welfare program like food stamps, then all students can receive free meals. The community eligibility provision is essentially a backdoor approach to universal school meals. Schools should not be providing welfare to middle-class and wealthy students. Ending the community eligibility provision would ensure that free meals are going only to students from low-income families. No further funding should be directed toward implementing this provision.

## ENDNOTES

1. Savings of \$2.6 million for FY 2019 are based on estimates from the U.S. Department of Agriculture's Food Safety and Inspection Service (as reported by the GAO) pursuant to a transfer of the program's administration. Under a final rule (9 CFR §§ 530–561, issued December 2, 2015, effective March 1, 2016, and with a full compliance date of September 1, 2017), catfish inspection was transferred from the FDA to the FSIS. Subsequently, the FSIS revised its estimated annual cost of the program downwards from \$14 million to \$2.6 million annually. See U.S. Government Accountability Office, "Agriculture: Catfish Inspection," last updated October 18, 2017, [https://www.gao.gov/duplication/action\\_tracker/Catfish\\_Inspection/action1](https://www.gao.gov/duplication/action_tracker/Catfish_Inspection/action1) (accessed May 9, 2018), and U.S. Department of Agriculture, *2019 President's Budget: Food Safety and Inspection Service*, <https://www.obpa.usda.gov/22fsis2019notes.pdf> (accessed May 9, 2018).
2. 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/products/GAO-12-411> (accessed April 17, 2019).
3. Savings of \$754 million for FY 2019 are based on the most recent estimated spending level of \$754 million for FY 2018 as found in U.S. Department of Agriculture, *FY 2019 Budget Summary*, p. 24, <https://www.usda.gov/sites/default/files/documents/usda-fy19-budget-summary.pdf> (accessed May 9, 2018). Heritage experts assume that the FY 2018 spending level remains constant in FY 2019.
4. Savings of \$497 million for FY 2019 are based on the CBO's most recent April 2018 baseline spending projections. Savings include \$103 million in discretionary spending and \$394 million in mandatory spending.
5. Savings of \$5.354 billion for FY 2019 are based on projections for the ARC and PLC as reported in Congressional Budget Office, *CBO's April 2018 Baseline for Farm Programs*, April 9, 2018, <https://www.cbo.gov/sites/default/files/recurringdata/51317-2018-04-usda.pdf> (accessed May 9, 2018). Estimated savings of \$5.354 billion in FY 2019 include \$2.727 billion for the PLC (p. 6); \$2.604 billion for the ARC-CO (county) (p. 6); and \$23 million for the ARC-IC (individual coverage) (p. 9). All \$5.868 billion in savings represents mandatory spending.
6. Savings of \$9.7 billion for FY 2019 are based on analysis contained in Robert Rector, Rachel Sheffield, and Kevin Dayaratna, "Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent," Heritage Foundation *Backgrounder* No. 3091, February 8, 2016, <http://www.heritage.org/research/reports/2016/02/maine-food-stamp-work-requirement-cuts-non-parent-caseload-by-80-percent>. All \$9.7 billion in savings represents mandatory spending.
7. Savings of \$1.305 billion for FY 2019 are based on the CBO's analysis of the impact of previously proposed legislation that would have enacted this reform. Specifically, we use the CBO's FY 2015 estimate for "Section 105. Updating program eligibility" because 2015 represents the first full year of the proposal's implementation. See Congressional Budget Office, "Cost Estimate for H.R. 3102, the Nutrition Reform and Work Opportunity Act of 2013," September 16, 2013, <https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/costestimate/hr31020.pdf> (accessed March 20, 2018). All \$1.305 billion in savings represents mandatory spending.
8. Savings of \$1.470 billion for FY 2019 are based on estimated savings from a proposal that would enact this change. Specifically, we use the estimated FY 2014 savings for "Changes to SNAP Eligibility Requirements: Standard Utility Allowance" because FY 2014 represents the first full year of implementation. See Report No. 112-470, *Sequester Replacement Reconciliation Act of 2012*, Committee on the Budget, U.S. House of Representatives, 112th Cong., 2nd Sess., May 9, 2012, p. 27, <https://www.gpo.gov/fdsys/pkg/CRPT-112hrpt470/pdf/CRPT-112hrpt470.pdf> (accessed May 9, 2018). All \$1.470 billion in savings represents mandatory spending.
9. Savings of \$0 million in FY 2019 are based on the CBO's estimated FY 2019 cost of the program. Although the CBO estimates zero cost in FY 2019, it projects that the sugar program will have a total cost of \$76 million over the 2019–2028 period. Congressional Budget Office, *CBO's April 2018 Baseline for Farm Programs*.
10. Agralytica, "Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill," June 3, 2013, <http://fairsugarpolicy.org/wordpress/wp-content/uploads/2018/03/AgralyticaEconomicEffectsPaperJune2013.pdf> (accessed August 4, 2016).
11. U.S. Department of Commerce, International Trade Administration, "Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices," undated, p. 2, [https://www.trade.gov/mas/ian/build/groups/public/@tg\\_ian/documents/webcontent/tg\\_ian\\_002705.pdf](https://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_002705.pdf) (accessed April 17, 2018).
12. Agralytica, "Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill." See also John C. Beghin and Amani Elobeid, "The Impact of the U.S. Sugar Program Redux," Iowa State University, Center for Agricultural and Rural Development *Working Paper* No. 13-WP 538, May 2013, <https://www.card.iastate.edu/products/publications/pdf/13wp538.pdf> (accessed April 17, 2018).
13. Savings of at least \$1.92 billion for FY 2019 are based on a CBO analysis of federal crop insurance costs that provides estimated savings for a more limited proposal to restrict the way producers' costs are estimated for revenue-based policies by requiring that costs be based on the projected price of crops at the time the policy is issued instead of providing for the greater of the projected price and the actual harvest price. Although this proposal would not entirely eliminate revenue-based crop insurance policies, it would limit their costs. The CBO estimates that this change in revenue-based policies would save \$19.2 billion over the 2018–2027 period, for an average of \$1.92 billion per year. Congressional Budget Office, *Options to Reduce the Budgetary Cost of the Federal Crop Insurance Program*, December 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53375-federalcropinsuranceprogram.pdf> (accessed March 20, 2018). All \$1.92 billion in savings represents mandatory spending.
14. Dennis A. Shields, "Federal Crop Insurance: Background," Congressional Research Service *Report for Members and Committees of Congress*, August 13, 2015, <https://fas.org/sgp/crs/misc/R40532.pdf> (accessed April 17, 2018).
15. Savings of \$200 million for FY 2019 are based on estimates for federal farm program costs in Congressional Budget Office, *CBO's April 2018 Baseline for Farm Programs*. All \$200 million in savings represents mandatory spending.

16. *Horne v. Department of Agriculture*, 135 S. Ct. 2419 (2015), <https://www.leagle.com/decision/insco20150622a72> (accessed April 17, 2018).
17. These marketing orders cover fruits, vegetables, and specialty crops. See U.S. Department of Agriculture, Agricultural Marketing Service, “Marketing Orders for Fruits, Vegetables, & Specialty Crops,” <http://www.ams.usda.gov/rules-regulations/moa/fv> (accessed April 17, 2018). There also are milk marketing orders, but they are different from fruit and vegetable marketing orders. See U.S. Department of Agriculture, Agricultural Marketing Service, “Federal Milk Marketing Orders,” U.S. Department of Agriculture, <http://www.ams.usda.gov/rules-regulations/moa/dairy> (accessed April 17, 2018).
18. Daren Bakst, “The Federal Government Should Stop Limiting the Sale of Certain Fruits and Vegetables,” Heritage Foundation *Issue Brief* No. 4466, September 29, 2015, <http://www.heritage.org/research/reports/2015/09/the-federal-government-should-stop-limiting-the-sale-of-certain-fruits-and-vegetables>.
19. U.S. Government Accountability Office, *School Nutrition: USDA Had Efforts Underway to Help Address Ongoing Challenges Implementing Changes in Nutrition Standards*, GAO-15-656, September 2015, <http://gao.gov/products/GAO-15-656> (accessed April 17, 2019).
20. Erik Wasson, “Michelle’s Meals Turn Off the Kids,” *The Hill*, May 21, 2014, <http://thehill.com/policy/finance/206734-michelles-meals-turn-off-the-kids> (accessed April 17, 2018).

# Commerce, Justice, Science, and Related Agencies

**\$276**

SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT

HOUSE

SENATE

RSC

CJS

## Eliminate the Department of Justice’s Office of Community Oriented Policing Services

Created in 1994, COPS promised to put 100,000 new state and local law enforcement officers on America’s streets by 2000. It failed to add 100,000 officers and failed to reduce crime.

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.” When Congress funds the routine, day-to-day operations of 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 almost wholly, if not exclusively, to state and local governments. According to Attorney General Jeff Sessions, during the Obama Administration, the COPS program was also diverted to “expensive wide-ranging investigative assessments” that included attempts to “reform” law enforcement agencies and institute requirements such as “inherent bias” training based on flawed and unproven social science.<sup>2</sup>

The COPS program has a demonstrated record of poor performance and should be eliminated. COPS grants also unnecessarily fund functions that are the responsibility of state and local governments.

### ADDITIONAL READING

- David B. Muhlhausen, “Byrne JAG and COPS Grant Funding Will Not Stimulate the Economy,” testimony before the Committee on the Judiciary, U.S. Senate, May 12, 2009.
- David B. Muhlhausen, “Impact Evaluation of COPS Grants in Large Cities,” Heritage Foundation *Center for Data Analysis Report* No. 06-03, May 26, 2006.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	\$96 million reallocation.
House Budget Resolution	INCLUDED	Eliminates funding.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates funding.



**\$2.0**SAVINGS IN BILLIONS<sup>3</sup>

PRESIDENT

HOUSE

SENATE

RSC

CIS

## Eliminate Grants Within the Department of Justice's Office of Justice Programs

The majority of the programs under the OJP umbrella deal with problems or functions within the jurisdiction of state and local governments. OJP grants 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.

In addressing criminal activity, the federal government should limit itself to handling tasks that state and local governments cannot perform by themselves and that the Constitution commits to the federal government. For example, juvenile delinquency is a problem common to all states, but the crimes

that delinquents commit are almost entirely and inherently local in nature and are therefore regulated by state criminal law, state law enforcement, and state courts. The fact that thefts by juveniles occur in all states does not mean that these thefts require action by the federal government.

State and local officials, not the federal government, are responsible for funding the state and local criminal justice system. The OJP subsidizes the routine, day-to-day functions of state and local criminal justice programs. The responsibility to combat ordinary crime at the local level belongs almost 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.
- 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.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Eliminates \$210 million from OJP-administered State Criminal Alien Assistance Program.
House Budget Resolution	INCLUDED	Eliminates funding.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates funding.

**\$492**  
SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Violence Against Women Act Programs and Grants

The services funded by VAWA programs and grants are properly funded and implemented 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* the province of the federal government. Moreover, the administrative cost of funneling state resources back to the states through the federal government actually reduces the overall level of available resources.

VAWA programs, created in 1994, exist principally to mitigate, reduce, or prevent the effects and occurrence of domestic violence. However, grant programs under the VAWA have not undergone nationally representative, scientifically rigorous experimental evaluations of their effectiveness. The General Accounting (now Government Accountability) Office concluded that previous evaluations of VAWA programs “demonstrated a variety of methodological limitations, raising concerns as to whether the evaluations will produce definitive results.”<sup>5</sup> In addition, the evaluations were not representative of the types of programs funded nationally by the VAWA.

### ADDITIONAL READING

- Paul J. Larkin Jr., “Send in the Lawyers: The House Passes the Senate’s Violence Against Women Act,” *The Daily Signal*, March 1, 2013.
- David B. Muhlhause and Christina Villegas, “Violence Against Women Act: Reauthorization Fundamentally Flawed,” Heritage Foundation *Backgrounder* No. 2673, March 29, 2012.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	INCLUDED	Eliminates funding.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$410**  
SAVINGS IN MILLIONS<sup>6</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

CIS

## Eliminate the Legal Services Corporation

The LSC was created by the Legal Services Act of 1974 to provide civil legal assistance to indigent clients. It does this by distributing federal grant funds to service areas throughout the United States and its territories in award increments of one to three years. The annual appropriations legislation specifies the types of activities for which the funds may be used and prohibits the use of funds for such purposes as political activity, advocacy, demonstrations, strikes, class-action lawsuits, and cases involving abortion, partisan redistricting, and welfare reform.

Although LSC grants do help to provide high-quality civil legal assistance to some low-income Americans, the Congressional Budget Office has repeatedly recommended defunding of the LSC as a way to decrease the deficit, observing that many programs receiving LSC grants already receive resources from state and local governments and private entities. State and local governments, supplemented by donations from other outside sources, are better equipped to address the needs of those in their communities who rely on these free services. Giving local entities sole responsibility for indigent legal defense would allow funds to be targeted in the most efficient manner and remove this burden from the federal deficit.

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### ADDITIONAL READING

- Congressional Budget Office, *Budget Options: Volume 2*, August 6, 2009.
- Ken Boehm, Chairman, National Legal and Policy Center, “What the Legal Services Corporation Doesn’t Want Congress to Know,” testimony submitted to the Subcommittee on Commerce, Justice, Science and Related Agencies, Committee on Appropriations, U.S. House of Representatives, March 22, 2012.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	INCLUDED	Reduces funding by \$367 million.
<b>House Budget Resolution</b>	INCLUDED	Eliminates funding.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Eliminates funding.

**\$49**SAVINGS IN MILLIONS<sup>7</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Reduce Funding for the Department of Justice's Civil Rights Division

A 2013 report by the Justice Department Inspector General described the Civil Rights Division as having a “dysfunctional management chain” and being torn by “polarization and mistrust.”<sup>8</sup> The division has undermined election integrity and has filed abusive lawsuits intended to enforce progressive social ideology in areas ranging from public hiring to public education. At a time when there is

less discrimination than ever before in our society, the division is at its largest—far larger that it was in the 1960s when it was fighting crucial civil rights battles. It has far more employees than vigorous enforcement of our civil rights and voting rights laws requires, and its budget can be cut significantly without sacrificing the division’s efficiency and ability to protect the public from discrimination.

### ADDITIONAL READING

- J. Christian Adams, *Injustice: Exposing the Racial Agenda of the Obama Justice Department* (Washington: Regnery Publishing, 2011).
- John Fund and Hans von Spakovsky, *Obama's Enforcer: Eric Holder's Justice Department* (New York: HarperCollins/Broadside, 2014).

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$36**  
SAVINGS IN MILLIONS<sup>9</sup>

PRESIDENT	HOUSE	SENATE	RSC
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CIS

## Reduce Funding for the Department of Justice’s Environmental and Natural Resources Division

The Justice Department’s ENR Division has suffered an embarrassing string of defeats in the courts because it has taken radical positions on environmental issues far outside the legal mainstream. One federal court of appeals accused ENR Division lawyers of making legal arguments in court that were “so thin as to border on the frivolous.”<sup>10</sup> It has also colluded in “sue and settle” lawsuits with extremist

environmental groups that take environmental lawmaking out of the hands of Congress and put it in the hands of agencies, private interests, and federal judges. Significantly reducing its budget would encourage the ENR Division to concentrate on its core functions of defending the environmental laws of the United States in a reasonable and common-sense manner.



### ADDITIONAL READING

- Paul J. Larkin, Jr., “Justice Department Giving Away the Public’s Money to Third-Party Interests,” Heritage Foundation *Commentary*, March 11, 2015.
- Andrew M. Grossman, “Regulation Through Sham Litigation: The Sue and Settle Phenomenon,” Heritage Foundation *Legal Memorandum* No. 110, February 25, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$16**  
SAVINGS IN MILLIONS<sup>11</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate the Department of Justice’s Community Relations Service

The CRS budget should be entirely eliminated. Rather than fulfilling its mandate of trying to be the peacemaker in community conflicts, the CRS has *raised* tensions in local communities. In both the Zimmerman case in Sanford, Florida, and the Wilson case in Ferguson, Missouri, for example, the CRS helped to organize and manage rallies and

protests against George Zimmerman and Darren Wilson. Other employees inside the CRS have cited a culture of incompetence, political decision-making, and gross mismanagement that has led them to send a letter of complaint to the Attorney General of the United States.

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### ADDITIONAL READING

- Hans von Spakovsky, “Corruption, Incompetence Scandal at DOJ’s Ferguson Unit Widens,” *PJ Media*, April 18, 2016.
- John Fund and Hans von Spakovsky, *Obama’s Enforcer: Eric Holder’s Justice Department* (New York: HarperCollins/Broadside, 2014).

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$259**  
SAVINGS IN MILLIONS<sup>12</sup>

PRESIDENT	HOUSE	SENATE	RSC
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CIS

## Reduce Funding for the Department of Justice’s Bureau of Alcohol, Tobacco, Firearms and Explosives

The ATF’s budget should be reduced to eliminate resources that could be used for reckless operations similar to Operation Fast and Furious. The ATF may be the most scandal-ridden agency in the federal government. According to Representative Jim Sensenbrenner (R-WI), it has been “branded” with

decades of “high profile failures.” Representative Sensenbrenner introduced a bill to eliminate the ATF because it is a “largely duplicative” agency that “lacks a clear mission.” Sensenbrenner believes that enforcement work should be transferred to the FBI and the Drug Enforcement Agency.

### ADDITIONAL READING

- News release, “Rep. Sensenbrenner Introduces the ATF Elimination Act,” Office of Congressman Jim Sensenbrenner, January 12, 2017.
- AWR Hawkins, “GOP Lawmaker Proposes ‘ATF Elimination Act,’” Breitbart, March 6, 2015.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	Increases funding by 2.4 percent.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$140**  
SAVINGS IN MILLIONS<sup>13</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the Department of Commerce’s Hollings Manufacturing Extension Partnership

The Hollings Manufacturing Extension Partnership is a federally funded management consulting operation directed at manufacturers. It is managed by the National Institute of Standards and Technology (NIST) of the U.S. Department of Commerce. The Hollings Partnership provides subsidies to consultants, manufacturers, and business advisers with the goal of bettering the business practices of small and medium-size businesses.

The government should not be playing a role in the development of business. Federal involvement distorts market outcomes and picks winners and losers among businesses. This is nothing more or less than corporate welfare, and it should be ended.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Eliminates program.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	Eliminates Hollings Partnership and other Department of Commerce corporate welfare programs.
<b>Senate Budget Resolution</b>	<b>INCLUDED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Eliminates program.



**\$495**  
SAVINGS IN MILLIONS<sup>14</sup>

PRESIDENT HOUSE SENATE RSC

CIS

# Eliminate the Department of Commerce’s International Trade Administration

The ITA serves as a sales department for certain businesses and promotes investment in the U.S., offering taxpayer-funded subsidies for businesses that promote their products overseas. Promoting U.S. exports is also a task carried out by the Department of Agriculture and the Department of State, rendering the ITA’s efforts redundant. The ITA’s protectionist policies, including antidumping and countervailing duty laws, interfere with free trade and drive up costs for both consumers and businesses.

One ITA program is the International Buyer Program (IBP), through which the ITA sets up a space “where foreign buyers can obtain assistance in identifying potential business partners, and meet with U.S. companies to negotiate and close deals.”<sup>15</sup> Private companies should facilitate their own business meetings or do so through voluntary trade associations, not on the taxpayer’s dime.

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### ADDITIONAL READING

- Michael Sargent, Romina Boccia, Emily J. Goff, David B. Muhlhausen, and Hans A. von Spakovsky, “Cutting the Commerce, Justice, and Science Spending Bill by \$2.6 Billion: A Starting Point,” Heritage Foundation *Issue Brief* No. 4220, May 12, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	Continues to fund.
House Budget Resolution	INCLUDED	Eliminates ITA, which it characterizes as a corporate welfare program.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Eliminates ITA export promotion activities, which provide market resources to private companies.

**\$263**SAVINGS IN MILLIONS<sup>16</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate the Department of Commerce's Economic Development Administration

The EDA provides taxpayer money and technical assistance to economically distressed areas in the form of “grants” and “investments” for local projects, including the private sector. The EDA uses taxpayer dollars to target local political pet projects with a very narrow benefit—in many cases, just one particular company or small segment of the

population. The EDA is just one of about 180 federal economic development programs, including (among others) the Small Business Administration's disaster assistance loans and the Department of Agriculture's rural development programs, that Congress should eliminate.

### ADDITIONAL READING

- U.S. Government Accountability Office, *Economic Development Administration: Documentation of Award Selection Decisions Could Be Improved*, GAO-14-131, February 6, 2014.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	INCLUDED	Eliminates EDA as part of an effort to eliminate duplicative and unauthorized economic development programs.
<b>House Budget Resolution</b>	INCLUDED	Eliminates EDA as part of an effort to eliminate overlap within the Department of Commerce.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Eliminates EDA as duplicative and providing subsidies outside the federal government's scope.

**\$39**  
SAVINGS IN MILLIONS<sup>17</sup>

PRESIDENT HOUSE SENATE RSC

CIS

## Eliminate the Department of Commerce’s Minority Business Development Agency

The Minority Business Development Agency hands out grants and runs federally funded management consulting operations called business centers in over 40 locations. Part of the Department of Commerce, the MBDA reported that its business centers assisted eligible businesses with 1,108 financings and contracts worth over \$3.9 billion in FY 2011.<sup>18</sup>

The MBDA helps businesses identify and respond to federal procurement opportunities and, by targeting certain racial and ethnic groups for special government assistance, is a key component of the federal government’s affirmative action approach. The federal government should not provide special assistance to businesses to procure federal contracts; nor should it target such assistance based on racial or ethnic considerations.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Continues to fund MBDA, but with reforms to change its focus and reduce costs.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Consolidates MBDA within the Small Business Administration.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	

**\$5.9**

SAVINGS IN MILLIONS<sup>19</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate Census Bureau Funding for the Annual Supplemental Poverty Measure Report

The Census Bureau’s annual Supplemental Poverty Measure is a relative measure; rather than determining whether a household is poor based on its income, as the official U.S. poverty measure does,

the SPM determines a household’s poverty status by comparing its income to the income of other households. The SPM undergirds a “spread-the-wealth” agenda and should be eliminated.

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### ADDITIONAL READING

- Robert Rector and Rachel Sheffield, “Obama’s New Poverty Measure ‘Spreads the Wealth,’” *Heritage Foundation Commentary*, November 9, 2011.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

## ENDNOTES

1. Estimated savings of \$276 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 9, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019.
2. Alan Neuhauser, “Justice Department Ends COPS Office Review of Police,” *U.S. News & World Report*, September 15, 2017, <https://www.usnews.com/news/national-news/articles/2017-09-15/justice-department-ends-cops-office-review-of-local-police> (accessed April 13, 2018).
3. Estimated savings of \$1.96 billion for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings include \$1.678 billion for State and Local Law Enforcement Assistance and \$282.5 million for Juvenile Justice Programs.
4. Estimated savings of \$492 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
5. U.S. General Accounting Office, *Justice Impact Evaluations: One Byrne Evaluation Was Rigorous: All Reviewed Violence Against Women Office Grants Were Problematic*, GAO-02-309, March 2002, p. 10, <https://www.gao.gov/assets/240/233527.pdf> (accessed April 13, 2018).
6. Estimated savings of \$410 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
7. Estimated savings of \$48.5 million for FY 2019 are based on the FY 2018 continuing resolution level of \$147 million as reported in table, “U.S. Department of Justice: Summary of Budget Authority by Appropriation,” in U.S. Department of Justice, *FY 2019 Budget and Performance Summary*, <https://www.justice.gov/doj/fy-2019-budget-and-performance-summary> (accessed May 9, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings equal a 33 percent reduction in FY 2019 spending.
8. U.S. Department of Justice, Office of the Inspector General, Oversight and Review Division, *A Review of the Operations of the Voting Section of the Civil Rights Division*, March 2103, p. 257, <https://oig.justice.gov/reports/2013/s1303.pdf> (accessed January 13, 2016).
9. Estimated savings of \$36 million for FY 2019 are based on the FY 2018 continuing resolution level of \$110 million as reported in table, “U.S. Department of Justice: Summary of Budget Authority by Appropriation,” in U.S. Department of Justice, *FY 2019 Budget and Performance Summary*. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings equal a 33 percent reduction in FY 2019 spending.
10. *Evans v. U.S.*, 694 F.3d 1377, 1381 (Fed. Cir. 2012).
11. Estimated savings of \$15.5 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
12. Estimated savings of \$259 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings equal a 20 percent reduction in estimated FY 2019 spending.
13. Estimated savings of \$140 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
14. Estimated savings of \$495 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
15. Hil Anderson, “DOC Selects 24 Shows for 2015 International Buyer Program,” *Trade Show Executive*, June 27, 2014, <http://www.tradeshowexecutive.com/archive/industry-news/doc-selects-24-shows-2015-international-buyer-program/> (accessed April 13, 2018).
16. Estimated savings of \$263 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
17. Estimated savings of \$39 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
18. U.S. Government Accountability Office, *Government Contracting: Federal Efforts to Assist Small Minority Owned Businesses*, GAO-12-873, September 2012, <http://www.gao.gov/assets/650/648985.pdf> (accessed April 10, 2018).
19. Estimated savings of \$5.9 million for FY 2019 are based on the estimated annualized FY 2018 level of \$59 million as specified in U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, *U.S. Census Bureau’s Budget: Fiscal Year 2019, As Presented to the Congress, February 2018*, p. CEN-19, <https://www2.census.gov/about/budget/FY-2019-Congressional-Budget-Submission.pdf> (accessed May 9, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019 and estimates that the annual supplemental poverty measure uses 10 percent of the household survey appropriations.



Defense

**\$413**SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Cut Non-Defense Spending from the Defense Department Budget

The Congressionally Directed Medical Research Programs (CDMRP) is one of the oldest and largest examples of non-defense funding inside the DOD budget. It was started by Congress in FY 1992 with an appropriation of \$11 billion. While some of this funding goes to medical research for issues like post-traumatic stress or orthotics that are relevant to the DOD, in FY 2017 alone, Congress appropriated \$245 million to support research on such non-defense medical issues as breast, ovarian, and prostate cancer; epilepsy; and autism.<sup>2</sup> This funding for non-defense research should be eliminated.

Another set of non-defense programs that should be cut from the defense budget are what the DOD calls “civil military programs.” These include a DOD education program called STARBASE and the National Guard Youth Challenge Program. This category has grown from \$122 million in FY 2007 to \$160 million in FY 2017.<sup>3</sup> Eliminating civil military programs would save \$183 million in FY 2019.

### ADDITIONAL READING

- Senator Tom A. Coburn, *Department of Everything*, November 2012.
- Thomas Spoehr and Rachel Zissimos, eds., “Preventing a Defense Crisis: The 2018 National Defense Authorization Act *Must* Begin to Restore U.S. Military Strength,” Heritage Foundation *Backgrounder* No. 3205, March 29, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Addresses CDMRP’s role in the defense budget.



**\$278**  
SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT	HOUSE	SENATE	RSC
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DEFENSE

## Combine Military Exchanges and Commissaries and Reduce Commissary Subsidies

The DOD operates two parallel but similar organizations that provide access to goods and services for servicemembers and their families. The commissaries provide groceries at cost plus 5 percent, which is sustainable only through an annual subsidy. In FY 2018, Congress subsidized the commissaries at almost \$1.4 billion.<sup>5</sup>

The DOD currently has an extensive and separate retail network to serve military personnel and their dependents. Maintaining access to affordable groceries and goods is important for servicemembers, particularly those who are stationed overseas or in remote locations. The military has three separate

general-retail stores (exchanges). All three are self-sustaining, relying on revenue from their sales rather than on direct appropriations.

In debates over the 2018 National Defense Authorization Act, Congress included a reporting requirement that would provide a cost-benefit analysis and aim to reduce the operational costs of commissaries and exchanges by \$2 billion. Congress should revisit this question and continue to consider ways to reform these systems. This is especially important at a time when the Government Accountability Office has found that the DOD does not properly measure the benefits created by these systems.<sup>6</sup>

### 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.
- Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options*, March 2011.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$150**  
SAVINGS IN MILLIONS<sup>7</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Close Domestic Dependent Elementary and Secondary Schools

Congress should create real choice for military families and transition the Domestic Dependent Elementary and Secondary Schools system into a system of education savings accounts for military families. The current DDESS system serves only 4 percent of military-connected children;<sup>8</sup> 80 percent of military-connected children attend traditional public schools. Additionally, over one-third of servicemembers consider their children’s schooling a deciding factor in continuing their military careers.<sup>9</sup>

The current system focuses on the needs of a minuscule minority to the detriment of the majority of its population.

There is no need for the military to operate schools in the United States. The Pentagon should promptly take action to close these schools and transfer military dependents to local school systems, a process that the Trump Administration has initiated.<sup>10</sup>

### ADDITIONAL READING

- Lindsey M. Burke and Anne Ryland, “A GI Bill for Children of Military Families: Transforming Impact Aid into Education Savings Accounts,” Heritage Foundation *Backgrounder* No. 3180, June 2, 2017.
- National Commission on Fiscal Responsibility and Reform, “\$200 Billion in Illustrative Savings: 2015 Savings,” draft document, undated.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$3.9**  
SAVINGS IN BILLIONS<sup>11</sup>

PRESIDENT	HOUSE	SENATE	RSC
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DEFENSE

## Reform Military Health Care

Congress should reform the DOD’s current TRICARE system and introduce a private-sector health insurance option for military family members. This would give servicemembers and their families more choices and serve as a competition catalyst for the current TRICARE system. The Military Compensation and Retirement Modernization Commission assessed that “[t]he quality of TRICARE benefits as experienced by Service members and their families has decreased, and fiscal sustainability of the program has declined.”<sup>12</sup>

Implementing a private-sector health insurance system would dramatically increase access and options for military family members while also

reducing costs. A 2011 Heritage Foundation report proposed moving servicemembers and their dependents to the system currently used by civilian federal employees, which would save \$1.4 billion in the first year and significantly more in future years.<sup>13</sup> In January 2015, the congressionally chartered Military Compensation and Retirement Modernization Commission issued its final report and included a recommendation to allow military dependents to choose from a selection of commercial health insurance plans. The MCRMC estimated that this would save \$3.90 billion in the first year and more in the future.<sup>14</sup>

### 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.
- Appendix D: Cost Data,” in Military Compensation and Retirement Modernization Commission, *Report of the Military Compensation and Retirement Modernization Commission: Final Report*, January 2015, p. 262.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Raises similar concerns but does not shape any proposals.

**\$9.0**

SAVINGS IN BILLIONS<sup>15</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Increase Use of Performance-Based Logistics

Congress should incentivize and enable the broader use of Performance-Based Logistics throughout the acquisition process. The Department of Defense should increase the use of PBL in weapon-systems maintenance and sustainment. It is estimated that these arrangements could save between \$9 billion and \$32 billion a year.<sup>16</sup> PBL is an arrangement in which the contractor is responsible for a larger portion of the support throughout the life cycle of the product. Thus, instead of being associated with the delivery of a platform, a contract is associated

with the proper functioning of said platform.<sup>17</sup> This serves to align the contractors' interests with the DOD's interest in maintaining the readiness of platforms.

PBL is not appropriate for all systems and should be applied judiciously. It is both DOD policy and a priority for product-support solutions, and it is estimated that it saves between 5 percent and 20 percent of contract costs.<sup>18</sup>

### ADDITIONAL READING

- Baker Spring, "Performance-Based Logistics: Making the Military More Efficient," Heritage Foundation *Backgrounder* No. 2411, May 6, 2010.
- 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.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$0**  
(NO SAVINGS)<sup>19</sup>

PRESIDENT	HOUSE	SENATE	RSC
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DEFENSE

## Reduce Excess Infrastructure

According to recent DOD estimates, the military has approximately 19 percent excess capacity, ranging from 6 percent in the Navy to 29 percent in the Army.<sup>20</sup> As the military grows, it is unlikely to need the same types of facilities it now has. Currently, because of congressional restrictions, the DOD may not even thoroughly analyze its infrastructure needs.

Congress routinely blocks the DOD’s efforts to right-size its infrastructure. The last time the DOD was able to shape its infrastructure footprint was during the 2005 Base Realignment and Closure round. Since 2012, the DOD has asked for BRAC

authority every year, and Congress has rejected it every year. Both the Senate and the House drafted versions of BRAC when discussing the 2018 National Defense Authorization Act, but none of the proposals ever made it to the legislation.

As it works to expand the military, Congress should allow the DOD to conduct a rigorous and transparent review of its current and future infrastructure needs, including closing bases and facilities as appropriate. While this process will come with an up-front cost, the DOD estimates that it could save \$2 billion annually once it is fully implemented.<sup>21</sup>

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### ADDITIONAL READING

- Frederico Bartels, “Guidelines for a Better—and Necessary—Round of BRAC,” Heritage Foundation *Backgrounder* No. 3257, October 19, 2017.
- Diana Cahn, “Policy Experts Urge Congress to Back New Round of Base Realignments and Closures,” *Stars and Stripes*, June 19, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$418**  
SAVINGS IN MILLIONS<sup>22</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Reform the Basic Allowance for Housing

For FY 2018, the DOD requested over \$20.1 billion in Basic Allowance for Housing for both enlisted personnel and officers.<sup>23</sup> Congress needs to reform the rules for the BAH and restore it to its proper role as an allowance by requiring married military couples to share a single allowance and requiring all servicemembers to document their housing expenditures to receive the allowance. Servicemembers are not entitled to, nor should they have any expectation, that money above what they pay for housing can be retained as “extra compensation.”

These changes would reduce costs and are completely appropriate. Congress should phase in

more accurate housing allowances, since the BAH is designed solely to help servicemembers pay for accommodations. A Senate proposal in the National Defense Authorization Act would have reformed the BAH, but it did not move forward in conference with the House.

A U.S. Army Audit Agency report estimated that married servicemembers receive \$200 million more in BAH than their actual housing costs.<sup>24</sup> Congress should phase in more accurate housing allowances beginning with the FY 2019 NDAA. This would save an estimated \$418 million in FY 2019.

### ADDITIONAL READING

- Thomas Spoehr and Rachel Zissimos, “Preventing a Defense Crisis: The 2018 National Defense Authorization Act Must Begin to Restore U.S. Military Strength,” Heritage Foundation *Backgrounder* No. 3205, March 29, 2017.
- Leo Shane III, “Group Wants Lawmakers to Cap Military Housing Stipends to Curb Costs,” *Military Times*, March 29, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$880**  
SAVINGS IN MILLIONS<sup>25</sup>

PRESIDENT	HOUSE	SENATE	RSC
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DEFENSE

## Replace Military Personnel in Commercial Positions with Civilian Employees

The DOD currently employs approximately 340,000 active-duty military personnel to perform support functions in commercial positions. Some of these positions can be transformed into civilian positions without losing the possibility of allocating military personnel to commercial positions to enable them to rotate away from combat positions. The Congressional Budget Office has analyzed the possibility of transforming 80,000 of these positions.<sup>26</sup>

Military personnel are inherently more expensive than civilians because the required training and rotations are shorter than the time that a civilian

usually spends on a job. According to the CBO, the savings would be generated because of two factors: On average, civilians are 30 percent less expensive, and fewer civilians than the number of military personnel can be employed in the same positions.<sup>27</sup> The savings vary depending on the replacement rate that the DOD achieves. In similar earlier initiatives, the DOD was able to average a ratio of 1:1.5, with two civilians replacing three military personnel. Even a replacement ratio of 1:1 would save \$3.1 billion annually. At a ratio of 1:1.5, the amount would reach \$5.7 billion.

### ADDITIONAL READING

- Congressional Budget Office, *Replacing Military Personnel in Support Positions With Civilian Employees*, December 2015.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

## Policy Riders

**End renewable energy mandates in the Department of Defense.** Such mandates impede marketplace diversity by undermining the incentives for producers of renewable energy to develop competitively priced products. Fuel is as much an asset as it is a point of vulnerability for the military. To protect taxpayers from undue DOD energy expense, Congress should remove technology-specific and fuel-specific mandates from the military.<sup>28</sup> In particular, under Section 2911(e) of Title 10 of the United States Code, the Defense Department is obligated to produce or procure 25 percent of the energy consumed in DOD facilities from renewable sources by 2025. This mandate, which is forcing the Pentagon to expend ever more resources on renewable energy rather than on military capability, should end immediately.<sup>29</sup>

**Lift the moratorium on private–public competitions.** Under pressure from federal employee unions since 2012, Congress has prohibited competition between public and private organizations to determine which could provide more cost-effective services for the U.S. government. This moratorium extends to public–public competitions, which leads to situations in which the municipality where a base is located cannot offer its services to the installation. DOD-specific competitions remain prohibited under Section 325 of the 2010 NDAA,<sup>30</sup> yet even critics will admit that “competition is the greatest single driver of performance and cost improvement.”<sup>31</sup> The RAND Corporation has estimated that opening support services for the military to private competition could result in savings of between 30 percent and 60 percent.<sup>32</sup> The common criticism leveled against such competition is that the process has not been updated and has yielded problems for both government and the private sector.<sup>33</sup> This is more reason for Congress to revisit Circular A-76 and engage the issue.

**Develop cost-effective auditing of the Department of Defense.** Congress should examine ways to accomplish the purpose of an audit at a lower cost. Section 1003 of Public Law 111-84 and Section 1003 of Public Law 112-81 direct that DOD financial statements must be “validated as ready for audit no later than September 30, 2017.”<sup>34</sup> The DOD has stated that it is now officially “under audit.” Audit results that lead to actual reduced waste or inefficiency are rare, and many companies that can legally escape undergoing financial audit choose to do so.<sup>35</sup> There are better methods to reduce waste or inefficiency, such as “waste audits” or zero-based budgeting techniques. In addition, many of the audit requirements imposed on private corporations make little sense when applied to the DOD. An example of the illogic of the financial audit construct as applied to the department is the requirement to report precisely the value of all \$2.4 trillion worth of its tangible assets, including decades-old equipment like M113 armored personnel carriers purchased in the 1970s and buildings constructed hundreds of years ago.<sup>36</sup> This makes sense in the private sector, not in the DOD.

**Support the seamless integration of the National Technology and Industrial Base.** The 2017 NDAA required the Secretary of Defense to develop a plan to “reduce the barriers to the seamless integration” of the NTIB.<sup>37</sup> Congress should support reforms that will make it easier for the U.S. to export defense technologies to its closest allies, the United Kingdom and Australia. These should include allowing all defense-related exports to be licensed to these close allies absent a U.S. decision to refuse within a specified and limited time period and the system-level licensing of such exports, which would allow the automatic and immediate export of follow-on parts, components, servicing, or technical plans. Canada is already treated separately under U.S. law, and the Secretary of Defense’s plan should reflect this fact and ensure that its exemption is updated to show the pending completion of export-control reform and to remove any other impediments discovered in the course of preparing the plan.



## ENDNOTES

1. Savings of \$413 million for FY 2019 include \$245 million for CDMRP and \$168 million for civil military programs. CDMRP savings are based on FY 2017 spending levels for research on autism, breast cancer, epilepsy, ovarian cancer, and prostate cancer as reported in U.S. Department of Defense, U.S. Army Medical Research and Materiel Command, Congressionally Directed Medical Research Programs, *Congressionally Directed Medical Research Programs: 2017 Annual Report*, September 30, 2017, <http://cdmrp.army.mil/pubs/annreports/2017annrep/2017annreport.pdf> (accessed May 9, 2018). Savings in civil military programs are based on FY 2018 requested levels of \$150.5 million for the National Youth Guard Challenge Program and \$17.4 million for STARBASE as reported in U.S. Department of Defense, *Fiscal Year (FY) 2019 President's Budget, Operation and Maintenance, Defense-Wide: Civil Military Programs*, February 2018, p. CMP-22, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2019/budget\\_justification/pdfs/01\\_Operation\\_and\\_Maintenance/O\\_M\\_VOL\\_1\\_PART\\_1/CMP\\_OP-5.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2019/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/CMP_OP-5.pdf) (accessed May 9, 2018).
2. U.S. Department of Defense, Congressionally Directed Medical Research Programs, "About Us: Funding History," last updated June 6, 2017, <http://cdmrp.army.mil/about/fundinghistory> (accessed May 10, 2018).
3. U.S. Department of Defense, *Fiscal Year 2018 President's Budget: Civil Military Programs (CMP)*, May 2017, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2018/budget\\_justification/pdfs/01\\_Operation\\_and\\_Maintenance/O\\_M\\_VOL\\_1\\_PART\\_1/CMP\\_OP-5.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2018/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/CMP_OP-5.pdf) (accessed May 10, 2018).
4. Savings of \$278 million for FY 2019 are based on the FY 2018 subsidy level of \$1.389 billion as found in U.S. Department of Defense, Defense Commissary Agency, *Defense Commissary Agency (DeCA) Fiscal Year (FY) 2019 President's Budget*, February 2018, pp. 16–17, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/budget\\_justification/pdfs/06\\_Defense\\_Working\\_Capital\\_Fund/DeCA\\_PB19\\_J-Book.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/budget_justification/pdfs/06_Defense_Working_Capital_Fund/DeCA_PB19_J-Book.pdf) (accessed May 10, 2018). The \$278 million in savings represents a 20 percent reduction in the \$1.389 billion requested subsidy.
5. Report 115-404, *National Defense Authorization Act for Fiscal Year 2018*, Conference Report, 115th Cong., 1st Sess., November 9, 2017, p. 731, <http://docs.house.gov/billsthisweek/20171113/HRPT-115-HR2810.pdf> (accessed April 18, 2018).
6. U.S. Government Accountability Office, *Defense Commissaries: DOD Needs to Improve Business Processes to Ensure Patron Benefits and Achieve Operational Efficiencies*, GAO-17-80, March 23, 2017, <https://www.gao.gov/products/GAO-17-80> (accessed April 18, 2018).
7. Savings of \$150 million in FY 2019 are based on the FY 2018 requested spending level of \$602 million for DDESS as found in U.S. Department of Defense, *Fiscal Year (FY) 2019 President's Budget, Operation and Maintenance, Defense-Wide: DoD Dependents Education*, February 2018, p. DoDDE-370, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/budget\\_justification/pdfs/01\\_Operation\\_and\\_Maintenance/O\\_M\\_VOL\\_1\\_PART\\_1/DoDDE\\_OP-5.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PART_1/DoDDE_OP-5.pdf) (accessed May 10, 2018). This estimate assumes a phased-in reduction in DDESS spending amounting to a 25 percent cut in FY 2019.
8. Lindsey M. Burke and Anne Ryland, "A GI Bill for Children of Military Families: Transforming Impact Aid into Education Savings Accounts," Heritage Foundation *Backgrounder* No. 3180, June 2, 2017, <http://www.heritage.org/education/report/gi-bill-children-military-families-transforming-impact-aid-education-savings>.
9. Jim Cowen and Marcus S. Lingenfelter, "The Stealth Factor in Military Readiness," *The Hill*, February 27, 2017, <http://thehill.com/blogs/congress-blog/education/321321-the-stealth-factor-in-military-readiness> (accessed April 17, 2018).
10. Karen Jowers, "Pentagon May Stop Running Stateside Schools for Military Children," *Military Times*, November 14, 2017, <https://www.militarytimes.com/newsletters/pay-benefits/2017/11/13/pentagon-may-stop-running-state-side-schools-for-military-children/> (accessed April 17, 2018).
11. Estimated savings of \$3.90 billion for FY 2019 are based on implementation of Recommendation 6 as outlined in Military Compensation and Retirement Modernization Commission, *Report of the Military Compensation and Retirement Modernization Commission: Final Report*, January 2015, pp. 79–119, [https://www.ngaus.org/sites/default/files/MCRM%202015\\_0.pdf](https://www.ngaus.org/sites/default/files/MCRM%202015_0.pdf) (accessed May 10, 2018). The commission estimated that this proposal would save \$3.90 billion in the first year and more than \$6 billion per year once fully implemented.
12. *Ibid.*, p. 81.
13. 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>.
14. Military Compensation and Retirement Modernization Commission, *Report of the Military Compensation and Retirement Modernization Commission: Final Report*, p. 262.
15. Savings of \$9 billion for FY 2019 represent the low end of a range of estimated savings from two reports: John Boyce and Allan Banghart, "Performance Based Logistics and Project Proof Point: A Study of PBL Effectiveness," Defense AT&L: Product Support Issue, March–April 2012, pp. 26–30, [http://dau.dodlive.mil/files/2012/03/Boyce\\_Banghart.pdf](http://dau.dodlive.mil/files/2012/03/Boyce_Banghart.pdf) (accessed May 10, 2018), and Jacques S. Gansler, William Lucyshyn, Lisa H. Harrington, and Amelia Cotton Corl, "The Current State of Performance Based Logistics and Public–Private Partnerships for Depot-Level Maintenance: Operating Models, Outcomes, and Issues," University of Maryland, School of Public Policy, Center for Public Policy and Private Enterprise, October 2010, <http://cpppe.umd.edu/file/861/download?token=ipx2r1Sr> (accessed May 10, 2018). The estimates of cost savings range from a notably conservative, or low, level of \$9 billion per year to \$32 billion per year. Heritage experts conservatively assume that the DOD would initially realize the lowest range of these savings, at \$9 billion per year in FY 2019, with that figure growing to \$32 billion per year over the 10-year period.
16. Baker Spring, "Performance-Based Logistics: Making the Military More Efficient," Heritage Foundation *Backgrounder* No. 2411, May 6, 2010, <http://www.heritage.org/defense/report/performance-based-logistics-making-the-military-more-efficient>.

17. Daniel Gouré, “Performance-Based Logistics Contracts Continue to Prove Their Value,” Lexington Institute, January 17, 2014, <http://www.lexingtoninstitute.org/performance-based-logistics-contracts-continue-to-prove-their-value/> (accessed April 18, 2018).
18. U.S. Department of Defense, Assistant Secretary of Defense, Logistics & Materiel Readiness, *PBL Guidebook: A Guide to Developing Performance-Based Arrangements*, 2016, p. 12, <http://acqnotes.com/wp-content/uploads/2017/07/Performance-Based-Logistics-Guidebook-March-2016.pdf> (accessed April 18, 2018).
19. We do not assume any savings for FY 2019. However, the Department of Defense estimates that once fully implemented, a BRAC would save \$2 billion annually. See U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), Chief Financial Officer, *Defense Budget Overview: United States Department of Defense Fiscal Year 2017 Budget Request*, February 2016, pp. 2-4, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY2017\\_Budget\\_Request\\_Overview\\_Book.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY2017_Budget_Request_Overview_Book.pdf) (accessed May 10, 2018).
20. U.S. Department of Defense, *Department of Defense Infrastructure Capacity*, October 2017, p. 3, [https://lyxsm73j7aop3quc9y5ifaw3-wpengine.netdna-ssl.com/wp-content/uploads/2017/10/101717\\_DoD\\_BRAC\\_Analysis.pdf](https://lyxsm73j7aop3quc9y5ifaw3-wpengine.netdna-ssl.com/wp-content/uploads/2017/10/101717_DoD_BRAC_Analysis.pdf) (accessed April 18, 2018).
21. James Mattis, Secretary of Defense, “Written Statement for the Record,” testimony before the Committee on Armed Services, U.S. House of Representatives, June 12, 2017, <http://docs.house.gov/meetings/AS/AS00/20170612/106090/HHRG-115-AS00-Bio-MattisJ-20170612.pdf> (accessed April 18, 2018).
22. Estimated savings of \$418 million for FY 2019 are based on an assumed 2 percent reduction in BAH costs. While the exact level of savings is uncertain, and while more accurate allowances could change behaviors and affect actual housing costs, Heritage experts estimate that a phased-in approach would reduce BAH costs by 2 percent in FY 2019, rising to 8 percent in FY 2022. In FY 2018, the DOD spent \$20.889 billion on BAH. The \$418 million in FY 2019 savings equals 2 percent of this cost. See U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), *Department of Defense Budget, Fiscal Year 2019: Military Personnel Programs (M-1)*, February 2018, p. 22A, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/fy2019\\_m1.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/fy2019_m1.pdf) (accessed May 10, 2018).
23. U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), *Department of Defense Budget, Fiscal Year 2018: Military Personnel Programs (M-1)*, May 2017, p. 22A, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2018/fy2018\\_m1.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2018/fy2018_m1.pdf) (accessed April 18, 2018).
24. Report No. 114-255, *National Defense Authorization Act for Fiscal Year 2017*, Committee on Armed Services, U.S. Senate, 114th Cong., 2nd Sess., May 18, 2016, p. 164, <https://www.congress.gov/114/crpt/srpt255/CRPT-114srpt255.pdf> (accessed April 20, 2018).
25. Estimated savings of \$880 million for FY 2019 are based on a five-year phase-in of the proposal, leading to the midpoint of the CBO’s estimated annualized savings of between \$3.1 billion and \$5.7 billion. We assume savings of \$880 million in the first year, increasing by \$880 million each year until year five, when total annualized savings reach the midpoint—\$4.4 billion—of the CBO’s estimated savings. Congressional Budget Office, *Replacing Military Personnel in Support Positions With Civilian Employees*, December 2015, <https://www.cbo.gov/publication/51012> (accessed April 15, 2018).
26. See *ibid.*
27. *Ibid.*, p. 3.
28. Rachel Zissimos and Katie Tubbs, “The New Administration’s Policy Should Reflect that Biofuels Cannot Meet Military Needs,” Heritage Foundation *Issue Brief* No. 4643, January 4, 2017, <http://www.heritage.org/defense/report/the-new-administrations-policy-should-reflect-biofuels-cannot-meet-military-needs>.
29. 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>.
30. National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84, 111th Cong., October 28, 2009, <https://www.gpo.gov/fdsys/pkg/PLAW-111publ84/pdf/PLAW-111publ84.pdf> (accessed April 18, 2018).
31. Stan Soloway, “It’s Time to Bury A-76—It Worked Once, But Its Day Is Past,” *Government Executive*, January 4, 2017, <http://www.govexec.com/excellence/promising-practices/2017/01/its-time-bury-76it-worked-once-its-day-past/134305/> (accessed April 17, 2018).
32. Susan M. Gates and Albert A. Robbert, *Personnel Savings in Competitively Sourced DoD Activities: Are They Real? Will They Last?* RAND Corporation, National Defense Research Institute, 2000, [https://www.rand.org/content/dam/rand/pubs/monograph\\_reports/2007/MR1117.pdf](https://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1117.pdf) (accessed April 18, 2018).
33. Valerie Ann Bailey Grasso, “Circular A-76 and the Moratorium on DOD Competitions: Background and Issues for Congress,” Congressional Research Service *Report for Congress*, January 16, 2013, <https://fas.org/sgp/crs/misc/R40854.pdf> (accessed April 17, 2018).
34. Cheryl Pellerin, “DOD Makes Audit Progress, But Challenges Remain,” American Forces Press Service, May 15, 2014, <http://archive.defense.gov/news/newsarticle.aspx?id=122263> (accessed April 17, 2018).
35. Arthur J. Radin and Miriam E. Katowitz, “Have Audits Become Too Inefficient and Expensive?” *The CPA Journal*, February 2016, <https://www.cpajournal.com/2016/02/01/audits-become-inefficient-expensive/> (accessed April 17, 2018).
36. Thomas Spoehr, “The Unaffordable Pentagon Audit,” *The National Interest*, December 25, 2017, <http://nationalinterest.org/feature/the-unaffordable-pentagon-audit-23784> (accessed April 17, 2018).
37. National Defense Authorization Act for Fiscal Year 2017, Public Law 114-328, 114th Cong., December 23, 2016, <https://www.gpo.gov/fdsys/pkg/PLAW-114publ328/pdf/PLAW-114publ328.pdf> (accessed April 18, 2018).

# Energy and Water Development

**\$493**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Focus DOE National Nuclear Security Administration Spending on Weapons Programs

The DOE is responsible for the nuclear reactors and weapons that are operated by the Defense Department. Each year, the DOE receives between \$16 billion and \$17 billion to fund defense-related activities. The recent negative review of U.S. nuclear forces drove the Obama Administration to increase spending in the coming years. While this increase for nuclear weapons programs is entirely necessary, an increase for non-weapons programs and support is not. Congress should cancel the Minority Serving Institution Partnership Program, with a savings of \$17 million in FY 2019, and return the following programs to their FY 2014 budget levels (in nominal dollars):

- Secure Transportation Asset (saves \$46 million);
- Information Technology and Cyber Security (saves \$25 million);
- Warhead Dismantlement and Fissile Materials Transparency (now under “Nuclear Verification”) (saves \$1 million);
- Nuclear Safeguards and Security Programs (saves \$2 million); and
- Defense Environmental Clean-Up (saves \$379 million).<sup>2</sup>

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### ADDITIONAL READING

- Michaela Dodge and Baker Spring, “Bait and Switch on Nuclear Modernization Must Stop,” Heritage Foundation *Backgrounder* No. 2755, January 4, 2013.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	Maintains or increases spending for all programs.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	

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**\$122**  
SAVINGS IN MILLIONS<sup>3</sup>

PRESIDENT HOUSE SENATE RSC

E&W

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

Under the Office of Science, the Office of Nuclear Physics supports theoretical and experimental research in the composition of and interactions within nuclear matter. The DOE and the National Science Foundation conduct nearly all basic U.S. nuclear physics research, and the DOE provides over 90 percent of the nuclear science research funding, which is employed at universities and federally sponsored

research facilities (also called user facilities).<sup>4</sup> Funding for the nuclear physics program has become unaffordable in tight fiscal conditions. Program funding should be returned to the inflation-indexed FY 2008 amount of \$495 million in FY 2019 (actual FY 2008 spending was \$424 million), a \$121 million reduction from its projected FY 2018 level of \$616 million.

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### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Reduces spending to \$478 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	

**\$231**SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Return DOE Advanced Scientific Computing Research to FY 2008 Levels

This program under the Office of Sciences conducts computer modeling, simulations, and testing to advance the DOE's mission through applied mathematics, computer science, and integrated network environments. These models can lay the foundation for scientific breakthroughs and arguably are some of the most important aspects of basic Energy

Department research, but this program has also been the beneficiary of a consistently expanding budget. In order to live within today's fiscal constraints, funding should be returned to the inflation-indexed FY 2008 levels of \$410 million (actual 2008 spending was \$351 million).

### ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2669, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, "Science Policy: Priorities and Reforms for the 45th President," Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	REJECTED	Increases spending to \$820 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$353**  
SAVINGS IN MILLIONS<sup>6</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the DOE Advanced Research Projects Agency–Energy Program

ARPA-E is a federal program designed in 2007 to fund high-risk, high-reward projects on which the private sector would not embark on its own. However, ARPA-E does not always seem to follow its own clear goals: 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. 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 either to advance or to accelerate already funded work.<sup>7</sup>

Government projects that have become commercial successes—the Internet, computer chips, the global positioning system (GPS)—were developed initially to meet national security needs, not to meet a commercial demand. Entrepreneurs saw an opportunity in these defense technologies and created the commercially viable products available today. The DOE should conduct research to meet government objectives that the private sector does *not* undertake.

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### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Expects program to wind down operations in FY 2018 and shut down in FY 2019.
House Budget Resolution	INCLUDED	Appears to eliminate program.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.

**\$608**  
SAVINGS IN MILLIONS<sup>8</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the DOE Biological and Environmental Research Program

The Office of Science BER program funds research for a variety of energy-related subjects, including biology, radiochemistry, climate science, and subsurface biogeochemistry. Many BER programs should be cut drastically and moved to the Office of Science or eliminated entirely because they are activities that are better suited to the private sector, duplicate other research, or do not align with the Energy Department’s mission. Specifically, cuts should be made in the Climate and Environmental Science program, the Biological Systems Facilities and Infrastructure program, the Bioenergy Research Centers program, the Genomic Science program, and Climate and Environmental Facilities and Infrastructure.

One BER program that should receive *increased* funding is the Low-Dose Radiation Research (LDRR) program, which was created to understand the radiobiological effects of low levels of radiation exposure. Such research is critical because the federal government is engaged in regulating low-dose levels that it does not adequately understand, and government responsibilities like cleanup of the remaining nuclear weapons complex could be improved with more accurate knowledge of radiation risks. The Obama Administration gradually decreased funding for the LDRR program and requested no funds in its final budget. Congress should reconstitute the LDRR program to 2008 levels of funding over the next two years, beginning with 75 percent funding in FY 2018 and 100 percent in FY 2019.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$284 million.
House Budget Resolution	PARTIALLY INCLUDED	Reductions not specified, but finds program redundant and not a wise use of tax dollars.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

E&W



**\$331**  
SAVINGS IN MILLIONS<sup>9</sup>

PRESIDENT HOUSE SENATE RSC

E&W

## Reduce Funding for the DOE Basic Energy Sciences Program

The BES program 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 the DOE mission in energy, environment, and national security.”<sup>10</sup> The problem is that many BES subprograms stray from fundamental research into commercialization. The government should eliminate such aspects of these programs because private companies are capable of fulfilling these roles, whether through their own laboratories or by funding university research. The proposed cuts would eliminate some subprograms and return others to near-FY 2008 levels.

Federal scientific R&D funding must meet a specific government objective or contribute to basic research where the private sector is not already working. Government projects that have become commercial successes—the Internet, computer chips, GPS—were developed initially to meet national security needs, not to meet a commercial demand. Entrepreneurs saw an opportunity in these defense technologies and created the commercially viable products available today. The DOE should conduct research to meet government objectives that the private sector does not undertake. Further, policies should be put in place that remove bureaucratic obstacles and invite the private sector, using private funds, to access that research and commercialize it.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$1.408 billion.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$39**  
SAVINGS IN MILLIONS<sup>11</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate DOE Energy Innovation Hubs

The DOE has four Energy Innovation Hubs (multi-disciplinary teams) to overcome obstacles in energy technologies: the Fuels from Sunlight Hub, Batteries and Energy Storage Hub, Nuclear Energy Modeling and Simulation Hub, and Critical Materials Institute. Regardless of the merits of such endeavors, Energy Innovation Hubs focus on promoting specific energy sources and technology developments rather than basic research.

Federal scientific R&D funding should be rationalized to cut waste and rein in federal spending either to meet a specific government objective or to contribute to basic research in areas where the private

sector is not already working. In 2013, the DOE had the federal government’s fourth-largest R&D budget.<sup>12</sup> Government projects that have become commercial successes—the Internet, computer chips, GPS—were developed initially to meet national security needs, not to meet a commercial demand. Entrepreneurs saw an opportunity in these defense technologies and created the commercially viable products available today. The DOE should conduct research to meet government objectives that the private sector does not undertake, and policies should be implemented that remove bureaucratic obstacles and invite the private sector, using private funds, to access that research and commercialize it.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$248**  
SAVINGS IN MILLIONS<sup>13</sup>

PRESIDENT HOUSE SENATE RSC

E&W

## Drastically Cut or Eliminate the DOE Office of Electricity Deliverability and Energy Reliability

The Office of Electricity Deliverability and Energy Reliability pursues activities to modernize the nation’s power grid to “ensure a resilient, reliable, and flexible electricity system.”<sup>14</sup> Under the Obama Administration, much of the funding was used to promote electric vehicles and renewable energy. The OE focuses on advanced grid technology R&D, transmission permitting and assistance for states and tribes, infrastructure security, and cybersecurity research and development. It also serves as a connection point for communication, information, and data between the federal government and the private sector in addressing threats like cybersecurity and permits cross-border transmission line construction.

While upgrading the nation’s electricity grid has merit, it should be accomplished at the private, local, state, and regional levels. The OE’s role is redundant with the Federal Energy Regulatory Commission (FERC); the North American Electric Reliability Corporation (NERC); regional independent system operators (ISOs); and the private sector. Instead of subsidizing advanced renewable energy resources or smart-grid technology, the federal government should reduce the unnecessary regulatory burden on grid siting and upgrades. National security concerns (for example, in cybersecurity or for a cooperative public–private role for grid protection) could very well fall under the Department of Homeland Security’s purview.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- Jonathan Lesser, “America’s Electricity Grid: Outdated or Underrated?” Heritage Foundation *Backgrounder* No. 2959, October 29, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$61.3 million.
House Budget Resolution	PARTIALLY INCLUDED	Appears to reduce spending.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.

**\$2.3**  
SAVINGS IN BILLIONS<sup>15</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the DOE Office of Energy Efficiency and Renewable Energy

The EERE funds research and development “to create and sustain American leadership in the transition to a global clean energy economy.”<sup>16</sup> Under the Obama Administration, funding went to such projects as “drop-in” biofuels, improvements in engine efficiency, vehicle weight reduction, home energy efficiency, and renewables. Promoting these technologies is not an investment in basic research; it is outright commercialization. Congress should eliminate the EERE.

All of this spending is for activities that the private sector can undertake if companies believe that doing so is in their economic interest. The market opportunity for clean-energy investments already

exists. Americans spent roughly \$456 billion on gasoline in 2014. Both the electricity and the transportation-fuels markets are multitrillion-dollar markets. The global market for energy totals \$6 trillion. There is a robust, consistent, and growing demand for energy technology and services independent of any government efforts to subsidize it.

The DOE should conduct research to meet government objectives that the private sector does not undertake, and policies should be implemented that remove bureaucratic obstacles and invite the private sector, using private funds, to access that research and commercialize it.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$575.6 million.
House Budget Resolution	PARTIALLY INCLUDED	Appears to reduce spending.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.

E&W

**\$984**  
SAVINGS IN MILLIONS<sup>17</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate the DOE Office of Fossil Energy

Under the Obama Administration, most of the funding for fossil-energy research and development focused on technologies that will reduce CO<sub>2</sub> emissions and are activities that should be the province of the private sector. The FE also authorizes imports and exports of natural gas, which is an outdated and unnecessary function that unnecessarily restricts energy markets.

Other funding has gone to managing the government-controlled stockpile of oil, the Strategic Petroleum Reserve. The SPR has been used more for politics than for responding to oil supply shocks and ignores the private sector’s ability to unload abundant inventories in such an event. Over time, Congress should sell all of the oil in the SPR and

sell storage facilities used for the SPR. Eliminating spending for fossil energy projects and selling off government reserves of stockpiled resources eliminates the need for an Office of Fossil Energy.

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 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 and almost without exception fails in some way.

E&W

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### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Reduces spending to \$302 million.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Reduces spending.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Eliminates program.

**\$364**  
SAVINGS IN MILLIONS<sup>18</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate the DOE Office of Nuclear Energy

The Office of Nuclear Energy aims to advance nuclear power in the U.S. and address technical, cost, safety, security, and regulatory issues. Like spending with conventional fuels and renewables, it is not an appropriate function of the federal government to spend taxes on nuclear projects that should be conducted by the private sector. Work that clearly falls under basic R&D should be moved to the Office of Science. For example, the President’s Nuclear Energy Enabling Technologies program is charged with investigating the crosscutting of technologies. Cuts in the NEET budget should include eliminating the unnecessary Modeling and Simulation Hub and cutting tens of millions of dollars from the National Scientific User Facility.

Fuel-cycle R&D should also be decreased by \$103.8 million, with the remaining spending

reprogrammed to reconstitute the statutorily required Office of Civilian Radioactive Waste Management and support the review of Yucca Mountain. Before the Obama Administration eliminated the OCRWM, the office was responsible for managing the permit application for a deep geologic repository at Yucca Mountain. Regardless of the ultimate fate of Yucca Mountain, completing the review makes all of the information available to make wise decisions about what to do next.

Congress should provide \$50 million each to the DOE and the Nuclear Regulatory Commission for FY 2018 to start up the program and reevaluate concrete funding needs in FY 2019. No funds should be used for the DOE’s consent-based siting initiative without direction from Congress.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- Katie Tubb and Jack Spencer, “Real Consent for Nuclear Waste Management Starts with a Free Market,” Heritage Foundation *Backgrounder* No. 3107, March 22, 2016.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Reduces Fuel Cycle R&D spending to \$60 million but increases NEET spending by \$116 million.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>NOT ADDRESSED</b>	

**\$153**  
SAVINGS IN MILLIONS<sup>19</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate Funding for Small Business Innovation Research and Small Business Technology Transfer

The DOE 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.”<sup>20</sup> Both programs stress that their goal 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 has been the case 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. Government projects that have become commercial successes—the Internet, computer chips, GPS—were developed initially to meet national security needs, not to meet a commercial demand. Entrepreneurs saw an opportunity in these defense technologies and created the commercially viable products available today. The Department of Energy should conduct research to meet government objectives that the private sector does not undertake, and policies should be implemented that remove bureaucratic obstacles and invite the private sector, using private funds, to access that research and commercialize it.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, “Science Policy: Priorities and Reforms for the 45th President,” Heritage Foundation *Backgrounder* No. 3128, June 13, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

E&W

**\$31**  
SAVINGS IN BILLIONS<sup>21</sup>

PRESIDENT HOUSE SENATE RSC

E&W

## Liquidate the Strategic Petroleum Reserve and the Northeastern Home Heating and Gasoline Supply Reserves

The SPR has been used more for politics than for responding to oil supply shocks, and it ignores the private sector’s ability to unload abundant inventories in such an event. Private inventories and reserves are abundant, and open markets will respond more efficiently to supply shocks than federally controlled government stockpiles can. Congress should authorize the DOE to liquidate these reserves and sell or decommission the supporting infrastructure. To avoid disrupting oil markets, the DOE should sell the SPR oil by periodically auctioning an amount not exceeding 10 percent of the previous month’s total U.S. crude production until the reserve is completely depleted. The DOE should then decommission the storage space or sell it to private companies. This would save \$27.573 billion in FY 2018.

The DOE should also liquidate or privatize the Northeast Home Heating Oil Reserve and the Gasoline Supply Reserve. These reserves were established by the Energy Policy and Conservation Act and are held by the DOE. They contain 1 million gallons of diesel and 1 million gallons of refined gasoline to protect against supply disruptions for homes and businesses in the Northeast that are heated by oil, to be used at the President’s discretion. Private companies respond to prices and market scenarios by building up inventories and unloading them much more efficiently than government-controlled stockpiles can. This saves \$216 million in FY 2018.

### ADDITIONAL READING

- Nicolas D. Loris, “Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus,” Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- Nicolas D. Loris, “Why Congress Should Pull the Plug on the Strategic Petroleum Reserve,” Heritage Foundation *Backgrounder* No. 3046, August 20, 2015.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Reduces spending to \$175.1 million and sells \$637 million of crude oil from SPR.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Authorizes sale of 58 million barrels from SPR.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	



**\$30**  
SAVINGS IN BILLIONS<sup>22</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Auction Off the Tennessee Valley Authority

The TVA’s original purpose was to provide navigation infrastructure, flood control, power generation, reforestation, and economic development in a region encompassing nine states, especially in Tennessee, Alabama, Mississippi, and Kentucky. This goal has long been accomplished. The TVA’s continuance as a government corporation is an outmoded means of providing rural areas with electricity that enables tremendous special privileges that interfere with market competition. The lack of effective oversight from either the government or the private sector has led to costly decisions, environmental damage, excessive expenses, high electricity rates,

and growing liabilities for all U.S. taxpayers. Americans serviced by the TVA pay some of the region’s highest electricity prices. Despite three major debt-reduction efforts in recent history, the TVA has still not reduced its taxpayer-backed and ratepayer-backed debt.

The most effective way to restore efficiency to the TVA is to sell its assets in a competitive auction that honors existing contracts and continues service for existing customers. Any proceeds should be used solely to pay down the national debt.

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### ADDITIONAL READING

- Ken G. Glozer, “Time for the Sun to Set on the Tennessee Valley Authority,” Heritage Foundation *Backgrounder* No. 2904, May 6, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Transfers TVA to the private sector.

**\$35**  
SAVINGS IN BILLIONS<sup>23</sup>

PRESIDENT HOUSE SENATE **RSC**

## Auction Off the Four Remaining Power Marketing Administrations

Electricity production and distribution is primarily a private and local function. The federal government should not be in the business of managing and selling power. The PMAs were organized in the 1930s as part of the New Deal to maintain power generation, dams, reservoirs, and locks. They sell electricity in the South and West at subsidized prices. They do not pay taxes, and they enjoy low-interest loans subsidized by taxpayers. Originally intended to pay off federal irrigation and dam construction and to provide subsidized power to poor communities, the PMAs now supply such areas as Los Angeles, Vail, and Las Vegas.

Generating and distributing commercial electricity should not be a centralized, government-managed activity, and taxpayers should not be forced to subsidize the electricity bills of a select group of Americans. Both the Reagan and Clinton Administrations proposed privatizing the PMAs. The Alaska Power Administration was successfully sold off to its customers. The remaining PMAs should similarly be sold under competitive bidding.

### ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012.
- Ken G. Glozer, "Time for the Sun to Set on the Tennessee Valley Authority," Heritage Foundation *Backgrounder* No. 2904, May 6, 2014.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Details plans to sell all PMAs except the Southeastern Power Administration.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Sells all four PMAs.

## Policy Riders

**Repeal the Foreign Dredge Act.** Passed in 1906, the Foreign Dredge Act requires that all ships engaged in dredging U.S. waters must be built in the United States. The act has succeeded in ensuring that U.S. ports do not have access to the largest and most cost-effective international dredging firms but has failed to stimulate domestic industry. U.S. shipbuilders hold less than 1 percent of the global shipbuilding market (by deadweight tonnage) and produce just 0.2 percent of U.S. gross domestic product. Only two hopper dredges have been built in the past 10 years despite large demand for maritime improvements. The restriction has created an oligopoly of politically connected dredging companies with little incentive to increase capacity or control costs. The average U.S. dredging project received just two bids, and three companies accounted for 56 percent of market share, over the 2014 to 2016 period. Repealing this protectionist act would increase competition and reduce costs for American dredging projects while allowing sponsors to select companies that meet their needs without regard to country of origin.

**Remove impediments to liquefied natural gas exports.** Currently, companies must obtain approval from the Federal Energy Regulatory Commission and the Department of Energy before exporting natural gas. A facility is automatically authorized if the recipient country has a free trade agreement with the U.S. In the absence of an FTA, the DOE can arbitrarily deny a permit if it believes the volume of natural gas exports is not in the public interest. The decision to export natural gas should be a business decision, not a political one. The U.S. trades regularly with a number of non-FTA countries, and natural gas should be treated like any other globally traded good. Congress should remove the DOE from the permitting process and empower states to permit LNG facilities.<sup>24</sup>

**Open access to America's national laboratories.** Congress should open access to America's national labs and create a system that allows the private sector, using private funds, to tap into DOE research and explore commercial opportunities. Federal labs should allow basic research to reach the market organically. Congress should establish a more effective management structure to help America's national laboratories work with industry while protecting taxpayer money and the labs' ability to conduct the basic research that the federal government needs.

**Complete licensing for Yucca Mountain.** Any sustainable, long-term solution for nuclear waste management requires geologic storage. Taxpayers and electricity ratepayers have spent more than \$15 billion on the Yucca Mountain site, and no technical or scientific evidence has yet disqualified it as a viable option. Congress should appropriate funds to the Department of Energy and Nuclear Regulatory Commission to complete their review of the permit application and transition to a more market-based approach.

**Prohibit new loan guarantees and any new energy subsidies.** Congress should make clear that no taxpayer dollars will be used directly for energy production, storage, efficiency, infrastructure, or transportation for nongovernment consumers, including the extension of existing programs. A market-based energy sector would benefit consumers by delivering reliable, affordable energy while eliminating government favoritism for special interests.

## ENDNOTES

1. Estimated savings of \$493 million for FY 2019 are based on the requested FY 2018 spending levels for each program as specified in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2019 Congressional Budget Request, Volume 1, National Nuclear Security Administration: Federal Salaries and Expenses, Weapons Activities, Defense Nuclear Nonproliferation, Naval Reactors*, March 2018, <https://www.energy.gov/sites/prod/files/2018/03/f49/FY-2019-Volume-1.pdf> (accessed May 13, 2018). Savings include \$18.8 million for cancelling the Minority Serving Institution Partnership Program, \$73 million for reductions in the Secure Transportation Asset, \$30.3 million for reductions in Information Technology and Cyber Security, \$0.6 million for Nuclear Verification, 1.7 million for International Nuclear Safeguards, and \$368 million for reductions in Defense Environmental Clean-Up.
2. Totals may not add due to rounding.
3. Estimated savings of \$122 million for FY 2019 are based on the FY 2018 spending level of \$618 million as found in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2019 Congressional Budget Request: Budget in Brief*, March 2018, p. 49, [https://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief\\_0.pdf](https://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief_0.pdf) (accessed May 13, 2018). The FY 2008 level of \$424 million would be \$496 million in inflation-adjusted 2019 dollars based on the personal consumption expenditures (PCE) index through 2018 and assuming 2.0 percent inflation in 2019).
4. U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2017 Congressional Budget Request, Volume 4, Science: Advanced Research Projects Agency-Energy*, February 2016, p. 239, <https://www.energy.gov/sites/prod/files/2016/02/f29/FY2017BudgetVolume%204.pdf> (accessed April 19, 2018).
5. Estimated savings of \$231 million for FY 2019 are based on the FY 2018 spending level of \$643 million as found in U.S. Department of Energy, *Department of Energy FY 2019 Congressional Budget Request: Budget in Brief*, p. 49. Heritage experts assume that FY 2018 spending remains constant in FY 2019. The FY 2008 level of \$351 million would be \$411 million in inflation-adjusted 2019 dollars based on the personal consumption expenditures (PCE) index. Savings equal the difference between projected spending of \$643 million and recommended spending of \$411 million.
6. Estimated savings of \$353 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 13, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019.
7. U.S. Government Accountability Office, *Department of Energy: Advanced Research Projects Agency-Energy Could Benefit from Information on Applicants' Prior Funding*, GAO-12-112, January 2012, <http://www.gao.gov/assets/590/587667.pdf> (accessed April 19, 2018). See also U.S. Department of Energy, Office of Inspector General, Office of Audits and Inspections, *Audit Report: The Advanced Research Projects Agency-Energy*, OAS-RA-11-11, August 2011, <http://science.house.gov/sites/republicans.science.house.gov/files/documents/hearings/2011%2008%20DOE%20IG%20ARPA-E%20Audit.pdf> (accessed April 19, 2018).
8. Estimated savings of \$608 million for FY 2019 are based on the FY 2018 spending level of \$608 million as found in U.S. Department of Energy, *Department of Energy FY 2019 Congressional Budget Request: Budget in Brief*, p. 49. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
9. Estimated savings of \$331 million for FY 2019 are based on the recommended \$287.6 million in FY 2013 spending cuts for Basic Energy Sciences as found in Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012. These cuts would have brought FY 2013 spending to a level of \$1.402 billion, which would be \$1.528 billion in inflation-adjusted FY 2019 dollars based on the personal consumption expenditures (PCE) index. The FY 2018 spending level was \$1.859 billion as found in U.S. Department of Energy, *Department of Energy FY 2019 Congressional Budget Request: Budget in Brief*, p. 49. The estimated savings of \$331 million for FY 2019 equals the difference between the inflation-adjusted FY 2019 recommended level of \$1.528 billion and the estimated 2019 level of \$1.859 billion. Heritage experts assume that the FY 2018 enacted level holds steady in FY 2019.
10. U.S. Department of Energy, Office of Science, "Basic Energy Sciences (BES)," last modified January 29, 2018, <http://science.energy.gov/bes/> (accessed April 19, 2018).
11. Estimated savings of \$39 million for FY 2019 are based on the FY 2017 spending levels as found in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2019 Congressional Budget Request, Volume 3, Part 2: Energy Efficiency and Renewable Energy, Nuclear Energy, Advanced Research Projects Agency-Energy, Advanced Tech. Vehicles Manufacturing Loan Program, Title 17-Innovative Tech. Loan Guarantee Program, Tribal Energy Loan Guarantee Program, Energy Information Administration*, March 2018, p. 334, <https://www.energy.gov/sites/prod/files/2018/03/f49/FY-2019-Volume-3-Part-2.pdf> (accessed May 13, 2018), and U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2019 Congressional Budget Request, Volume 4, Science*, March 2018, p. 49, [https://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-4\\_0.pdf](https://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-4_0.pdf) (accessed May 13, 2018). Heritage experts assume that FY 2017 spending remains constant through FY 2019. Estimated savings include \$15 million for the Fuels from Sunlight Hub; \$24.3 million for the Batteries and Energy Storage Hub; nothing for the Nuclear Energy Modeling and Simulation Hub (because it is not listed in the FY 2019 budget request); and nothing for the Critical Materials Institute (because the budget request does not fund this in FY 2019).
12. James Jay Carafano, Jack Spencer, Bridget Mudd, and Katie Tubb, "Science Policy: Priorities and Reforms for the 45th President," Heritage Foundation *Backgrounder* No. 3128, June 13, 2016, <http://thf-reports.s3.amazonaws.com/2016/BG3128.pdf>.
13. Estimated savings of \$248 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
14. U.S. Department of Energy, Office of Electricity Delivery and Energy Reliability, "Mission," <http://energy.gov/oe/mission> (accessed April 19, 2018).

15. Estimated savings of \$2.322 billion for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
16. U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, "About the Office of Energy Efficiency and Renewable Energy," <http://energy.gov/eere/about-office-energy-efficiency-and-renewable-energy> (accessed April 19, 2018).
17. Estimated savings of \$984 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Savings include \$727 million from Fossil Energy Research and Development, \$4.9 million from the Naval Petroleum and Oil Shale Reserves, and \$252 million from the Strategic Petroleum Reserves. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
18. Estimated savings of \$364 million for FY 2019 are based on the recommended \$178 million in FY 2013 spending cuts for nuclear energy as found in Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus." These cuts would have brought FY 2013 spending to a level of \$592 million, which would be \$645 million in inflation-adjusted FY 2019 dollars based on the personal consumption expenditures (PCE) index. The FY 2018 spending level was \$1.009 billion as found in U.S. Department of Energy, "FY 2019 Summary Control Table by Appropriation," p. 1, <https://www.energy.gov/sites/prod/files/2018/04/f50/FY2019ControlTablebyAppropriation.pdf> (accessed May 13, 2018). The estimated savings of \$364 million for FY 2019 equals the difference between the inflation-adjusted FY 2019 recommended level of \$645 million and the estimated 2019 level of \$1.009 billion. Heritage experts assume that the FY 2018 enacted level holds steady in FY 2019.
19. Estimated savings of \$153 million for FY 2019 are based on U.S. Department of Energy, *Department of Energy FY 2019 Congressional Budget Request, Volume 4, Science*, p. 394, [https://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-4\\_0.pdf](https://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-4_0.pdf) (accessed May 13, 2018). Heritage experts assume that the FY 2017 enacted level (no FY 2018 estimates were provided) holds steady through FY 2019.
20. U.S. Department of Energy, Office of Science, Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR), "About," <http://science.energy.gov/sbir/about/> (accessed April 19, 2018).
21. Estimated one-time savings of \$30.584 billion for FY 2019 are based on selling 10 percent of the previous month's inventory each month. In FY 2019, this would mean selling off 477 million of barrels (186 MMB sweet and 291 MMB sour) based on the most recently available data on the SPR's inventory (April 20, 2018), including 259.3 MMB of West Texas Intermediary sweet crude oil and 405.4 MMB of sour crude oil, for a total of 664.7 MMB. As of April 27, 2018, the market price for oil was \$68.11 for sweet and \$62.28 for sour (Dubai). Heritage experts assume that inventory remains at that level until the sell-off begins and that prices remain constant through FY 2019. This results in total sales of \$30.790 billion (roughly 72 percent of the current inventory). Heritage experts subtract \$630 million from this amount as the CBO projects the SPR will sell off \$630 million worth of oil in FY 2019 according to its most recent April 2018 baseline spending projections. Thus, the one-time savings from selling off the SPR equals \$30.160 billion in FY 2018 as well as \$237 million in discretionary savings. One-time savings in FY 2018 from selling the Northeastern Home Heating and Gasoline Supply Reserves equals \$180 million. Both reserves hold 1 million barrels (42 gallons per barrel), and the current price per gallon is \$2.16 for home heating oil and \$2.12 for gasoline. Heritage experts assume that these prices hold constant until the reserves are sold. Selling the Northeast Reserves also includes \$7 million in discretionary savings per the CBO's April 2018 baseline spending projections. Combined, selling off the SPR and Northeast Reserves saves \$27.789 billion in FY 2018, including \$33.968 billion in one-time savings and \$244 million in discretionary savings.
22. Estimated savings of \$30.003 billion for FY 2019 are based on the lower end of an estimated value of \$30 billion (one-time savings in FY 2019) for the TVA as well as \$3 million in mandatory contributions to the TVA fund in FY 2019 as included in the most recent April 2018 CBO baseline spending projections. It is hard to know the TVA's market value, but comparable assets in the Southeast suggest that the TVA's value is between \$30 billion and \$40 billion. For an assessment of the TVA's value, see 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>.
23. Estimated savings of \$34.805 billion for FY 2019 are based on the lower-end, inflation-adjusted estimated of a previous CBO study that valued them between \$23 billion and \$31 billion in FY 1997. See Congressional Budget Office, "A CBO Study: Should the Federal Government Sell Electricity?" November 1997, p. 15, <https://www.cbo.gov/sites/default/files/105th-congress-1997-1998/reports/electric.pdf> (accessed February 7, 2017). In inflation-adjusted terms, the CBO's FY 1997 estimates translate into a range of \$33.983 billion to \$45.804 billion in estimated FY 2019 dollars. Heritage experts assume the low end of this estimate at \$33.983 billion in one-time savings for FY 2019. In addition, auctioning off these PMAs would generate savings from the annual operation and maintenance costs, which are projected to total \$115 million in discretionary savings for FY 2019, and another \$707 million in mandatory savings from the funds contributed to these PMAs as estimated by the CBO in its most recent April 2018 baseline spending projections. Thus, total savings equal \$34.805 billion in FY 2019.
24. Nicolas D. Loris, "Removing Restrictions on Liquid Natural Gas Exports: A Gift to the U.S. and Global Economies," Heritage Foundation *Backgrounder* No. 3232, July 27, 2017, <https://www.heritage.org/sites/default/files/2017-07/BG3232.pdf>.



# Financial Services and General Government

**\$1.9**  
SAVINGS IN BILLIONS<sup>1</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate the Small Business Administration’s Disaster Loans Program

After federally declared disasters, the DLP offers taxpayer-funded direct loans to assist businesses, nonprofit organizations, homeowners, and renters in repairing damaged property 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. 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 its pre-disaster condition, 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 located in a major flood zone, applicants are required to rebuild in exactly the same high-risk area. In many cases, the loans fail to offer a long-term solution. The program amounts to a poorly managed government subsidy that falls outside the proper scope of the federal government.

### ADDITIONAL READING

- David B. Muhlhausen, “Business Disaster Reform Act of 2013: Review of Impact and Effectiveness,” Testimony before the Committee on Small Business and Entrepreneurship, U.S. Senate, March 14, 2013.
- Justin Bogie, “Trump’s Budget Deal with Democrats Will Only Worsen Our Fiscal Situation,” The Daily Signal, September 7, 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	Continues to fund.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	

ES



**\$47**SAVINGS IN MILLIONS<sup>2</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Reform the Securities and Exchange Commission

The SEC's mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. These are important goals, but over the past 10 years, the SEC's budget has increased by 80 percent—two times faster than government as a whole. The SEC budget should be frozen at its real FY 2017 level (\$1.67 billion). The Consolidated Appropriations Act, 2018, signed into law on March 23, 2018, funded the SEC for FY 2018 at \$1.65 billion.

There is no reason to believe that this flood of resources has improved the SEC's effectiveness. In fact, the SEC has become sclerotic and moribund, with too many layers of middle management, too many offices, and too many layers of review. It needs to be reformed and streamlined.

The number of SEC managers reporting directly to the chairman should be reduced from 23 to 10, and 13 offices should be merged into other offices. A Complex Case Unit should be created within the Enforcement Division to handle cases involving large, complex, and well-financed investment banks, banks, investment companies, and similar market participants. The SEC, the Government Accountability Office (GAO), or both should study whether regional office consolidation is warranted. The SEC, the GAO, or both should also study whether delegation of authority to staff should be narrowed and whether sunseting of delegations should be standard practice to ensure review of various delegations' practical effects and efficacy.

### ADDITIONAL READING

- "Securities and Exchange Commission," in "Blueprint for Reorganization: An Analysis of Federal Departments and Agencies," ed. David B. Muhlhausen, Heritage Foundation *Special Report* No. 192, June 12, 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	REJECTED	\$1.72 billion, a \$50 million increase, 6 percent higher than FY 2018 and 3 percent higher than FY 2017.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	

**\$250**  
SAVINGS IN MILLIONS<sup>3</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the Department of the Treasury’s Community Development Financial Institutions Fund

The CDFI Fund is administered by the U.S. Department of the Treasury and provides grants to CDFIs, Community Development Entities (CDEs), and other private financial institutions. Its stated objective is to improve the ability of private financial firms to provide credit, capital, and various financial services to underserved communities.<sup>4</sup>

From 2010 to 2015, a total of more than \$15 billion in taxpayer dollars was disbursed through these programs. The CDFI Fund should be shut down because it amounts to corporate welfare. Its grants hinder competition and distort private markets, ultimately leading to higher consumer prices and further justification for increased federal spending.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates, providing only \$14 million in 2019 for oversight of existing commitments and other CDFI Fund programs.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates.

FS

**\$80**  
SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT	HOUSE	SENATE	<b>RSC</b>
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## Eliminate the Export–Import Bank

The Export–Import Bank provides subsidized financing to foreign firms and governments for the purchase of American exports. The program primarily benefits very large corporations and puts unsubsidized American firms at a competitive disadvantage and taxpayers at risk. Those risks are ignored in reported budget figures, which assume that incoming fee collections will fully offset Ex–Im costs. This assumption fails to account for default risks. A better, fair-value accounting method that prevails in the private sector reveals an estimated 10-year cost of \$2 billion for Ex–Im according to the Congressional Budget Office.<sup>6</sup>

The bank’s charter was reauthorized through 2019 as a rider to a bloated multibillion-dollar transportation measure passed by the House and Senate

on December 4, 2015. 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.

Ex–Im’s direct costs do not reflect the detrimental impact on American firms of subsidizing overseas competitors. The subsidies also distort the allocation of credit and labor. For example, export financing of coal mining in Colombia, copper excavation in Mexico, and airplanes for India has led to job losses for domestic companies. There is no shortage of private financing, and Ex–Im subsidies are not needed to maintain strong levels of exports.

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### ADDITIONAL READING

- Diane Katz, “Export–Import Bank: Cronyism Threatens American Jobs,” Heritage Foundation *Issue Brief* No. 4231, June 2, 2014.
- Diane Katz, “The Export–Import Bank: A Government Outfit Mired in Mismanagement,” Heritage Foundation *Issue Brief* No. 4208, April 29, 2014.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	Continues to fund.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Eliminates.

**\$10**  
SAVINGS IN MILLIONS<sup>7</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate Funding for the Office of Personnel Management’s Multi-State Plan Program

Congress created the MSP program under the Affordable Care Act (ACA), enacted in 2010. The statute required the Office of Personnel Management to contract with at least two insurance companies to compete with all other private health plans in the health insurance exchanges in every state.<sup>8</sup>

The program has been a monumental failure. In 2014, the OPM contracted with only one large insurer rather than two and projected an enrollment of 750,000 for that year. As of April 2014, however,

only 280,000 were enrolled in 30 states.<sup>9</sup> In 2015, the OPM added the so-called co-op plans to its roster of insurers, even though these plans were financially unstable and most have since collapsed. By 2017, the plans were supposed to be available in every state, but in 2018, only Arkansas will offer an MSP exchange option.<sup>10</sup>

Overall, the MSP’s faulty design threatens to increase consolidation in the health insurance markets still further.<sup>11</sup>

### ADDITIONAL READING

- Robert E. Moffit and Neil R. Meredith, “Multistate Health Plans: Agents for Competition or Consolidation?” Mercatus Center *Working Paper*, January 2015.
- The Honorable Linda Springer, The Honorable Donald J. Devine, The Honorable Dan G. Blair, and Robert E. Moffit. “The Office of Personnel Management: A Power Player in America’s Health Insurance Markets?” Heritage Foundation *Lecture* No. 1145, February 19, 2010 (delivered January 20, 2010).

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

ES

**\$1.4**  
SAVINGS IN BILLIONS<sup>12</sup>

PRESIDENT HOUSE SENATE RSC

## Replace Costly Provisions of Dodd–Frank

Despite the claims of its authors, the 2010 Dodd–Frank Act did not end “too big to fail.” In fact, Dodd–Frank actually helps to enshrine too-big-to-fail policies in law, particularly by allowing the Financial Stability Oversight Council (FSOC) to publicly identify firms it views as too big to fail and by using a taxpayer-supported resolution process called orderly liquidation authority (OLA) to resolve failing firms.

Provisions in the Financial CHOICE Act<sup>13</sup> would remove the FSOC’s ability to identify these too-big-to-fail firms and would also repeal Dodd–Frank’s OLA. Other CHOICE Act provisions would repeal similar FSOC authority for financial market utilities (FMUs), restructure the Consumer Financial Protection Bureau (CFPB), repeal the Volcker Rule, and implement a regulatory off-ramp.<sup>14</sup>

### ADDITIONAL READING

- Norbert J. Michel, ed., *The Case Against Dodd–Frank: How the “Consumer Protection” Law Endangers Americans*, The Heritage Foundation, 2016.
- Norbert J. Michel, ed., *Prosperity Unleashed: Smarter Financial Regulation*, The Heritage Foundation, 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Calls for restructuring the CFPB and, beginning in FY 2020, subjecting now-mandatory funding to the annual appropriations process.
<b>House Budget Resolution</b>	<b>INCLUDED</b>	Assumes adoption of provisions of the Financial CHOICE Act.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Assumes adoption of provisions of the Financial CHOICE Act.

F

## Policy Riders

**Protect freedom of conscience and life in the District of Columbia.** Congress should prohibit the District of Columbia from using any federal or local funding to implement or enforce the Death with Dignity Act, which permits physician-assisted suicide, as well as the Reproductive Health Nondiscrimination Act (RHNDA) and Human Rights Amendment Act (HRAA), which could potentially interfere with religious liberty and exercise of conscience in the District. The government’s role should be to prevent suicides, not to facilitate them.

D.C.’s Death with Dignity Act endangers the weak and vulnerable, corrupts the practice of medicine and the doctor–patient relationship, compromises the family and intergenerational commitments, and betrays human dignity and equality before the law.<sup>15</sup> The RHNDA specifically prohibits employers from discriminating in “compensation, terms, conditions or privileges of employment” on the basis of an individual’s “reproductive health decision making,” including the “termination of a pregnancy.” It could require pro-life organizations to hire individuals who advocate for abortion.

The HRAA repealed a policy that protected religious schools in D.C. from being coerced by the government into “promoting, encouraging, or condoning any homosexual act, lifestyle, orientation, or belief” if it violates their beliefs about human sexuality. Repeal of this protection could force Christian schools to violate their beliefs about human sexuality and recognize LGBT student groups or host “gay pride” days on campus.<sup>16</sup>

**Expand the D.C. Opportunity Scholarship Program.** Policymakers can advance school choice by expanding access to the OSP through existing funding authorized by the D.C. School Choice Incentive Act. The OSP provides scholarships that enable children from low-income D.C. families to attend a private school of the parents’ choice. When the OSP was created in 2003, Congress funded the new school choice option through the “three-sector” approach: \$20 million in funding for the 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 scholarships for students to attend a private school of choice. Since the District of Columbia falls under the jurisdiction of Congress, it is appropriate for the federal government to fund the OSP. According to one study, 91 percent of students who used a voucher to attend a private school of choice graduated high school: a rate 21 percentage points higher than the rate for a control group of peers who were awarded but did not use a scholarship.<sup>17</sup>

## ENDNOTES

1. Estimated savings of \$1.875 billion for FY 2019 are based on the CBO's most recent April 2018 baseline spending projections.
2. Estimated savings of \$47 million for FY 2019 are based on the FY 2018 appropriated level of \$1.652 billion as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 12, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019. This proposal would reduce the SEC budget to its inflation-adjusted FY 2015 spending level, which would be \$1.605 billion for FY 2019.
3. Estimated savings of \$250 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
4. U.S. Department of the Treasury, Community Development Financial Institutions Fund, "New Markets Tax Credit: CDE Certification Application," revised May 2009, [https://www.novoco.com/sites/default/files/atoms/files/cde\\_certification\\_application\\_0509.pdf](https://www.novoco.com/sites/default/files/atoms/files/cde_certification_application_0509.pdf) (accessed April 12, 2018).
5. Estimated savings of \$80 million for FY 2019 are based on Table 2, "Estimated Annual Loan Volume and Budgetary Costs of the Credit Programs of the Export-Import Bank of the United States Under FCRA and the Fair-Value Approach, 2015 to 2024," in Douglas W. Elmendorf, Director, Congressional Budget Office, "Estimates of the Cost of the Credit Programs of the Export-Import Bank," testimony before the Committee on Financial Services, U.S. House of Representatives, June 25, 2014, p. 6, <https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45468-exportimportbanktestimony.pdf> (accessed May 12, 2018), which estimates that under fair-value accounting, eliminating the Export-Import Bank would have resulted in savings of \$1.6 billion over the 2015-2024 period, or \$160 million per year. We estimate half of this level of savings for FY 2019 because the bank has not been operating at full capacity; lacking a board quorum for the past two years, it has been unable to finance deals in excess of \$100 million.
6. Congressional Budget Office, *Fair-Value Estimates of the Cost of Selected Federal Credit Programs for 2015 to 2024*, May 22, 2015, <https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45383-fairvalue.pdf> (accessed April 16, 2018).
7. Estimated savings of \$10 million for FY 2019 are based on news release, "Johnson, Meadows Introduce Bill to Eliminate Failed Obamacare Program," Committee on Homeland Security and Governmental Affairs, U.S. Senate, December 12, 2017, <https://www.hsgac.senate.gov/media/majority-media/johnson-meadows-introduce-bill-to-eliminate-failed-obamacare-program> (accessed May 12, 2018). As part of their oversight responsibilities and using program data supplied by the U.S. Office of Personnel Management (OPM), committee staff estimated an initial annual savings of \$10 million from elimination of the MSP program. This estimate comes from eliminating MSP administrative costs, including salaries and expenses.
8. The Honorable Linda Springer, The Honorable Donald J. Devine, The Honorable Dan G. Blair, and Robert E. Moffit. "The Office of Personnel Management: A Power Player in America's Health Insurance Markets?" Heritage Foundation *Lecture* No. 1145, February 19, 2010 (delivered January 20, 2010), <http://www.heritage.org/research/lecture/the-office-of-personnel-management-a-power-player-in-americas-health-insurance-markets> (accessed April 14, 2018).
9. Robert E. Moffit and Neil R. Meredith, "Multistate Health Plans: Agents for Competition or Consolidation?" Mercatus Center *Working Paper*, January 2015, p. 4, <https://pdfs.semanticscholar.org/cddc/248c94214b0681a4cc6b4a275b7e03d7c421.pdf> (accessed April 14, 2018).
10. News release, "Johnson, Meadows Introduce Bill to Eliminate Failed Obamacare Program."
11. See Moffit and Meredith, "Multistate Health Plans: Agents for Competition or Consolidation?" pp. 15-17.
12. Estimated savings of \$1.39 billion for FY 2019 are based on Congressional Budget Office, *Cost Estimate: H.R. 10, Financial CHOICE Act of 2017*, May 18, 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr10.pdf> (accessed May 12, 2018). The CBO report assumes implementation in late 2017, so we used its 2018 estimated fiscal impacts as the first year of implementation and applied those figures to FY 2019. Total savings of \$1.39 billion include \$1.67 billion in reduced budget authority, offset by \$280 million in reduced revenues.
13. See H.R. 10, Financial CHOICE Act of 2017, 115th Cong., <https://www.congress.gov/bill/115th-congress/house-bill/10> (accessed April 14, 2018).
14. Norbert J. Michel, "Money and Banking Provisions in the Financial CHOICE Act: A Major Step in the Right Direction," Heritage Foundation *Backgrounder* No. 3152, August 31, 2016, <https://www.heritage.org/markets-and-finance/report/money-and-banking-provisions-the-financial-choice-act-major-step-the>, and Norbert Michel, "Budget Reconciliation: A Viable Path for CHOICE Act Reforms," *Forbes*, September 4, 2017, <https://www.forbes.com/sites/norbertmichel/2017/09/04/budget-reconciliation-a-viable-path-for-choice-act-reforms/#5e406c09496f> (accessed April 14, 2018).
15. Ryan T. Anderson, "Always Care, Never Kill: How Physician-Assisted Suicide Endangers the Weak, Corrupts Medicine, Compromises the Family, and Violates Human Dignity and Equality," Heritage Foundation *Backgrounder* No. 3004, March 24, 2015, <https://www.heritage.org/health-care-reform/report/always-care-never-kill-how-physician-assisted-suicide-endangers-the-weak>.
16. Ryan T. Anderson and Sarah Torre, "Congress Should Protect Religious Freedom in the District of Columbia," Heritage Foundation *Issue Brief* No. 4364, March 9, 2015, <http://www.heritage.org/research/reports/2015/03/congress-should-protect-religious-freedom-in-the-district-of-columbia>.
17. Patrick Wolf, Babette Gutmann, Michael Puma, Brian Kisida, Lou Rizzo, Nada Eissa, and Matthew Carr, *Evaluation of the DC Opportunity Scholarship Program: Final Report*, U.S. Department of Education, Institute of Education Sciences, National Center for Education Evaluation and Regional Assistance, NCEE 2010-4018, June 2010, <https://ies.ed.gov/ncee/pubs/20104018/pdf/20104018.pdf> (accessed April 14, 2018).





# Homeland Security

**\$700**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate FEMA’s Fire Grants

Assistance to Firefighters Grants (AFGs) subsidize the routine activities of local fire departments and emergency management organizations. Fire Prevention and Safety (FP&S) grants fund projects to improve firefighter safety and protect the public from fire and related hazards. Staffing for Adequate Fire and Emergency Response (SAFER) grants fund career firefighters’ salaries and volunteer fire departments’ recruitment activities in order to increase staffing levels.

The Heritage Foundation’s Center for Data Analysis evaluated the program’s effectiveness by matching grant award data to the National Fire Incident Reporting System, a 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 firefighter deaths, firefighter injuries, civilian deaths, and civilian injuries, comparing fire departments that received grants to departments that did not receive grants, as well as the impact of the grants before and after grant-funded fire departments received federal assistance. It showed that AFG, FP&S, and SAFER grants failed to reduce firefighter deaths, firefighter injuries, civilian deaths, and civilian injuries. Comparison fire departments that did not receive grants were just as successful at preventing fire casualties as were 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.
- David B. Muhlhausen, “Fire Grants: Do Not Reauthorize an Ineffective Program,” Heritage Foundation *Issue Brief* No. 3788, November 29, 2012.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	PARTIALLY INCLUDED	Needs to consider reforms related to AFG, FP&S, and SAFER grants.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	FEMA operates several grant programs that fund “activities that are primarily the function of state and local governments.”

HS

**\$500**SAVINGS IN MILLIONS<sup>2</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Reduce Funding for FEMA's Disaster Relief Fund

Throughout most of U.S. history, state and local governments were responsible for responding to nearly all disasters. Under President Ronald Reagan, FEMA averaged 28 federal disaster declarations a year. After passage of the amended Stafford Act in 1988, the number rose dramatically: Under President Barack Obama, approximately 120 disasters were declared each year. The Stafford Act has two provisions that are to blame: One shifts most of the costs of a federalized disaster to the federal government, and the other makes it relatively easy for a regional or localized disaster to qualify as a federal disaster.

Reforming the Stafford Act to return more responsibility for disasters to state and local governments would enable Washington to reduce disaster relief spending by at least \$500 million in FY 2018, with more savings in future years. First, Congress should increase the Stafford Act threshold to require \$3 per capita in damages with a \$5 million minimum threshold, and a \$50 million maximum threshold. Second, the FEMA cost share should be reduced from between 75 percent and 100 percent to 25 percent, with a greater cost share for large catastrophes. For disasters that top \$5 billion, the cost-share provision should increase gradually as the cost of the disaster increases. This gradual increase in cost-sharing should be capped at 75 percent once a disaster tops \$20 billion.

### ADDITIONAL READING

- David Inserra, "FEMA Reform Needed: Congress Must Act," Heritage Foundation *Issue Brief* No. 4342, February 4, 2015.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$91**  
SAVINGS IN MILLIONS<sup>3</sup>

PRESIDENT HOUSE SENATE RSC

## Refocus Science and Technology on Meeting DHS Needs and Using Private-Sector Developments

The U.S. private sector is constantly striving to develop new products of interest to DHS personnel or state and local officials; from private cybersecurity and technology innovations to disaster response equipment, it is the world’s most powerful force for innovation. S&T, however, may not always know of technologies or products available in the private sector that could meet DHS’s general needs or specific requirements. As a result, S&T’s Research and Development Partnerships office has begun focusing on “technology foraging,” which seeks out

existing or emerging technologies that could be adapted to meet DHS needs.

This effort should be expanded: It costs the government less and will likely be faster than brand-new research and development. Together with the expansion of the SAFETY Act, DHS can make greater use of private-sector R&D to meet mission needs. Congress should trim S&T to about \$750 million and mandate that it refocus its efforts on delivering technologies needed by DHS components.

### ADDITIONAL READING

- David Inserra, “Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It,” Heritage Foundation *Special Report* No. 175, January 3, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	PARTIALLY INCLUDED	Recommends reductions in DHS Science and Technology Directorate management and administrative expenses and proposes focusing and narrowing S&T projects.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$300**  
SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT HOUSE SENATE RSC

## Streamline FEMA Grant Programs

While federal grants to state and local partners may be of value in some cases, the current structure does not adequately prioritize grants based on the risks they are trying to reduce. The Obama Administration recommended consolidating many of these grants into a new National Preparedness Grant Program that would allot grants in a more risk-based fashion. Congress should expand consolidation to cover more grant programs. Grants that meet the greatest need in high-risk areas should be prioritized. These grant dollars should be viewed not as another entitlement to send back to congressional districts, but as limited homeland security funding to alleviate the greatest risks.

Failure to prioritize grants weakens security and preparedness and perpetuates waste and abuse. In moving DHS grants to a more risk-based allocation system, programs must be evaluated to see which needs they are meeting and how well they are meeting them. Grant programs that are found to be ineffective or unnecessary, such as the Staffing for Adequate Fire and Emergency Response (SAFER) and Fire Prevention and Safety (FP&S) grants and Assistance to Firefighter Grants (AFG), should be canceled.

### ADDITIONAL READING

- David Inserra, "Congress Must Re-Set Department of Homeland Security Priorities: American Lives Depend on It," Heritage Foundation *Special Report* No. 175, January 3, 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	INCLUDED	Reduces FEMA grants by more than \$300 million.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Calls for a thorough review of Preparedness (Non-Disaster) Grants and Hazard Mitigation Assistance Grant Programs.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Agrees with President's Budget recommendation to "reduce or eliminate" underperforming, duplicative, or unauthorized FEMA grant programs.

HS

**\$465**  
SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Privatize Transportation Security Administration Screening Functions

The TSA model is costly and unwisely makes the TSA both the regulator and regulated organization responsible for screening operations. With President Donald Trump promising to shrink federal bureaucracies and bring private-sector knowhow to government programs, the TSA is ripe for reform. The U.S. should look to the Canadian and European private models of providing aviation screening manpower to lower TSA costs while maintaining security.

More specifically, the TSA could privatize the screening function by expanding the current Screening Partnership Program (SPP) to all airports. The TSA would turn screening operations over to airports that would choose security contractors

who meet TSA regulations and would oversee and test airports for compliance. Alternatively, it could adopt a Canadian-style system, turning over screening operations to a new government corporation that contracts screening service to private contractors. Contractors would bid to provide their services to a set of airports in a region, likely with around 10 regions. The TSA would continue to set security regulations and test airports for compliance, and the new corporation would establish any operating procedures or customer service standards.

Some of this funding should be used to reduce airport security fees on travelers, but the government could expect to save at least 10 percent from the existing aviation screening budget.

### ADDITIONAL READING

- David Inserra, "Time to Privatize the TSA," Heritage Foundation *Backgrounder* No. 3120, July 19, 2017.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

HS

**\$700**  
SAVINGS IN MILLIONS<sup>6</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Reform Payments from the National Flood Insurance Program

The federal government holds a monopoly on primary flood insurance for homeowners and businesses, and the program is debt-ridden and dysfunctional. Because a large proportion of the flood-risk maps are obsolete, the premiums charged under the NFIP do not reflect actual risk; and because property owners do not bear the full cost of flood risk, they are more likely to locate in flood-prone areas and less likely to undertake preventive measures. As a result, the devastation of natural disasters is made even worse. The Federal Emergency Management Agency has repeatedly proven its inability to manage risk mapping. Therefore, the Flood Hazard Mapping Program should be eliminated (\$178 million), and responsibility for risk mapping should be shifted to states.

The government contracts with private property and casualty insurers to sell and service NFIP policies. Insurers receive a commission of 15 percent of net written premiums and can also receive a growth bonus for meeting marketing goals. According to the Government Accountability Office, the government lacks the information necessary to determine whether its compensation payments are appropriate. FEMA should be required to determine actual costs for various policy services and allow insurers to bid for the business. Moreover, Congress should direct FEMA to eliminate the growth bonus. At the very least, the NFIP should be barred from insuring any property with lifetime losses that, in the aggregate, exceed twice the amount of the replacement value of the structure.

HS

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	PARTIALLY INCLUDED	Calls for reduction of flood mapping services and for reforms to put NFIP "on a more sustainable financial footing."
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Calls for consideration of unspecified NFIP reforms.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	

## Policy Riders

**Judiciously expand and rename the Visa Waiver Program.** Congress should allow the Secretary of Homeland Security to raise the 3 percent refusal rate to 10 percent if a country has a low visa-overstay rate. In addition, because “visa waiver” is often incorrectly associated with lax vetting of foreign travelers, Congress or the Department of Homeland Security should rename the VWP. One recommendation is to rename the program the “Partnership for Secure Travel (PST),” a title that recognizes both the reciprocal, mutually beneficial nature of the program and its importance to U.S. security.<sup>7</sup>

**Streamline congressional oversight of DHS.** As the Aspen Institute put it in 2013, “DHS should have an oversight structure that resembles the one governing other critical departments, such as Defense and Justice.”<sup>8</sup> This means placing oversight of DHS under one primary homeland security committee in the House and one in the Senate, with some additional oversight by the intelligence committees and a homeland security appropriations subcommittee in both chambers.

**Establish private refugee-resettlement pilot programs.** Refugees resettled to Canada through its private resettlement program have better assimilation outcomes and report greater satisfaction with their new lives than those resettled by the government alone. Congress should amend existing refugee law to establish private resettlement pilot programs, set the number of refugees that are allowed to participate in these programs, and include a mechanism to expand the programs. For example, if private resettlement is capped at 5,000 but 10,000 private benefactors want to sponsor a refugee, then an additional 5,000 private refugees should be allowed by taking 5,000 refugee spots from next year’s U.S. Refugee Admissions Program quota. In addition, because it is difficult for private sponsors to support a refugee that has significant health issues, the U.S. should design the program to ensure that private sponsors do not shoulder the burden of onerous medical costs.<sup>9</sup>



## ENDNOTES

1. Estimated savings of \$700 million for FY 2019 are based on the FY 2018 appropriated level as reported in Lennard G. Kruger, "Assistance to Firefighters Program: Distribution of Fire Grant Funding," Congressional Research Service *Report for Members and Committees of Congress*, March 27, 2018, <https://fas.org/sgp/crs/homesecc/RL32341.pdf> (accessed April 28, 2018). The AFG and SAFER programs each received \$350 million in appropriations for FY 2018. Heritage experts assume that the FY 2018 levels remain constant in FY 2019.
2. Estimated savings of \$500 million for FY 2019 are a Heritage estimate of potential savings based on current disaster relief programs and their budget authority as authorized and found in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 12, 2018).
3. Estimated savings of \$91 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings equal the difference between the FY 2018 appropriated level of \$841 million and Heritage's recommended appropriation of \$750 million.
4. Estimated savings of \$300 million for FY 2019 are based on estimated spending reductions that would result from implementation of a risk-based system to prioritize grants based on national preparedness needs. Compared to the current system that grants significant amounts to unnecessary and ineffective programs, this proposal could save about \$300 million per year (on top of savings from eliminating already listed grant programs).
5. Estimated savings of \$465 million for FY 2019 are based on David Inserra, "Time to Privatize the TSA," Heritage Foundation *Backgrounder* No. 3120, July 19, 2017, <https://www.heritage.org/homeland-security/report/time-privatize-the-tsa>. Estimated savings are based on likely spending reductions from implementing a private screener system similar to the Canadian model.
6. Estimated savings of \$700 million for FY 2019 are based on Heritage estimates using data in letter from Keith Hall, Director, Congressional Budget Office, to Honorable Jeb Hensarling, Chairman, Committee on Financial Services, U.S. House of Representatives, "Re: Preliminary Results from CBO's Analysis of the National Flood Insurance Program," April 19, 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/52638-nfipletter.pdf> (accessed May 12, 2018). This letter report estimates that the NFIP costs \$1.4 billion per year. We estimate that a shift to a fully privatized flood insurance market would result in savings equal to half of the NFIP's costs in FY 2019. In later years, savings would equal the full cost of the NFIP.
7. David Inserra, "Advancing American Security, Foreign, and Economic Policy Interests Through the Visa Waiver Program," Heritage Foundation *Issue Brief* No. 4812, January 26, 2018, <https://www.heritage.org/homeland-security/report/advancing-american-security-economic-and-foreign-policy-interests-through> (accessed April 16, 2018).
8. Aspen Institute, Justice and Society Program, *Task Force Report on Streamlining and Consolidating Congressional Oversight of the U.S. Department of Homeland Security*, September 2013, p. 4, <https://assets.aspeninstitute.org/content/uploads/files/content/docs/pubs/Sunnylands%20report%2009-11-13.pdf> (accessed April 16, 2018).
9. Olivia Enos, David Inserra, and Joshua Meservey, "The U.S. Refugee Admissions Program: A Roadmap for Reform," Heritage Foundation *Backgrounder* No. 3212, July 5, 2017, <https://www.heritage.org/immigration/report/the-us-refugee-admissions-program-roadmap-reform>.



# Interior, Environment, and Related Agencies

**\$64**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Funding for the EPA’s Sustainable and Healthy Communities Research Program

The Sustainable and Healthy Communities research program does not address environmental priorities, and it is inappropriate for the federal government to control local projects. The EPA’s research agenda focuses on issues like managing municipal waste, storm water runoff, and trade-offs in community

planning for greenspace, schools, and public facilities that are appropriately state and local priorities. States, localities, and individual property owners are better equipped to customize policies to meet local conditions.

### ADDITIONAL READING

- Diane Katz, “An Environmental Policy Primer for the Next President,” Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$64.3 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$17**  
SAVINGS IN MILLIONS<sup>2</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate the EPA’s Indoor Air Programs

The most pressing indoor air issues relate to asthma, which should be addressed by state public health departments and not the EPA. Federal bureaucrats hardly possess sufficient information and expertise to impose controls on hundreds, if not thousands, of dissimilar locations across the 50 states. States and individual property owners are better equipped to

customize policies to meet local conditions. A less centralized regime would also mean more direct accountability: Taxpayers could more easily identify the officials responsible for environmental policies, and the people making those regulatory decisions would have to live with the consequences.

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### ADDITIONAL READING

- Diane Katz, “An Environmental Policy Primer for the Next President,” Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.

INT/ENV

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates spending.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$350**  
SAVINGS IN MILLIONS<sup>3</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Six Redundant EPA Programs

Eliminating the National Estuary/Coastal Waterways program saves \$27 million. Restoration and protection of estuaries and coastal areas are best managed by states and private property owners, not the federal government.

Eliminating the Integrated Environmental Strategies program saves \$11.5 million. Promoting “sustainability,” “smart growth,” and similar social engineering is not a proper function of the federal government.

Eliminating the Pollution Prevention program saves \$13 million. This program does not contribute to remediation of existing pollution problems, and it engages in activities that are better carried out by the private sector.

Eliminating the Surface Water Protection program saves \$200 million. States, not the

federal government, should manage bodies of water like lakes, rivers, and streams that fall within their boundaries.

Eliminating the Federal Vehicle and Fuels Standards and Certification program saves \$93 million. Government-mandated emissions standards are unnecessary in light of consumer demand for fuel efficiency, and the Renewable Fuel Standard unnecessarily increases food and energy prices in order to benefit a small set of special interests.

Eliminating the Waste Minimization and Recycling programs under the EPA-developed Resource Conservation and Recovery Act saves \$9 million. These programs do not contribute to actual cleanup of hazardous waste; instead, they focus on promoting recycling and other activities that are best dealt with at the state and local levels.

### ADDITIONAL READING

- Diane Katz, “An Environmental Policy Primer for the Next President,” Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Eliminates National Estuary/Coastal Waterways, Pollution Prevention, and Waste Minimization and Recycling programs. Minimal or moderate reductions to remaining programs.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>NOT ADDRESSED</b>	

INT/ENV

**\$52**SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Reduce Funding for the EPA's Civil Enforcement Program

The EPA Civil Enforcement program litigates and settles administrative and civil judicial cases against serious violators of environmental laws, but the EPA engages in unnecessary and excessive legal actions. Therefore, a reduction in funding should impose an element of discipline that forces the agency to be more careful about inviting legal challenges to regulatory and enforcement activities.

Congress should reduce the \$171 million in FY 2017 funding for the Civil Enforcement program by 30 percent. The EPA should also be prohibited both from using resources to garnish wages without a court order to collect fines or other penalties and from referring such cases to the Treasury Department for wage garnishment without a court order.

### ADDITIONAL READING

- Robert Gordon and Andrew Kloster, "Wage Garnishment Without a Court Order: Not a Good Idea," Heritage Foundation *Issue Brief* No. 4275, September 29, 2014.
- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending by \$30 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$4.9**SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Reduce Funding for the EPA's External Civil Rights Compliance Office (Title VI)

The External Civil Rights Compliance Office (Title VI) program provides the EPA with policy direction and guidance on civil rights and equal employment opportunity. However, it also undertakes a variety

of other "outreach" and nonessential functions. Congress should reduce the \$10 million in FY 2018 funding for this program by 50 percent.

### ADDITIONAL READING

- The Heritage Foundation, *Environmental Conservation: Eight Principles of the American Conservation Ethic*, 2012.
- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$8.5 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	



**\$25**  
SAVINGS IN MILLIONS<sup>6</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Reduce the EPA’s Legal Advice on Environmental Programs

A significant amount of the EPA’s regulatory activity is excessive. Therefore, a reduction in funding for programs of legal representation, legal counseling, and legal support for all of the EPA’s environmental activities should impose discipline on the agency’s

regulatory and enforcement activities. Congress should reduce the \$48 million in estimated FY 2018 funding for the EPA’s legal advice on environmental programs by 50 percent.

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### ADDITIONAL READING

- Robert Gordon and Andrew Kloster, “Wage Garnishment Without a Court Order: Not a Good Idea,” Heritage Foundation *Issue Brief* No. 4275, September 29, 2014.
- Diane Katz, “An Environmental Policy Primer for the Next President,” Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Reduces spending to \$42.3 million.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>NOT ADDRESSED</b>	

INT/ENV

**\$8.7**  
SAVINGS IN MILLIONS<sup>7</sup>

**PRESIDENT** HOUSE SENATE RSC

## Eliminate the EPA’s Stratospheric Ozone Multilateral Fund

The EPA’s Stratospheric Ozone Multilateral Fund was created by parties to the 1987 Montreal Protocol to support efforts by developing countries to phase out the use of stratospheric ozone-depleting substances. The current evidence shows that ozone

depletion was an exaggerated threat; no ecosystem or species was ever shown to be seriously harmed by ozone depletion. As it is, the U.S. has long paid a disproportionate share of the funding.

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### ADDITIONAL READING

- The Heritage Foundation, *Environmental Conservation: Eight Principles of the American Conservation Ethic*, 2012.
- Diane Katz, “An Environmental Policy Primer for the Next President,” Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates spending.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$126**  
SAVINGS IN MILLIONS<sup>8</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the EPA’s Information Exchange/Outreach Programs

The EPA has allocated taxpayer money to projects that educate and increase awareness of stewardship, children’s health, and environmental education (EE) through grants, curricula, and other materials for public education. Grants go to nonprofit groups, schools, and government agencies with the most popular topics being biodiversity, water issues, and general “environmental literacy.” EE has also produced controversial classroom material on global

warming that ignores the broader scientific debate about the nature of climate change.

Since 1992, the EPA has granted more than \$68.7 million to these programs.<sup>9</sup> While some of these projects might be worthwhile, they are far beyond the appropriate scope of the federal government. Such projects should be funded at the local level or by private companies.

### ADDITIONAL READING

- Diane Katz, “An Environmental Policy Primer for the Next President,” Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.

INT/ENV

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$85.6 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$21**  
SAVINGS IN BILLIONS<sup>10</sup>

PRESIDENT	HOUSE	SENATE	<b>RSC</b>
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## Eliminate the Land and Water Conservation Fund

The LWCF, established by Congress in 1965, allows the federal government to use royalties from off-shore energy development to buy private land and turn it into public parks and other public recreation areas. Of the \$38.0 billion credited to the fund, less than half (\$17.5 billion) has been spent, leaving a credit of \$20.5 billion.<sup>11</sup> Congress should rescind the remaining balance, generating a one-time savings of \$20.5 billion in FY 2019.

The federal government owns some 640 million acres of land: nearly 30 percent of the country and nearly half of the western United States. The LWCF

is the primary vehicle for land purchases by the four major federal land-management agencies. Congress also uses the fund for a matching state grant program, although the LWCF now chiefly funds federal objectives. This massive federal ownership has led to land mismanagement, lost recreation and resource production opportunities, and poor environmental management. Instead of giving Washington more decision-making power, Congress should empower states and local communities to protect their environments, maximize land value, and create opportunities for economic development.

### ADDITIONAL READING

- Katie Tubb and Nicolas D. Loris, “Five Reasons to Sunset the Land and Water Conservation Fund,” Heritage Foundation *Backgrounder* No. 3165, November 16, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	Requests \$28 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Allows LWCF to expire on schedule at end of FY 2018.

**\$60**  
SAVINGS IN MILLIONS<sup>12</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate the EPA’s National Clean Diesel Campaign

The government has spent hundreds of millions of taxpayer dollars 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.”<sup>13</sup> Diesel Emissions Reduction Act grants have been used to pay for new or retrofitted tractors and cherry pickers in Utah, electrified parking spaces at a Delaware truck stop,

a new engine and generators for a 1950s locomotive in Pennsylvania, school buses in San Diego County, and new equipment engines for farmers in the San Joaquin Valley.<sup>14</sup>

Federal taxpayers should not have to pay for projects that should be undertaken by private investors or state and local groups.

### ADDITIONAL READING

- The Heritage Foundation, *Environmental Conservation: Eight Principles of the American Conservation Ethic*, 2012.
- Nicolas Loris, “EPA Is Desperately in Need of Budget Cuts. Here’s a Few Places to Start,” *The Daily Signal*, July 10, 2014.

INT/ENV

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$10 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	

**\$7.2**  
SAVINGS IN MILLIONS<sup>15</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate EPA Environmental Justice Programs

The EPA’s “environmental justice” programs were originally designed to protect low-income communities from environmental harm. However, the EPA too often goes beyond this purpose to prevent job-creating businesses from developing in low-income communities, thus blocking the economic opportunity that these communities need.

Program has funded 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.”<sup>16</sup>

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

Congress should eliminate these programs, which have been co-opted by political agendas and do not merit taxpayer resources.

### ADDITIONAL READING

- The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.
- James Rust, “‘Environmental Justice’ Injustice (EPA Elitism, Exploitation),” Institute for Energy Research, Master Resource, August 13, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$2 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$153**  
SAVINGS IN MILLIONS<sup>17</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the National Endowment for the Humanities

The NEH, created on September 29, 1965, by President Lyndon Johnson through the National Foundation on the Arts and the Humanities Act, received a \$149.8 million appropriation for FY 2017.<sup>18</sup> In 2016, it reported that it had awarded “more than 63,000 grants totaling \$5.3 billion, and leveraged an additional \$2.5 billion in matching funds” during its 50-year history.<sup>19</sup> These funds dwarf private giving.

Private individuals and organizations should be able to donate at their own discretion to humanities organizations and programs as they wish;

government should not use its coercive power of taxation to compel taxpayers to support cultural organizations and activities. Americans gave \$390.1 billion in charitable contributions in 2016, an increase of 4 percent from 2014. Charitable giving as a whole increased 4.5 percent from 2015, and giving for arts, culture, and the humanities experienced an increase of 6.7 percent from 2015.<sup>20</sup>

The NEH is neither a necessary nor a proper activity of the federal government.

INT/ENV

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	
House Budget Resolution	INCLUDED	Appears to eliminate NEH.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	

**\$153**  
SAVINGS IN MILLIONS<sup>21</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate the National Endowment for the Arts

The NEA was created on September 29, 1965, by President Lyndon Johnson through the National Foundation on the Arts and the Humanities Act. In 2016, it reported having awarded more than \$5 billion for arts participation during its 50-year history.<sup>22</sup> Taxpayer assistance for the arts is neither necessary nor prudent.

The NEA received a \$149.8 million appropriation in FY 2017.<sup>23</sup> However, private contributions to the arts and humanities vastly exceed the amount provided by the NEA. Americans made \$390.1 billion in charitable contributions in 2015.<sup>24</sup> Arts, culture, and

the humanities experienced a substantial increase, receiving 6.7 percent more than the previous year. Further, federally funded arts programs are susceptible to cultural cronyism whereby special interests promoting a social agenda receive government favor to promote their causes.<sup>25</sup>

In the words of Citizens Against Government Waste, “[a]ctors, artists, and academics are no more deserving of subsidies than their counterparts in other fields; the federal government should refrain from funding all of them.”<sup>26</sup>

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	
House Budget Resolution	INCLUDED	Appears to eliminate NEH.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	



**\$12**  
SAVINGS IN MILLIONS<sup>27</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate Funding for the Woodrow Wilson International Center for Scholars

The Wilson Center was created by the Woodrow Wilson Memorial Act of 1968 and serves both as the official memorial to President Woodrow Wilson and as a nonpartisan policy forum and independent research institution. The Wilson Center regularly publishes research about global policy and hosts events to facilitate “open dialogue” about “actionable ideas.”

In FY 2017, the Wilson Center received a \$10.5 million appropriation from Congress to carry out the Woodrow Wilson Memorial Act of 1968.<sup>28</sup> About one-third of the center’s budget comes through annual appropriations, with the remaining funds provided through private donations. Funding for the Wilson center should be eliminated because

it is not the proper role for government to pay for independent research when there is a wide range of organizations that do this with private funding.

Additionally, the Wilson Center has a plan, readily available on its website, for how it would continue to be funded without appropriations: “If there is a lapse in Federal funding as a result of failure to pass an appropriation bill, the Wilson Center will **not** close.”<sup>29</sup> The Wilson Center can operate without federal funds, and the federal government should not spend taxpayer dollars supporting an institution that, by its own admission, does not need assistance.

INT/ENV

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$41**  
SAVINGS IN MILLIONS<sup>30</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate Funding for the John F. Kennedy Center for the Performing Arts

The Kennedy Center was conceptualized in 1958 as a national cultural center. Since opening in 1971, it has served as both the National Center for the Performing Arts and the federal memorial to President John F. Kennedy.<sup>31</sup>

In 2017, Congress appropriated \$22.3 million for the operation and maintenance of the Kennedy Center. Lawmakers appropriated an additional \$14.1 million for capital repair and restoration of the arts center.<sup>32</sup> Even after receiving funds from the federal government, however, subscriptions for Kennedy Center performances cost \$120 to \$500.<sup>33</sup>

Private donations to the arts, culture, and humanities increased by 6.7 percent from 2015 to 2016.<sup>34</sup> The Kennedy Center should be funded by these private donations and robust ticket sales rather than with tax dollars paid by Americans who may never experience the music and theater for which they are paying. It is not appropriate for the federal government to be subsidizing a performing arts center in one of the wealthiest areas of the country.

Spending taxpayer dollars to fund performing arts is outside the scope of federal government obligations.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Reduces spending to \$24.5 million.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	

## Policy Riders

### **Prohibit federal efforts to regulate, either directly or indirectly, nonpoint sources of water**

**pollution.** The EPA's efforts to address water quality in the Chesapeake Bay are particularly problematic. The agency is effectively seeking to regulate agricultural runoff and other nonpoint sources of pollution (pollution coming from multiple sources over a wide area, as opposed to pollution from a point source that is a specific and identifiable source).<sup>35</sup> There is even concern that the EPA could determine where farming is allowed.<sup>36</sup> This type of regulatory scheme could very well be used on a national level as well.<sup>37</sup>

**Prohibit retroactive vetoes of Section 404 permits.** Under Section 404 of the Clean Water Act, property owners sometimes have to secure dredge-and-fill permits.<sup>38</sup> The EPA has decided that it can retroactively revoke a Section 404 permit that the Army Corps of Engineers has issued, regardless of whether the permit holder is in full compliance with permit conditions.<sup>39</sup> In a 2013 case, *Mingo Logan Coal Co. v. EPA*,<sup>40</sup> the D.C. Circuit Court of Appeals held that the EPA could retroactively veto such permits; the EPA's veto was exercised four years after the Corps issued the permit.<sup>41</sup>

**Rein in the EPA's ozone standard.** The Environmental Protection Agency finalized a new ozone standard of 70 parts per billion (ppb) in October 2015. This drastic action was premature. States are just now starting to meet the current 75 ppb standard. According to the Congressional Research Service, "109 million people (one-third of the U.S. population) lived in areas classified as 'nonattainment' for the 75 ppb ozone NAAQS set by EPA in 2008."<sup>42</sup> When a third of the nation's population lives in areas that have not met the current standard, adopting an even more stringent standard is at best, premature.<sup>43</sup> The ozone standard has grown more controversial as it becomes increasingly expensive to meet tighter standards with smaller margins of tangible benefits. The EPA is increasingly setting American *economic* policy as it sets *environmental* policy, enjoying nearly unfettered power to set ozone standards and, indirectly, economic activity and land use. This has restricted opportunity, and compliance costs are passed on to Americans, especially the poor. Far from being a question of whether or not to have clean, healthy air, the new standard goes well beyond what Congress intended in the Clean Air Act.

**Advance the *Environmental Policy Guide*.** Written in collaboration with six other organizations, The Heritage Foundation's *Environmental Policy Guide* includes over 100 specific appropriations and legislative recommendations for reforming environmental policy. Topics include the Clean Air Act, Clean Water Act, Endangered Species Act, National Environmental Policy Act, regulatory process and accountability reform, and toxicology.<sup>44</sup>

**Repeal the Renewable Fuel Standard (RFS).** By requiring fuel blenders to use biofuels regardless of the cost, the RFS has made most Americans worse off through higher food and fuel expenses. The higher costs paid by American families benefit a select group of special interests that produce renewable fuels. Tinkering around the edges will not fix this unworkable policy. Moreover, the federal government should not mandate which type of fuel drivers use in the first place. Congress should repeal the RFS.<sup>45</sup>

**Prohibit the regulation of greenhouse gases and withdraw the endangerment finding.** The Obama Administration proposed and implemented a series of climate change regulations in an effort to reduce greenhouse gas emissions from vehicles, heavy-duty trucks, airplanes, hydraulic fracturing, and new and existing power plants. Since conventional carbon-based fuels provide more than 80 percent of America's energy, these restrictions on the use of abundant, affordable energy sources will only inflict economic pain on households and businesses. They will produce no discernible climate benefit while causing hundreds of thousands of jobs and trillions of dollars of gross domestic product to be lost.<sup>46</sup> Though the Trump Administration has taken positive steps to reverse the previous Administration's climate agenda, Congress should prohibit all federal agencies from regulating greenhouse gas emissions. Congress should order the

Environmental Protection Agency to withdraw its endangerment finding on greenhouse gas emissions, recognizing that greenhouse gas emissions are affecting the climate but that no credible evidence suggests that the Earth is heading toward catastrophic warming.<sup>47</sup>

**Prohibit the use of social cost of carbon in any cost-benefit analysis or environmental impact statement.** The EPA is using three statistical models, known as integrated assessment models, to estimate the value of the social cost of carbon, defined as the economic damage that one ton of carbon dioxide (CO<sub>2</sub>) emitted today will cause over the next 300 years. However, these models arbitrarily derive a value for the social cost of carbon. Subjecting the models to reasonable inputs for climate sensitivity and discount rates dramatically lowers the estimated social cost of carbon figure. Artificially increasing the estimates boosts the projected benefits of climate-related regulations in agency cost-benefit analyses. By placing a significantly high arbitrary price on a ton of carbon dioxide emitted into the atmosphere, the EPA can inflate the benefits of regulation or inflate the costs of a new project, claiming that the project will emit *X* tons of CO<sub>2</sub> over its lifetime and inflict *Y* damage on the environment.<sup>48</sup> Congress should prohibit all federal agencies from using the social cost of carbon for any purpose, especially regulatory rulemaking.

**Prohibit the net acquisition of land and shift federal land holdings to states and the private sector.** The federal government's land holdings are greater than the areas of France, Spain, Germany, Poland, Italy, the United Kingdom, Austria, Switzerland, the Netherlands, and Belgium combined—almost a third of the U.S. land mass, including Alaska and Hawaii. Only a fraction of this land is composed of national parks. Federal agencies cannot adequately manage these lands and the natural resources on them. Congress should prohibit land acquisitions that result in a net gain in the size of the federal estate. Congress also should dispose of excess Bureau of Land Management lands, shrink the federal estate, and reauthorize the Federal Lands Transaction Facilitation Act, stipulating that funds generated from land sales will address the Department of the Interior's maintenance backlog.<sup>49</sup>

**Repeal or reform the Antiquities Act.** National monument designations have stripped economic opportunities from communities. Whether the issue is logging, recreation, conservation, or energy development, these decisions should be made at the local level, not from Washington. For more than a century, the President has had the power to designate land as a national monument unilaterally, without input from Congress or affected states. Although the law states that the President must limit the designation to the “smallest area compatible with proper care and management of the objects to be protected,” Presidents from both parties have ignored that language. For far too long, monument designations have exceeded their statutory limitations. Congress should recognize what Wyoming recognized in 1943 and what the 81st Congress recognized in 1950: The President should not have the ability to declare national monuments unilaterally and arbitrarily and take economic and environmental decisions away from the states and local organizations. Congress should eliminate the President's authority to do so, either by repealing the Antiquities Act altogether or by requiring congressional and state approval for any designation.<sup>50</sup>

**Prohibit the EPA from abusing cost-benefit analysis to justify costly air regulations (co-benefits abuse).** When the EPA issues a rule to reduce emissions of a certain air pollutant, the direct benefits of reducing those emissions should exceed the costs. However, for years, the EPA has found an improper end-run around this common-sense requirement. Even when the rule's stated objective has massive costs and few to no benefits, the EPA points to the “co-benefits” of reducing particulate matter as justification for the rule. This co-benefits abuse has become so bad that the EPA has issued major rules without even bothering to quantify whether there are benefits associated with their regulatory objectives, instead relying solely or primarily on particulate matter co-benefits.<sup>51</sup> Under the Clean Air Act, criteria pollutants such as particulate matter are addressed through their own specific statutory scheme and should not be addressed through other means,<sup>52</sup> such as through unrelated air regulations developed under other sections of the CAA.

## ENDNOTES

1. Savings of \$64.3 million for FY 2019 are based on the FY 2018 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2019 Justification of Appropriation Estimates for the Committee on Appropriations*, February 2018, p. 39, <https://www.epa.gov/sites/production/files/2018-02/documents/fy-2019-congressional-justification-all-tabs.pdf> (accessed May 14, 2018). Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
2. Savings of \$16.7 million for FY 2019 are based on the FY 2018 appropriations reported in *ibid.*, pp. 803–805. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
3. Savings of \$350 million for FY 2019 are based on the FY 2018 appropriations reported in *ibid.*, pp. 146, 147, 803, and 807. Heritage experts assume that spending for FY 2018 remains constant in FY 2019. Total savings include \$198.9 million for the Surface Water Protection program, \$93 million for the Federal Vehicle and Fuels Standards and Certification program, \$26.5 million for the National Estuary/Coastal Waterways program, \$12.2 million for the Pollution Prevention program, \$10.6 million for the Integrated Environmental Strategies program; and \$9.1 million for the Waste Minimization and Recycling programs.
4. Savings of \$52 million for FY 2019 are based on 30 percent of the FY 2018 annualized spending level of \$174 million as found in *ibid.*, p. 179. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
5. Savings of \$4.9 million for FY 2019 are based on 50 percent of the FY 2018 annualized spending level of \$9.7 million as found in *ibid.*, p. 251. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
6. Savings of \$24.9 million for FY 2019 are based on 50 percent of the FY 2018 annualized spending level of \$49.7 million as found in *ibid.*, p. 258. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
7. Savings of \$8.7 million for FY 2019 are based on the FY 2018 annualized spending level as found in *ibid.*, p. 144. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
8. Savings of \$126 million for FY 2019 are based on the FY 2018 annualized spending level as found in *ibid.*, p. 145. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
9. U.S. Environmental Protection Agency, “Education: Environmental Education (EE) Grants,” <https://www.epa.gov/education/environmental-education-ee-grants> (accessed March 9, 2018).
10. Savings of \$20.897 billion for FY 2019 equals the last reported remaining LWCF balance of \$20.5 billion as found in Carol Hardy Vincent, “Land and Water Conservation Fund: Appropriations for ‘Other Purposes,’” Congressional Research Service *Report for Members and Committees of Congress*, September 1, 2016, [https://www.everycrsreport.com/files/20160906\\_RL33531\\_ac1555f37bb1a30bee404e6a00ad1b22af2e9f8e.pdf](https://www.everycrsreport.com/files/20160906_RL33531_ac1555f37bb1a30bee404e6a00ad1b22af2e9f8e.pdf) (accessed May 14, 2018), as well as \$397 million in discretionary contributions to the LWCF for FY 2019 as reported in “Appendix D: Land and Water Conservation Fund,” in U.S. Department of the Interior, *The Interior Budget in Brief: Fiscal Year 2019*, February 2018, pp. D1–D2, [https://edit.doi.gov/sites/doi.gov/files/uploads/2019\\_highlights\\_book.pdf](https://edit.doi.gov/sites/doi.gov/files/uploads/2019_highlights_book.pdf) (accessed May 14, 2018). This proposal includes \$20.5 billion in one-time savings and \$397 million in discretionary savings.
11. Vincent, “Land and Water Conservation Fund: Appropriations for ‘Other Purposes.’”
12. Savings of \$60 million for FY 2019 are based on the FY 2018 annualized spending level for the Diesel Emissions Reduction Grant Program as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2019 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 523. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
13. NC Clean Energy, Technology Center, “Incentives & Funding,” <https://nccleantech.ncsu.edu/clean-transportation/for-fleets/> (accessed March 9, 2018).
14. U.S. Environmental Protection Agency, “Clean Diesel: Clean Diesel National Grants Awarded,” 2012–2015, <https://www.epa.gov/cleandiesel/clean-diesel-national-grants> (accessed March 9, 2018).
15. Savings of \$7.2 million for FY 2019 are based on the FY 2018 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2019 Justification of Appropriation Estimates for the Committee on Appropriations*, pp. 805–808. Heritage experts assume that spending for FY 2018 remains constant in FY 2019.
16. U.S. Environmental Protection Agency, Office of Enforcement and Compliance Assurance (EOCA), “Environmental Justice Small Grants: FY2013 Summaries by Region,” September 11, 2013, <https://digital.library.unt.edu/ark:/67531/metadc949089/m1/1/> (accessed March 10, 2018).
17. Savings of \$153 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 13, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019.
18. Consolidated Appropriations Act, 2017, Public Law 115-31, 115th Cong., May 5, 2017, <https://www.congress.gov/bill/115th-congress/house-bill/244> (accessed March 10, 2018).
19. National Endowment for the Humanities, *Annual Report 2015*, p. 2, [https://www.neh.gov/files/neh\\_2015\\_annual\\_report\\_final.pdf](https://www.neh.gov/files/neh_2015_annual_report_final.pdf) (accessed March 10, 2018).
20. Press release, “Giving USA 2017: Total Charitable Donations Rise to New High of \$390.05 Billion,” Giving USA, June 12, 2017, <https://givingusa.org/giving-usa-2017-total-charitable-donations-rise-to-new-high-of-390-05-billion/> (accessed March 10, 2018).
21. Savings of \$153 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
22. National Endowment for the Arts, *2015 Annual Report*, p. 2, <https://www.arts.gov/sites/default/files/2015%20Annual%20Report.pdf> (accessed March 10, 2018).

23. Consolidated Appropriations Act, 2017.
24. Press release, "Giving USA 2017: Total Charitable Donations Rise to New High of \$390.05 Billion."
25. Elizabeth Harrington, "The National Endowment for the Arts Funds Political Propaganda," *The Federalist*, February 23, 2016, <http://thefederalist.com/2016/02/23/the-national-endowment-of-the-arts-funds-political-propaganda/> (accessed March 10, 2018).
26. Citizens Against Government Waste, *Prime Cuts Summary*, April 2015, p. 34, <http://cagw.org/sites/default/files/PrimeCuts2015.pdf> (accessed March 10, 2018).
27. Savings of \$12 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
28. Consolidated Appropriations Act, 2017.
29. Woodrow Wilson International Center for Scholars, "Plan for Federal Funding Hiatus," revised August 2015, p. 3, [https://www.wilsoncenter.org/sites/default/files/wilson\\_center\\_plan\\_for\\_possible\\_lapse\\_in\\_federal\\_appropriation\\_revised\\_august\\_2015.pdf](https://www.wilsoncenter.org/sites/default/files/wilson_center_plan_for_possible_lapse_in_federal_appropriation_revised_august_2015.pdf) (accessed March 10, 2018). Emphasis in original.
30. Savings of \$40.5 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings include \$23.74 million in operations and maintenance and \$16.775 million in capital repair and restoration.
31. John F. Kennedy Center for the Performing Arts, "Kennedy Center Plan for Federal Government Shutdown," revised September 26, 2013, [http://www.kennedy-center.org/legal/130927\\_fed\\_govt\\_shutdown.pdf](http://www.kennedy-center.org/legal/130927_fed_govt_shutdown.pdf) (accessed March 10, 2018).
32. Consolidated Appropriations Act, 2017.
33. Michael J. Gaynor, "How to see *Hamilton* in DC," *The Washingtonian*, July 7, 2016, <https://www.washingtonian.com/2016/07/07/hamilton-tickets-kennedy-center-how-to-see-hamilton-in-dc/> (accessed March 10, 2018).
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35. U.S. Environmental Protection Agency, "Polluted Runoff: Nonpoint Source Pollution: What Is Nonpoint Source?" last updated May 2, 2017, <http://www.epa.gov/polluted-runoff-nonpoint-source-pollution/what-nonpoint-source> (accessed March 10, 2018); U.S. Geological Survey, "Water Resources of the United States: Water Basics Glossary," last modified June 17, 2013, [https://water.usgs.gov/water-basics\\_glossary.html](https://water.usgs.gov/water-basics_glossary.html) (accessed March 10, 2018).
36. See, for example, H. Sterling Burnett, "Farm Bureau Fights Federal Land Grab in Chesapeake Bay Region," Heartland Institute, February 11, 2016, <https://www.heartland.org/news-opinion/news/farm-bureau-fights-federal-land-grab-in-chesapeake-bay-region> (accessed March 10, 2018), and Gary Baise, "Counties Attack EPA's TMDL Regulations," *Jefferson Policy Journal*, March 2, 2016, <http://www.jeffersonpolicyjournal.com/counties-attack-epas-tmdl-regulations/> (accessed March 10, 2018).
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38. "Discharge of dredged material" refers to material excavated or dredged from waters of the U.S., and "discharge of fill material" refers to "material placed in waters such that dry land replaces water—or a portion thereof—or the water's bottom elevation changes." U.S. Environmental Protection Agency, Office of Enforcement and Compliance Assurance, *Managing Your Environmental Responsibilities: A Planning Guide for Construction and Development*, April 2005, <http://www.epa.gov/compliance/resources/publications/assistance/sectors/constructmyer/> (accessed March 10, 2018). See also the EPA regulations at 33 U.S. Code §323.2, <http://www.law.cornell.edu/cfr/text/33/323.2> (accessed March 10, 2018). The regulations provide more specific definitions of dredged material, fill material, and discharge of dredged or fill material. The precise definitions of terms such as "fill material" are a matter of controversy. See Claudia Copeland, "Controversies over Redefining 'Fill Material' Under the Clean Water Act," Congressional Research Service *Report for Congress*, August 21, 2013, <http://fas.org/sgp/crs/misc/RL31411.pdf> (accessed March 10, 2018).
39. Robert Gordon and Diane Katz, eds., *Environmental Policy Guide: 167 Recommendations for Environmental Policy Reform*, The Heritage Foundation, 2015, p. 8, <http://www.heritage.org/research/reports/2015/03/environmental-policy-guide>.
40. *Mingo Logan Coal Co. v. EPA*, 714 F.3d 608 (D.C. Cir. 2013), [https://www.cadc.uscourts.gov/internet/opinions.nsf/DBEEA1719A916CDC85257B56005246C4/\\$file/12-5150-1432105.pdf](https://www.cadc.uscourts.gov/internet/opinions.nsf/DBEEA1719A916CDC85257B56005246C4/$file/12-5150-1432105.pdf) (accessed March 9, 2018).
41. *Ibid.*
42. James E. McCarthy and Richard K. Lattanzio, "EPA's 2015 Ozone Air Quality Standards," Congressional Research Service *Report for Members and Committees of Congress*, August 15, 2017, <https://fas.org/sgp/crs/misc/R43092.pdf> (accessed March 9, 2018).
43. Daren Bakst, "Statement Regarding Proposed Ozone Standards," testimony before the Environmental Protection Agency, January 29, 2015, <http://www.scribd.com/doc/255666438/Bakst-Testimony-Ozone-Standards> (accessed January 29, 2018).
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48. Kevin D. Dayaratna, “Methods and Parameters Used to Establish the Social Cost of Carbon,” testimony before the Subcommittee on Environment and Oversight, Committee on Science and Technology, U.S. House of Representatives, February 24, 2017, <http://docs.house.gov/meetings/SY/SY18/20170228/105632/HHRG-115-SY18-Wstate-DayaratnaK-20170228.pdf>.
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51. Anne E. Smith, *An Evaluation of the PM2.5 Health Benefits Estimates in Regulatory Impact Analyses for Recent Air Regulations*, NERA Economic Consulting, December 2011, [http://www.nera.com/content/dam/nera/publications/archive2/PUB\\_RIA\\_Critique\\_Final\\_Report\\_1211.pdf](http://www.nera.com/content/dam/nera/publications/archive2/PUB_RIA_Critique_Final_Report_1211.pdf) (accessed May 14, 2018). See also Marlo Lewis, “EPA’s PM2.5 Co-Benefits PR Trick Exposed,” *GlobalWarming.org*, June 15, 2016, <http://www.globalwarming.org/2016/06/15/epas-pm2-5-co-benefits-pr-trick-exposed-2/> (accessed May 14, 2018).
52. See, for example, C. Boyden Gray, “EPA’s Use of Co-Benefits,” *Engage*, Vol. 16, Issue 2 (July 2015), pp. 31–33, <https://fedsoc.org/commentary/publications/epa-s-use-of-co-benefits> (accessed May 14, 2018), and *Murray Energy v. United States Environmental Protection Agency*, Brief of *Amicus Curiae* Cato Institute in Support of Petitioners, November 25, 2016, <https://www.scribd.com/document/332581815/Murray-Energy-Corp-v-EPA> (accessed May 14, 2018). Other CAA statutory sections arguably preclude consideration of criteria pollutants.





# Labor, Health and Human Services, Education, and Related Agencies

**\$1.7**  
SAVINGS IN BILLIONS<sup>1</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the Job Corps

The National Job Corps Study, a randomized experiment, assessed the Job Corps’ impact on participants compared to similar non-participants. The study found that for a federal taxpayer investment of \$25,000 per Job Corps participant:

- Compared to non-participants, participants were less likely to earn a high school diploma (7.5 percent versus 5.3 percent);
- Compared to non-participants, participants were no more likely to attend or complete college;
- Four years after participating in the evaluation, the average weekly earnings of participants were only \$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 improved the skills of its participants, it should have raised their hourly wages substantially. A paltry \$0.22 increase in hourly wages suggests that it actually 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.<sup>2</sup>

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### ADDITIONAL READING

- David B. Muhlhausen, “Do Federal Social Programs Work?” Heritage Foundation *Backgrounder* No. 2884, March 19, 2014.
- David B. Muhlhausen, “Job Corps: An Unfailing Record of Failure,” Heritage Foundation *WebMemo* No. 2423, May 5, 2009.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Cuts \$237.5 million by shutting down poorly performing Job Corps centers.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Advocates elimination of ineffective programs and cites Job Corps as problematic.

**\$3.2**  
SAVINGS IN BILLIONS<sup>3</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Workforce Innovation and Opportunity Act Job-Training Programs

As documented in a 2016 Mathematica Policy Research study, the most important test of the WIA’s effectiveness is the comparison of “full WIA” services—intensive services (skills assessments, workshops, and job-search assistance) plus job training—to core services, which offered mostly information and online tools for participants to plot their careers and find employment. During the five quarters of the follow-up period, members of the full-WIA group failed to have earnings that were statistically different from those of the core group. In the fifth quarter, the earnings of the full-WIA group were indistinguishable on average from the earnings of the core group. Despite being more likely to

enroll in training and receive one-on-one assistance and other employment services, participation in full WIA had no effect on earnings.

Full-WIA participants did not believe that the services provided to them resulted in finding jobs. A solid majority of 57 percent of full-WIA participants believed that the services provided to them were unrelated to finding employment. Perhaps more important, full-WIA participants were largely unable to find employment in occupations related to their training. Only 32 percent of full-WIA participants found occupations in the area of their training.

### ADDITIONAL READING

- David B. Muhlhausen, “Do Federal Social Programs Work?” Heritage Foundation *Backgrounder* No. 2884, March 19, 2014.
- Sheena McConnell, Kenneth Fortson, Dana Rotz, Peter Schochet, Paul Burkander, Linda Rosenberg, Annalisa Mastri, and Ronald D’Amico, *Providing Public Workforce Services to Job Seekers: 15-Month Impact Findings on the WIA Adult and Dislocated Worker Programs* (Washington: Mathematica Policy Research, May 2016).

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Reduces funding and uses program to supplant several other jobs programs.
<b>House Budget Resolution</b>	<b>REJECTED</b>	Funding remains the same.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>PARTIALLY INCLUDED</b>	Advocates elimination of ineffective programs and cites WIA as problematic.

LABOR/HHS

**\$738**  
SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT HOUSE SENATE RSC

## Let Trade Adjustment Assistance Expire

TAA provides overly generous government benefits to American workers who lose their jobs when companies find overseas production less costly. The program encourages recipients to participate in job training. As a result, they spend considerable time in training that could have been spent looking for work or working in a new job that they could have found had they not been in job training. Most participants never recover this lost income, and their federal subsidies only partially offset these financial losses. Participating in TAA costs the average participant approximately \$25,000 in lost income.

Overall, there is little empirical support for the notion that TAA improves the employment outcomes

of displaced workers. In fact, participants are more likely to earn *less* after participating in the program. TAA fails the commonsense test of determining whether the program produces more benefits than costs. In addition, TAA benefits often go to political-connected unions and firms that did not experience layoffs because of foreign competition. The Department of Labor requires only that a company show a correlation between increasing foreign imports and loss of sales. These correlations are often coincidental or unrelated to the firm’s financial difficulties. This allowed the Obama Administration to award TAA benefits to Solyndra and Hostess despite the fact that foreign competition had little to do with the bankruptcies of these companies.

### ADDITIONAL READING

- David B. Muhlhausen, James Sherk, and John Gray, “Trade Adjustment Assistance Enhancement Act: Budget Gimmicks and Expanding an Ineffective and Wasteful ‘Job-Training’ Program,” Heritage Foundation *Issue Brief* No. 4396, April 28, 2015.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Funds at \$790 million (\$12 million below 2016 enacted budget but \$117 million above 2017 continuing resolution).
<b>House Budget Resolution</b>	REJECTED	Consolidates other trade adjustment programs into the Department of Labor.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Notes that TAA is based on a flawed notion of trade benefits and harms intended beneficiaries.

**\$11**  
SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Susan Harwood Training Grants

The evidence from every multisite experimental evaluation of federal job-training programs published since 1990 strongly indicates that Department of Labor job-training programs are generally ineffective. Based on these scientifically rigorous evaluations using the “gold standard” of random assignment, these studies consistently find failure.

Since 1978, the Occupational Safety and Health Administration has provided Harwood grants to nonprofit organizations to provide safety training to workers. Despite existing for decades, there is no credible evidence that these training grants are effective. A case in point is the FY 2015 Department of Labor performance report that relies solely on

the number of people trained to assess performance of the grant program.<sup>6</sup> The number of people trained provides no information for determining whether trainees learned anything new to make workplaces safer.

Measuring the number of people trained does not measure program “impact.” Instead, it measures an output. Program impact is assessed by comparing outcomes for program participants with estimates of what the outcomes would have been had they not participated in the program. Without a valid comparison, performance monitoring based on “outputs” such as number of people trained cannot provide valid estimates of program effectiveness.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates program.
House Budget Resolution	INCLUDED	Eliminates OSHA training grants, of which Susan Harwood grants are a part.
Senate Budget Resolution	REJECTED	Funding level unchanged.
Republican Study Committee	NOT ADDRESSED	

**\$123**  
SAVINGS IN MILLIONS<sup>7</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Bring National Labor Relations Board Funding in Line with Caseloads

Under the National Labor Relations Act, the NLRB regulates private-sector union elections and collective bargaining, except for unions in the railway and airline industries regulated by other law. The NLRB conducts union certification and decertification elections, investigates unfair labor practices, and adjudicates cases with administrative law judges.

Private-sector union membership and organizing has dropped considerably over the past 25 years. Consequently, the NLRB caseload has fallen

considerably as well. The NLRB received 65 percent fewer election petitions and 40 percent fewer unfair labor practice charges in FY 2014 than in FY 1990. Despite this lower workload, the NLRB's inflation-adjusted budget has increased by one-sixth since 1990. Reducing the NLRB's budget by 45 percent in FY 2019 would bring its spending in line with the previous funding levels for its caseload and save taxpayers \$123 million in FY 2019.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	PARTIALLY INCLUDED	Cuts funding by \$16 million.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Cuts funding by \$25 million.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Eliminates NLRB and shifts labor-law enforcement to the Department of Justice.

**\$157**  
SAVINGS IN MILLIONS<sup>8</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Redundant Department of Labor Agencies

In 1965, President Lyndon Johnson signed Executive Order No. 11246, which prohibited federal contractors from engaging in racial discrimination. At the time, the Civil Rights Act did not have strong enforcement provisions. The Office of Federal Contract Compliance Programs now enforces these provisions. However, the Equal Employment Opportunity Act of 1972 gave the Equal Employment Opportunity Commission strong enforcement powers. Discrimination is currently illegal for all employers, and the EEOC polices these policies. A separate agency for federal contractors is redundant. The OFCCP should be abolished.

The Women’s Bureau examines challenges facing women in the workforce. It was created in 1920

when few women worked outside the home. Today, women make up half of the workforce. The challenges facing female employees are the challenges facing workers as a whole. The Women’s Bureau has become obsolete.

The International Labor Affairs Bureau monitors foreign compliance with labor obligations under trade treaties. It also makes grants to unions and aid organizations to promote the welfare of foreign workers. These grants are of doubtful effectiveness and are a poor use of U.S. taxpayer dollars in times of tight budgets. Congress should eliminate ILAB funding for grant-making and restore the bureau to its core purpose of monitoring treaty compliance.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Eliminates ILAB grants and cuts bureau staff. Cuts OFCCP budget by \$17 million and Women’s Bureau funding by \$8.6 million.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Notes ineffectiveness of ILAB grants and says EEOC obviates need for OFCC.

**\$374**  
SAVINGS IN MILLIONS<sup>9</sup>

PRESIDENT HOUSE SENATE RSC

## Federal Personnel Reform: Market-Based and Performance-Based Pay

The federal government’s pay structure, which relies on a proscribed formula instead of performance, results in an inflated pay system that encourages mediocrity and fails to reward excellence. Heritage Foundation experts have estimated that federal employees receive 22 percent higher wages than similar workers in the private sector.<sup>10</sup>

Federal employees’ higher pay comes in large part from receiving two essentially automatic pay increases: annual cost-of-living-adjustments and

so-called performance-based step increases whereby 99.9 percent of federal employees receive raises. Congress should reduce the pay differential between steps 1 and 10 of the GS scale from 30 percent to 20 percent and tie step increases to true performance-based measures instead of tenure alone. Part of the savings should go toward higher performance-based budgets to help attract and retain talented employees. Combined, these changes should lead to a 5 percent reduction in federal pay levels.

### ADDITIONAL READING

- Rachel Greszler and James Sherk, “Why It Is Time to Reform Compensation for Federal Employees,” Heritage Foundation *Backgrounder* No. 3139, July 27, 2016.
- Kay Coles James, “A Fresh Start for Federal Pay: The Case for Modernization,” U.S. Office of Personnel Management *White Paper*, April 2002.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Time needed to move from step 1 to step 10 increased from 18 years to 27 years. “Performance-based” pay increases replaced by compensation fund.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>PARTIALLY INCLUDED</b>	Reduces federal employees’ annual across-the-board pay increases by 0.5 percentage point and mentions using Holman rule to reduce federal employees’ salary or compensation.



**\$46**  
SAVINGS IN BILLIONS<sup>11</sup>

PRESIDENT HOUSE SENATE RSC

## Federal Personnel Reform: Bring Retirement Benefits in Line with the Private Sector

The overall compensation received by federal employees is significantly higher than that of their private-sector counterparts. The biggest source of this compensation premium, which Heritage Foundation experts estimate is between 30 percent and 40 percent of total compensation, is excessive retirement benefits. Federal employees receive up to 18.2 percent of their pay in retirement benefits: between 11.1 percent and 13.2 percent in a defined-benefit pension and up to 5.0 percent in a 401(k). Among private-sector employees who receive retirement contributions from their employers, the average contribution is between 3 percent and 5 percent.

Congress should bring federal benefits in line with the private sector by shifting all new hires and those with fewer than five years of service to an exclusively thrift savings retirement plan with higher employer contributions. Employees with between five and 20 years of service should have the option to switch to an exclusively TSP retirement system, to freeze their already-accrued Federal Employees Retirement System benefits and receive higher TSP contributions, or to maintain their current retirement benefits with FERS plan reforms such as higher employee contributions. This would both save taxpayers \$219 billion over the next 10 years and make the government more competitive because less of federal workers' compensation would be tied up in future retirement benefits.

### ADDITIONAL READING

- Rachel Greszler and James Sherk, "Why It Is Time to Reform Compensation for Federal Employees," Heritage Foundation *Backgrounder* No. 3139, July 27, 2016.
- Congressional Budget Office, *Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015*, April 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	PARTIALLY INCLUDED	Gradually increases employee FERS contribution to 50 percent of total contribution. Eliminates FERS COLA and reduces CSRS COLA by 0.5 percent. Reduces G fund interest rate.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Requires employees to contribute larger share toward retirement costs and says new federal employees should transition to defined-contribution retirement system.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Increases employees' share of FERS contributions by bringing all federal employee contributions to 3.1 percent and replaces high-3 pension formula with high-5 average.

LABOR/HHS

**\$100**  
SAVINGS IN MILLIONS<sup>12</sup>

PRESIDENT HOUSE SENATE RSC

## Federal Personnel Reform: Eliminate the Special Retirement Supplement

Federal employees who have worked for at least 20 years and who retire at relatively young ages (between ages 57 and 62) receive a “special retirement supplement” that is meant to provide them with roughly the equivalent of Social Security benefits at a time when they are not yet eligible to receive Social Security.<sup>13</sup> This extra benefit in addition to the FERS, TSP, and regular Social Security benefits that federal retirees receive is unnecessary and excessive. The special retirement supplement can result

in federal employees receiving retirement benefits for more years than they spent working.

This benefit is not something to which either the federal government or its employees contribute; instead, the funds come from taxpayers. Eliminating the special retirement supplement would save an estimated \$100 million in FY 2019 and \$4.7 billion over 10 years.

### ADDITIONAL READING

- Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, December 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates supplement.
House Budget Resolution	INCLUDED	Eliminates supplement.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates supplement.

**\$5.7**  
SAVINGS IN BILLIONS<sup>14</sup>

PRESIDENT HOUSE SENATE RSC

## Federal Personnel Reform: Bring Paid Leave in Line with the Private Sector

Federal employees receive significantly more days of paid leave than similar private-sector employees receive. A federal employee with five years of experience receives 20 vacation days and 13 paid sick days for a total of 33 days (not including 10 paid holidays). The average private-sector employee at a larger company receives 13 days of vacation and eight paid sick days for a combined total of 21 days of paid leave (excluding holidays).

Congress should bring the amount of paid leave it provides to federal employees in line with private-sector paid leave by reducing vacation leave by between three and six days and sick leave by three days so that federal employees receive between 20 and 30 days of paid leave. Alternatively, Congress should consider shifting to a Paid Time Off system that provides between 16 and 27 days of PTO. PTO policies, which do not differentiate between sick and vacation days, have become increasingly common in the private sector and are preferred by many employees.

### ADDITIONAL READING

- Rachel Greszler and James Sherk, “Why It Is Time to Reform Compensation for Federal Employees,” Heritage Foundation *Backgrounder* No. 3139, July 27, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Transitions to PTO system with fewer leave days than current vacation-plus-sick combination; adds short-term disability insurance to protect federal workers facing serious medical situations.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

LABOR/HHS

**\$594**  
SAVINGS IN MILLIONS<sup>15</sup>

PRESIDENT HOUSE SENATE RSC

## Federal Personnel Reform: Eliminate FEHB Retirement Benefits for New Hires

Federal employees receive significantly higher total compensation than their private-sector counterparts receive, including the often overlooked and undervalued advantage of participating in the Federal Employees Health Benefits Program after retirement while paying only a small portion of the total premium. In 2002, the Congressional Budget Office found that the accrual cost of retiree health coverage equaled 6.4 percent of pay.<sup>16</sup> Heritage Foundation experts estimated that eliminating this benefit for new hires would generate \$34.04 billion in accrued taxpayer savings over the 2019–2028 period. Private-sector companies almost never provide the same level of highly subsidized health benefits in retirement.

Future health care benefits are of little value to newly hired federal employees because they typically are not received until decades later. Additionally, instead of rewarding tenure, benefits reward workers who are employed by the government in the final five years before they retire. If workers leave federal employment before they reach retirement eligibility age, or if they have less than five consecutive years of employment leading up to retirement, they do not receive the benefits. Congress should eliminate FEHB retirement benefits for new hires. This would generate significant future cost savings with little impact on the federal government’s ability to attract talented workers.

### ADDITIONAL READING

- Rachel Greszler and James Sherk, “Why It Is Time to Reform Compensation for Federal Employees,” Heritage Foundation *Backgrounder* No. 3139, July 27, 2016.
- Congressional Budget Office, “The President’s Proposal to Accrue Retirement Costs for Federal Employees,” June 2002.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	PARTIALLY INCLUDED	Bases FEHB retirement benefits on length of service and limits benefits growth to inflation.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$0**  
(NO SAVINGS)<sup>17</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Federal Personnel Reform: Eliminate the 25 Percent FEHB Premium Requirement

The premium structure for the Federal Employees Health Benefits system drives up total FEHB costs by discouraging federal workers from choosing lower-cost plans. Currently, the government contributes up to 72 percent of the weighted average premiums of all health insurance plans in the FEHB, but employees must pay at least 25 percent, regardless of the cost of the plan they choose. This reduces federal employees’ incentives to choose less expensive health care plans—even if those plans are

advantageous to them—because 75 percent of the savings goes to the federal government and only 25 percent accrues to them.

Congress should convert the current maximum contribution level to a flat-rate contribution so that workers who choose lower-cost plans can keep all of the savings. This would increase competition among FEHB plans and over time would reduce the average cost to taxpayers of FEHB coverage.

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### ADDITIONAL READING

- Rachel Greszler and James Sherk, “Why It Is Time to Reform Compensation for Federal Employees,” Heritage Foundation *Backgrounder* No. 3139, July 27, 2016.
- Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options*, March 2011.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	INCLUDED	Modifies government contribution rate to FEHB plans based on plans’ performance.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Shifts to flat-rate subsidy for FEHB benefits.

**\$0**  
(NO SAVINGS)<sup>18</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Safeguard Private Pension Insurance and Protect Taxpayers from Private Pension Bailouts

The Pension Benefit Guarantee Corporation’s multiemployer program faces a shortfall of between \$65 billion and \$101 billion because a significant portion of the roughly 1,300 multiemployer (private, union-run) pension plans that operate across the U.S. are massively underfunded and have promised \$500 billion more than they have set aside to pay. The PBGC provides insurance against private pension losses, but its multiemployer program is itself on track to run out of money by 2025. If that happens, pensioners will experience significant pension losses, and Congress could pass legislation requiring taxpayers to bail out the PBGC.

Congress should increase multiemployer PBGC premiums and add a variable-rate premium applying to newly incurred pension liabilities. Congress should also end its preferential treatment of multiemployer pension plans and instead subject multiemployer plans to the same rules that govern other private pension plans. Additionally, policymakers should consider implementing rules to minimize pension losses within plans and to safeguard pensioners against invariable promises and irresponsible plan management. These changes would help to guard against pension losses for workers and retirees who belong to multiemployer pension plans and protect taxpayers from the risk of a taxpayer bailout of the PBGC or multiemployer pension plans.

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### ADDITIONAL READING

- Rachel Greszler, “Why Government Loans to Private Union Pensions Would Be Bailouts—and Could Cost Taxpayers More than Cash Bailouts,” Heritage Foundation *Backgrounders* No. 3283, February 5, 2018.
- Rachel Greszler, “Bankrupt Pensions and Insolvent Pension Insurance: The Case of Multiemployer Pensions and the PBGC’s Multiemployer Program,” Heritage Foundation *Backgrounders* No. 3029, July 30, 2015.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	INCLUDED	Increases PBGC multiemployer program premiums, including risk-based premiums, by \$15.7 billion over 10 years.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	PARTIALLY INCLUDED	Creates “deficit-neutral reserve fund to prevent the taxpayer bailout of pension plans.”
<b>Republican Study Committee</b>	INCLUDED	Increases PBGC premiums to align better with risks and prohibits federal government from bailing out state, local, or territorial governments, including unfunded pension liabilities.

**\$2.6**  
SAVINGS IN BILLIONS<sup>19</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Adopt a More Accurate Inflation Index for Social Security and Other Mandatory Programs

Federal benefits like Social Security grow with the cost of living to protect the value of benefits from inflation. Several other parameters of federal benefit programs are also adjusted for inflation. Currently, Social Security and several other federal programs are indexed to the consumer price index to adjust for inflation. The current CPI is outdated and inaccurate, and it often overstates the rise in the cost of living. Under a new measure, benefit increases would more accurately reflect changes in the cost of living.

The chained CPI would correct for the small sample bias and substitution bias problems that are known to affect the CPI. Adopting the chained CPI for federal benefit calculations would protect benefits from inflation while improving accuracy in cost-of-living adjustments and saving taxpayers' money. This proposal saves \$2.6 billion in 2019, with savings growing rapidly over time to \$39.1 billion in FY 2027.<sup>20</sup>

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### ADDITIONAL READING

- Romina Boccia and Rachel Greszler, "Social Security Benefits and the Impact of the Chained CPI," Heritage Foundation *Backgrounder* No. 2799, May 21, 2014.
- Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, December 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Adopts chained CPI throughout government.

LABOR/HHS

**\$20**  
SAVINGS IN BILLIONS<sup>21</sup>

PRESIDENT HOUSE SENATE RSC

## Reduce Fraud and Marriage Penalties in the Earned Income Tax Credit and Additional Child Tax Credit

The EITC and ACTC provide refundable tax credits to low-income households. They are designed to promote work but are plagued with fraud. Other problems with the EITC and ACTC include benefits intended for parents going to non-parents, some EITC and ACTC recipients receiving excessive multi-tier means-tested welfare benefits that are not available to other similar low-income recipients, and discrimination against married couples.

These problems can be addressed by requiring the IRS to verify income tax returns before issuing refundable tax credits, allowing only parents with legal custody of a child to claim benefits, not allowing families who receive subsidized housing assistance to receive EITC and ACTC benefits as well, and ending marriage penalties. In addition, the EITC could be expanded for married couples to help decrease marriage penalties that exist across the rest of the government means-tested welfare system.

### ADDITIONAL READING

- Robert Rector and Jamie Bryan Hall, “Reforming the Earned Income Tax Credit and Additional Child Tax Credit to End Waste, Fraud, and Abuse and Strengthen Marriage,” Heritage Foundation *Backgrounder* No. 3162, November 16, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Requires valid-for-work Social Security number to claim EITC or child tax credit.
House Budget Resolution	INCLUDED	Requires verification of income before EITC benefits are paid and uses resulting savings to eliminate marriage penalties. Includes SSN proposal from President’s Budget.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Supports better IRS verification of income, eliminates EITC marriage penalties, and prohibits payment of EITC benefits to illegal immigrants.



**\$2.4**  
SAVINGS IN BILLIONS<sup>22</sup>

PRESIDENT HOUSE SENATE RSC

## Return Control and Fiscal Responsibility for Low-Income Housing to the States

The federal government currently pays over 90 percent of the cost of subsidized housing for poor and low-income persons. In FY 2017, the cost was more than \$40 billion. Housing needs, availability, and costs vary significantly across states and localities, as does the level of needed and available assistance. Instead of merely perpetuating federally funded programs that often provide substantial benefits for some while leaving others in similar circumstances with nothing, the federal government should begin to transfer responsibility for the administration and costs of low-income housing programs to the states, which are better equipped to assess and meet

the needs of their unique populations. The fiscal responsibility of paying for their housing programs will give them the incentive to run these programs much more efficiently and effectively.

Federal funding for means-tested housing programs should be phased out at a rate of 10 percent per year, reaching zero funding at the end of a decade. Each state should be allowed to determine how and to what extent it replaces federal housing programs with alternative programs designed and funded by state and local authorities.

### ADDITIONAL READING

- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016.
- Rachel Sheffield, "Welfare Reform and Upward Mobility Act Can Restart Welfare Reform," Heritage Foundation *Issue Brief* No. 4619, October 28, 2016.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	PARTIALLY INCLUDED	Eliminates Home Investment Partnership Program and reduces federal funding for rental assistance programs. Supports giving state and local governments more control of housing programs.
<b>House Budget Resolution</b>	REJECTED	Block grants all HUD discretionary housing assistance programs.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Eliminates HOME program and reduces funding for Public Housing Capital and Operating Funds.

LABOR/HHS

**\$11**  
SAVINGS IN BILLIONS<sup>23</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate Supplemental Security Income Benefits for Disabled Children

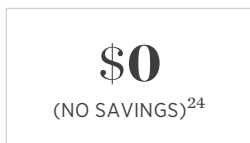
The original intent of SSI was to provide cash assistance to adults who are unable to support themselves because of a disability and to the low-income elderly, but SSI also provides cash assistance to households with children who are functionally disabled and who come from low-income homes. Today, about 15 percent of SSI recipients are children. SSI should be reformed to serve its originally intended population by ending SSI for children.

Low-income parents with a disabled child are eligible for cash assistance from the Temporary Assistance for Needy Families program, as well as for benefits from various other means-tested welfare programs such as Medicaid and food stamps. Parents of children who are no longer receiving SSI cash benefits would continue to be eligible for these other means-tested welfare programs. Any medical expenses arising from a child's disability that are not covered by another program, such as Medicaid, should be provided by SSI.

### ADDITIONAL READING

- Robert Rector and Romina Boccia, "How the ABLE Act Would Expand the Welfare State," Heritage Foundation *Backgrounder* No. 2972, November 10, 2014.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	REJECTED	Creates a sliding scale for benefits received by additional recipients in multi-recipient SSI families, with children still eligible for SSI benefits.
<b>House Budget Resolution</b>	REJECTED	Creates a sliding scale for benefits received by children in the same households, with children still eligible for SSI benefits.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	



PRESIDENT	<b>HOUSE</b>	SENATE	RSC
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## Strengthen Work Requirements in the Temporary Assistance for Needy Families Program

Today, the majority of work-eligible TANF recipients (an average of 54.7 percent across the states) are idle, neither working nor preparing for work. Part of the reason for this is that states are taking advantage of loopholes that allow them to fulfill the work requirement without actually having to move recipients into work activity. The main reason, however, is that the work-participation rate is too low. Only 50 percent of able-bodied adults are required to participate in work activities, which means that the other 50 percent of the caseload can be completely idle and the state is still fulfilling the requirement.

Moreover, among the half of TANF recipients that fulfill the work requirements, most are simply working part time. State welfare bureaucracies have generally done little if anything to promote this employment but still take the credit. TANF's work requirement should be strengthened so that 75 percent of a state's non-employed TANF caseload is participating in work activities for 20 hours to 30 hours per week.

### ADDITIONAL READING

- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016.
- Rachel Sheffield, "Welfare Reform and Upward Mobility Act Can Restart Welfare Reform," Heritage Foundation *Issue Brief* No. 4619, October 28, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	<b>INCLUDED</b>	Supports "reforms to strengthen TANF work requirements so States will engage more recipients in activities leading to self-sufficiency."
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$986**  
SAVINGS IN MILLIONS<sup>25</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Sunset Head Start to Make Way for Better State and Local Alternatives

In addition to its questionable status as a federal government function under the Constitution, Head Start 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, which administers Head Start, released a scientifically rigorous evaluation of more than 5,000 participating children. It found that Head Start had little to no impact on the cognitive skills, social-emotional well-being, health, or parenting practices of participants.

Low-income families should not have to depend on distant, ineffective federal preschool programs.

Congress should sunset the federal Head Start program over a period of 10 years to give states time to determine whether they need to provide additional state funding to subsidize day care for low-income families. Congress should begin by reducing Head Start funding by 10 percent in FY 2019. Ultimately, Head Start would be completely phased out by 2028.

### 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.
- David B. Muhlhausen, “The Head Start CARES Demonstration: Another Failed Federal Early Childhood Education Program,” Heritage Foundation *Background* No. 3040, August 6, 2015.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	Increases Head Start funding by \$85 million over 2018 levels.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Supports proposal by Representative Jim Banks (R-IN) to block grant Head Start funding to the states and let dollars follow children to preschool providers of choice.

**\$8.7**  
SAVINGS IN BILLIONS<sup>26</sup>

PRESIDENT HOUSE SENATE RSC

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

If the federal government is going to continue to spend tax dollars on the quintessentially state and local function of education, federal policymakers should limit and better target education spending by streamlining the labyrinth of federal education programs. Federal competitive grant programs authorized under the Elementary and Secondary Education Act should be eliminated, as they are ineffective and inappropriate at the federal level, and federal spending should be reduced to reflect remaining formula programs authorized under Title I of the 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 more than doubled. The Every Student Succeeds Act alone authorizes dozens of competitive and formula grant programs, many of them redundant and ineffective. Federal education programs have failed to improve K–12 education nationally and have levied a tremendous bureaucratic compliance burden on states and local school districts. To ensure that state and local school leaders’ focus is oriented toward meeting the needs of students and parents rather than 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.
- Lindsey M. Burke, “Reducing the Federal Footprint on Education and Empowering State and Local Leaders,” Heritage Foundation *Backgrounder* No. 2565, June 2, 2011.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	Reduces K–12 education spending by 5 percent. Eliminates Title II teacher grants and 21st Century Community Learning Centers. Streamlines or eliminates 39 discretionary education programs.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>NOT ADDRESSED</b>	

LABOR/HHS

**-\$1.2**  
INCREASE IN BILLIONS<sup>27</sup>

PRESIDENT	HOUSE	SENATE	<b>RSC</b>
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## Decouple Federal Student Aid from Accreditation

The federal government’s involvement in the accreditation process restricts the flourishing of innovation in higher education. The current process in which accreditors serve as gatekeepers of federal student aid dollars also does very little to ensure that students are getting a quality education that has application in the marketplace. Decoupling federal financing from the accreditation process and allowing states to recognize their own accreditors would bring needed reform and flexibility to the system.

Additionally, students should be granted flexibility with their federal student aid to pursue individual courses that serve their needs rather than being limited to enrolling in a costly and often inefficient degree program. A reformed accreditation process could provide this needed flexibility for students. This proposal was included in the Higher Education Reform and Opportunity Act, introduced by Representative Ron DeSantis (R-FL) and Senator Mike Lee (R-UT).

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### ADDITIONAL READING

- Jamie Bryan Hall and Mary Clare Reim, “Time to Reform Higher Education Financing and Accreditation,” Heritage Foundation *Issue Brief* No. 4668, March 28, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	<b>INCLUDED</b>	Decouples federal financing from accreditation through HERO proposal.

**\$2.3**  
SAVINGS IN BILLIONS<sup>28</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate the PLUS Loan Program

The PLUS Loan program, which allows parents of undergraduate students and graduate students to borrow from the federal government up to the full cost of attendance at a university, is an egregious driver of tuition inflation. Evidence suggests that virtually unrestricted access to federal student aid leads to tuition inflation. To bring down college costs and reduce dependence on federal student aid programs to finance higher education, policymakers should place strict lending caps on federal student aid.

The PLUS Loan program, however, should be eliminated. Graduate students currently have access to the Stafford Loan program, and the federal government should eliminate parent borrowing altogether as this encourages family debt. Ultimately, eliminating the PLUS Loan program will put downward pressure on tuition prices and create space for private lenders to enter the student loan market.

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### ADDITIONAL READING

- Mary Clare Amselem: “The Case for Private Student Loans,” Heritage Foundation *Commentary*, May 23, 2017.
- Mary Clare Amselem, “Seven Essential Policies for a Higher Education Act Reauthorization,” Heritage Foundation *Issue Brief* No. 4767, September 22, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

LABOR/HHS

**\$5.5**  
SAVINGS IN BILLIONS<sup>29</sup>

PRESIDENT    HOUSE    SENATE    RSC

## Place Strict Lending Caps on All Federal Aid Programs

Unrestricted access to federal student aid has been a significant contributor to the skyrocketing cost of higher education. Additionally, the federal government originates 90 percent of all student loans, crowding out private lenders and leaving taxpayers on the hook for defaults. To drive down college costs and insulate taxpayers from high levels of student debt, policymakers should place strict borrowing caps on federal student loans. This policy would encourage colleges to offer competitive prices to

students and allow the private lending market to emerge and offer more options to students.

The Higher Education Reform and Opportunity Act introduced by Representative Ron DeSantis (R-FL) and Senator Mike Lee (R-UT) proposes a lending cap of \$30,000 for undergraduate students and \$40,000 for graduate students. These caps represent sound higher education policy that would protect students and taxpayers alike.

### ADDITIONAL READING

- Mary Clare Amselem, “Soaring Student Debt Costs Us All,” Heritage Foundation *Commentary*, August 18, 2017.
- Mary Clare Amselem, “The Case for Private Student Loans,” Heritage Foundation *Commentary*, May 23, 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	PARTIALLY INCLUDED	Eliminates public service loan forgiveness and subsidized student loans.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Suggests use of fair-value accounting and eliminates in-school interest subsidy. Ends public service loan forgiveness.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	Suggests use of fair-value accounting to get a truer sense of student loan costs.
<b>Republican Study Committee</b>	PARTIALLY INCLUDED	Eliminates mandatory Pell Grant add-on and in-school interest subsidy.



**\$425**  
SAVINGS IN MILLIONS<sup>30</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate All Time-Based and Occupation-Based Loan Forgiveness

Americans are now struggling under \$1.4 trillion in student loan debt. Unfortunately, when students cannot afford to pay off their student loans, American taxpayers end up with that bill because of federal loan forgiveness policies and borrower defaults. Students who take out federal loans can have their loans forgiven after 20 years of payments, and the loans of public service employees are forgiven after just 10 years under current law. The Congressional Budget Office estimates that loan forgiveness will cost American taxpayers, the majority of whom do not hold bachelor's degrees, a total of \$108 billion over the next 10 years.

Not only does loan forgiveness transfer large amounts of student debt onto the backs of taxpayers, but it encourages excessive borrowing on the part of students, confident that after a certain number of years their loans will be eliminated. The PROSPER Act, which reauthorizes the Higher Education Act of 1965, proposes the elimination of loan forgiveness. To restore fiscal responsibility to higher education and insulate taxpayers from outstanding student loan debt, policymakers should eliminate loan forgiveness.

### ADDITIONAL READING

- Mary Clare Amselem, "Time for a Time-Out on Wasteful Federal Student Loan Programs," Heritage Foundation *Commentary*, October 10, 2017.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Eliminates public service loan forgiveness.
House Budget Resolution	PARTIALLY INCLUDED	Ends public service loan forgiveness.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Eliminates in-school interest subsidy.

LABOR/HHS

**\$0**  
(NO SAVINGS)<sup>31</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Rescind “Gainful Employment” Regulations on For-Profit Higher Education Institutions

The Higher Education Act stipulates that to be eligible for federal student aid, colleges must prepare students for “gainful employment in a recognized occupation.” The U.S. Department of Education aggressively promulgated rules concerning gainful employment during the Obama Administration, and gainful employment regulations primarily affecting for-profit institutions went into effect on July 1, 2015. In particular, these regulations could limit opportunities for non-traditional students, who may

choose a for-profit institution because of its flexibility and affordability.

The Trump Administration should enable private for-profit and vocational colleges to continue to serve students who have been historically underserved by traditional universities by repealing the gainful employment regulations that took effect on July 1, 2015.

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### 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.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$0**(NO SAVINGS)<sup>32</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Require the Use of Fair-Value Accounting

In order for taxpayers to have a clear understanding of the costs of federal higher education subsidies, policymakers should direct the Department of Education to use fair-value accounting. Fair-value accounting estimates take market risk into account and more accurately reflect the true costs of federal higher education subsidies for student loans. Without fair-value accounting, it is difficult to know whether federal loan programs are using non-subsidizing interest rates, which they should use so that the loans can break even.

Absent fair-value accounting, it is impossible to know the extent to which student loan programs are providing a subsidy to borrowers. Congress should require the Department of Education to use fair-value accounting estimates calculated by the Congressional Budget Office and adjust loan rates accordingly on a yearly basis.

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### ADDITIONAL READING

- Lindsey M. Burke, "Federal Student Loans Cost Taxpayers Money," *The Daily Signal*, June 24, 2013.
- Lindsey M. Burke, "Student Loan Servicing: The Borrower's Experience," testimony before the Subcommittee on Financial Institutions and Consumer Protection, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, June 4, 2014.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	INCLUDED	Suggests use of fair-value accounting to get a truer sense of student loan costs.
Senate Budget Resolution	INCLUDED	Suggests use of fair-value accounting to get a truer sense of student loan costs.
Republican Study Committee	NOT ADDRESSED	

**\$445**  
SAVINGS IN MILLIONS<sup>33</sup>

PRESIDENT HOUSE SENATE RSC

## Privatize the Corporation for Public Broadcasting

The CPB was created in 1967 at a time when U.S. households faced very limited broadcasting options. Since then, technology has grown, and media sources for accessing news and broadcasting have greatly increased. The CPB requested \$445 million in federal appropriations in FY 2019.<sup>34</sup>

Without federal funding from the CPB, services such as the Public Broadcasting Service and National Public Radio would operate as any other news or broadcasting source in the private sector operates. Both organizations could seek to make up the lost

funding by increasing revenues from corporate sponsors, foundations, and members. NPR states that it receives only 5 percent of its overall funding from federal, state, and local governments.<sup>35</sup> Many nonprofits manage to stay in business without receiving federal funding by being creative and reacting to market fluctuations. Public broadcasters should be no exception. NPR and PBS should find new sponsors, create new shows, and find alternative ways to generate viewership without receiving taxpayer funding.

### ADDITIONAL READING

- Emily Goff, “Why Big Bird’s Federal Subsidies Need to Go,” *The Daily Signal*, October 14, 2012.
- Public Broadcasting Service and Subsidiaries, “Consolidated Financial Statements and Independent Auditor’s Report, Years Ended June 30, 2014 and 2013,” October 30, 2014.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Eliminates CPB and provides \$15 million in 2019 to facilitate transition from federal funding.
<b>House Budget Resolution</b>	<b>PARTIALLY INCLUDED</b>	Recommends private-sector funding for CPB and other cultural agencies.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Eliminates CPB.

**\$768**  
SAVINGS IN MILLIONS<sup>36</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate the Corporation for National and Community Service

The CNCS is a federal agency that aims to promote public service and support civil society institutions. It operates four main programs—AmeriCorps, Senior Corps, the Social Innovation Fund, and the Volunteer Generation Fund—as well as other public-service-oriented programs. These programs are funded by federal dollars, in-kind donations, and public-private partnerships. Civil society is critical to a strong and prosperous United States, but it is not the proper role of the federal government to intervene in this sector. Americans already give to charity and volunteer their time. In 2016, according to the Charities Aid Foundation *World Giving Index*, 63 percent of Americans donated money to charity, and 44 percent spent time volunteering.<sup>37</sup>

Charitable giving is an individual choice, and Americans should be free to choose whether they want to give their time and money to charities, which charities they want to support, and how much they want to give. The CNCS takes this choice away from individuals and forces taxpayers to subsidize particular charities chosen by the government. Funding for the CNCS should be eliminated. If the hand-picked charities included in the CNCS provide valuable services that Americans deem worthy of their time and money, those charities will have the opportunity to maintain their operations through private donations in the same way that other charitable organizations receive their funds.

### ADDITIONAL READING

- Matthew Spalding, “Principles and Reforms for Citizen Service,” Heritage Foundation *Backgrounder* No. 1642, April 1, 2003.
- Patrick Knudsen, “Tight Budget? Congress Can Save \$42 Billion by Eliminating Bad Government Programs,” Heritage Foundation *Backgrounder* No. 2837, August 29, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates CNCS and provides \$123 million in 2019 for orderly shutdown.
House Budget Resolution	INCLUDED	Eliminates CNCS.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates CNCS.

**\$240**  
SAVINGS IN MILLIONS<sup>38</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Funding for the Institute of Museum and Library Services

The IMLS is an independent agency that administers federal funds to libraries and museums. In 2018, Congress appropriated \$240 million for the agency. Most funding supports state grants administered through State Library Administrative Agencies.<sup>39</sup> The largest grants are from the Grants to States program, which uses a population formula to disperse federal funding across all states and the District of Columbia.<sup>40</sup> The agency also administers smaller grants such as the Laura Bush 21st Century Librarian Program, which funds librarian

workforce development, and STEMeX grants, which support STEM research for library use. The IMLS also supports special and tribal libraries, as well as various museums.

It is not the proper role of the federal government to give grants to libraries and museums when these institutions are already being funded at the state and local levels. The federal government should devolve funding decisions for these institutions back to states and localities.

### ADDITIONAL READING

- Sven Larsen, “Federal Funds and State Fiscal Independence,” Heritage Foundation *Backgrounder* No. 2136, May 15, 2008.
- Patrick Knudsen, “Tight Budget? Congress Can Save \$42 Billion by Eliminating Bad Government Programs,” Heritage Foundation *Backgrounder* No. 2837, August 29, 2013.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Eliminates IMLS and provides \$23 million in 2019 to close existing programs.
<b>House Budget Resolution</b>	<b>PARTIALLY INCLUDED</b>	State and local governments and private sector should fund museums and libraries.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Eliminates IMLS.

**\$57**  
SAVINGS IN MILLIONS<sup>41</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Reduce Funding for the Department of Education’s Office for Civil Rights

The OCR is tasked with ensuring equal access to education and enforcing civil rights laws. In recent years, the department has abused its power by interpreting “sex” to mean “gender identity,” essentially rewriting the law to require access to intimate facilities, dorms, and sports programs for students based on self-declared gender identity rather than biology.<sup>42</sup> Furthermore, the department has violated the principles of due process by requiring an unfairly low burden of proof for adjudicating claims of sexual

harassment or assault and making it exceedingly difficult for the accused to defend themselves.<sup>43</sup>

The Trump Administration has taken steps to correct the previous Administration’s actions that undermined the rule of law by rescinding the gender identity<sup>44</sup> and sexual assault<sup>45</sup> school policies. The OCR budget should be significantly cut so that schools can make policies that will best serve *all* members of their communities.

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### ADDITIONAL READING

- Ryan T. Anderson, “Obama Unilaterally Rewrites Law, Imposes Transgender Policy on Nation’s Schools,” *The Daily Signal*, May 13, 2016.
- Hans von Spakovsky, “Campus Sexual Assault: Understanding the Problem and How to Fix It,” *Heritage Foundation Legal Memorandum* No. 211, July 25, 2017.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	Funding remains at relatively the same levels.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	NOT ADDRESSED	

LABOR/HHS

**\$116**  
SAVINGS IN BILLIONS<sup>46</sup>

PRESIDENT HOUSE SENATE RSC

## Repeal the Affordable Care Act’s Enhanced Federal Funding for Medicaid Expansion

The ACA provides the option for states to expand Medicaid eligibility to all individuals earning less than 138 percent of the federal poverty level. The Congressional Budget Office projects that the expansion increases Medicaid and Children’s Health Insurance Program costs by \$847 billion between 2016 and 2025.<sup>47</sup> For the expansion population, which consists mostly of childless, able-bodied adults, the federal government reimburses states at no less than 90 percent. However, for the traditional

Medicaid population, which consists of the disabled, elderly, children, and parents, the federal government reimburses states at much lower levels, ranging from 50 percent to 75 percent.<sup>48</sup>

Repealing the ACA’s enhanced federal funding for Medicaid expansion would end the inequitable treatment among populations and end the incentive for states to divert limited taxpayer resources from their most vulnerable populations.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Endorses repeal-and-replace model that assumes change in enhanced match rate as part of larger Medicaid funding reforms.
<b>House Budget Resolution</b>	<b>INCLUDED</b>	Includes reforms that assume change in enhanced match rate as part of larger Medicaid funding reforms.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Assumes change in enhanced match rate as part of larger Medicaid funding reforms.



**\$16**  
SAVINGS IN BILLIONS<sup>49</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Disaggregate Medicaid Spending by Population Category and Put Federal Medicaid on a Budget

The Medicaid program is on an unsustainable path with respect to enrollment as well as cost. Total annual Medicaid spending rose from \$316 billion in 2005 to \$496.3 billion in 2014 and is projected to increase even further over the next decade, reaching \$920.5 billion annually in 2024.<sup>50</sup> Average enrollment has also surged, increasing from 46.3 million enrollees in 2005 to 64 million in 2014, and is projected to hit 77.5 million in 2024.<sup>51</sup>

Congress should separate Medicaid enrollees into four distinct categories—children and able-bodied adults, the disabled, low-income Medicare beneficiaries, and long-term care beneficiaries—and finance each category independently within an aggregate federal spending cap. This change would put Medicaid spending on a more predictable fiscal path and allow different policy and financing arrangements to meet the diverse needs of each group more effectively.

LABOR/HHS

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	Endorses repeal-and-replace model that reforms federal financing of Medicaid and puts federal Medicaid on a budget.
<b>House Budget Resolution</b>	<b>INCLUDED</b>	Reforms federal financing of Medicaid and puts federal Medicaid on a budget.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Reforms financing of Medicaid and puts federal Medicaid on a budget.

**\$6.3**  
SAVINGS IN BILLIONS<sup>52</sup>

PRESIDENT HOUSE SENATE **RSC**

## End Provider Taxes in Medicaid

Some states employ provider tax schemes that consist of increasing their Medicaid reimbursement rate for providers but then “taxing back” a portion of that increased payment. Because federal match rates are based on total payment amounts, the effect of this state policy is to increase federal reimbursement beyond the level the state would receive absent the provider tax. Today, states are

limited to using no more than 6 percent of provider tax revenues.

Congress should either eliminate this threshold altogether or further reduce the threshold. This policy would stop “state gaming” of and bring greater transparency to the financing of Medicaid.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Ends budgeting gimmicks like provider taxes.

**\$0**  
(NO SAVINGS)<sup>53</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Convert the Cadillac Tax to a Cap on Employer-Sponsored Health Benefits

Unlike other forms of employee compensation, the current tax treatment of employer-based health care provides an unlimited tax benefit to those who receive coverage through their employer by excluding the value of this benefit from workers’ taxable income. Rather than applying the ACA’s 40 percent

excise tax on high-cost plans,<sup>54</sup> Congress should cap the amount that could be sheltered on a pre-tax basis. This change would bring health care benefits in line with other employee benefits, such as retirement savings, and discourage overinsurance.

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### ADDITIONAL READING

- Edmund Haislmaier, Robert E. Moffit, and Alyene Senger, “Fairness in the Federal Tax Treatment of Health Insurance: The Linchpin of Real Reform, Heritage Foundation *Issue Brief* No. 4659, February 24, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

LABOR/HHS

**\$5.9**  
SAVINGS IN BILLIONS<sup>55</sup>

PRESIDENT HOUSE SENATE RSC

## Unify Medicare Physician and Hospital Programs

The Medicare program is divided into four programs: Part A (hospitalization), Part B (physician services), Part C (comprehensive private Medicare Advantage plans), and Part D (prescription drug coverage). Congress should combine Medicare Parts A and B into a single plan and streamline

Medicare’s cost-sharing with one premium, one deductible, uniform cost-sharing, and a catastrophic limit. These changes would eliminate Medicare’s outdated structure by integrating hospital and physician services and providing true insurance for catastrophic costs.

### ADDITIONAL READING

- Robert E. Moffit, “Medicare’s Next 50 Years: Preserving the Program for Future Retirees,” Heritage Foundation *Special Report* No. 185, July 29, 2016.
- Robert E. Moffit and Alyene Senger, “Medicare’s Outdated Structure—and the Urgent Need for Reform,” Heritage Foundation *Backgrounder* No. 2777, March 22, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	INCLUDED	Endorses recommendation.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Endorses recommendation.

**\$26**  
SAVINGS IN BILLIONS<sup>56</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Update Medicare Premiums

In 1966, Medicare beneficiaries were required to contribute 50 percent toward the premium for Medicare Part B (physician services). Over time, this amount has decreased to 25 percent, leaving taxpayers to fund the remaining 75 percent. The same is true in Medicare Part D (prescription drug coverage). Congress should slow down this trend of shifting costs to taxpayers by gradually raising the beneficiary premium obligation from 25 percent to 35 percent.

Annual hospital insurance costs will exceed total income by 2023 and will continue to do so until the

program’s projected insolvency in 2029.<sup>57</sup> Congress should add a temporary Part A premium in years with projected deficits. The annual supplemental premium would be flexible, rising or falling to cover the projected deficit, and the amount could be based on a beneficiary’s income.

Currently, there is no cost-sharing requirement for beneficiaries who use home health services. Congress should add a modest copayment to the cost of each home health episode to incentivize proper use of the benefit.

### ADDITIONAL READING

- Robert E. Moffit and Rea S. Hederman Jr., “Medicare Savings: 5 Steps to a Down Payment on Structural Reform,” Heritage Foundation *Issue Brief* No. 3908, April 11, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Endorses specific and gradual Part B and Part D premium increases but does not include proposed temporary Part A premium or cost-sharing for home health care.

LABOR/HHS

**\$28**  
SAVINGS IN BILLIONS<sup>58</sup>

PRESIDENT HOUSE SENATE RSC

## Expand the Current Threshold for Medicare Income-Related Subsidies

Today, seniors with an annual income in excess of \$85,000 (couples with an annual income in excess of \$170,000) pay higher Part B and Part D premiums that range from 35 percent to 80 percent of total Medicare premium costs. These recipients account for just 6 percent of the total Medicare population. Congress should reset these income thresholds and require seniors with an annual income in excess of \$55,000 (couples with an annual income in excess of \$110,000) to start paying higher premiums.

Adopting this initial income threshold would increase the number of Medicare recipients who pay higher premiums to approximately 10 percent of the total Medicare population, and the wealthiest among them (about 3 percent) would pay their own way entirely. This change would ensure that limited taxpayer resources are distributed more evenly based on income and would focus subsidies on those who need them most.

### ADDITIONAL READING

- Robert E. Moffit and Rea S. Hederman Jr., “Medicare Savings: 5 Steps to a Down Payment on Structural Reform,” Heritage Foundation *Issue Brief* No. 3908, April 11, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	PARTIALLY INCLUDED	Endorses general policy but proposes higher income threshold to trigger premium increases for wealthy recipients.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Endorses general policy but is silent on specific income thresholds to trigger higher premium payments for wealthy recipients.

**\$23**  
SAVINGS IN BILLIONS<sup>59</sup>

PRESIDENT HOUSE SENATE RSC

## Harmonize Medicare’s Age of Eligibility with Social Security’s Age of Eligibility

The average life expectancy has increased greatly since Medicare was created, but the program’s age of eligibility has remained the same. When Medicare was enacted in 1965, the law set eligibility in line with Social Security’s age of eligibility: 65 years. In 1965, the average American’s life expectancy was 70.2 years. Average life expectancy reached 79.4

years by 2015 and is projected to reach 80.7 years in 2030. Congress should gradually increase the age of eligibility for Medicare benefits both to reflect today’s life expectancy more accurately and to align Medicare eligibility more closely with changes already enacted to raise the normal retirement age for Social Security.

### ADDITIONAL READING

- Robert E. Moffit and Rea S. Hederman Jr., “Medicare Savings: 5 Steps to a Down Payment on Structural Reform,” Heritage Foundation *Issue Brief* No. 3908, April 11, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	INCLUDED	Endorses recommendation.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Endorses recommendation.

LABOR/HHS

**\$2.3**  
SAVINGS IN BILLIONS<sup>60</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Modify Medicare Advantage Payment System with a Competitive, Market-Based System

Medicare Advantage offers seniors comprehensive Medicare coverage through private health plans as an alternative to traditional Medicare. Over a third of all seniors have chosen this arrangement for Medicare. Today, payments for these arrangements are linked to the traditional Parts A and B, and private plan bids have routinely come in below

traditional Medicare rates. Congress should detach the Medicare Advantage (Part C) payment system from spending in traditional Medicare and replace it with a new benchmark payment that is based on bids submitted by regional competing private health plans to provide traditional Medicare benefits.

### ADDITIONAL READING

- Alyene Senger and Robert E. Moffit, "Medicare Advantage Under the ACA: Replace Payment Cuts with Market-Based Reforms," Heritage Foundation *Backgrounder* No. 3020, May 28, 2015.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	



**\$61**  
SAVINGS IN BILLIONS<sup>61</sup>

PRESIDENT HOUSE SENATE RSC

## Transform the Entire Medicare Program into a Defined-Contribution (Premium-Support) Program

Today, the vast majority of Medicare beneficiaries are already enrolled in popular and successful defined-contribution programs either for their coverage of prescription drugs (under Medicare Part D) or as a result of their enrollment in comprehensive private health plans (under Medicare Part C). This proposal would extend that financing arrangement to traditional Medicare and compel it to compete on a level playing field with all other private plans. Under this proposal, all competing plans, including traditional Medicare, would be required to offer a health benefits package consisting

of the standard benefits of Parts A, B, and D, plus catastrophic coverage.

In examining this proposal, the Congressional Budget Office found that private plans could deliver the same level of benefits at a lower price than traditional Medicare can and estimated the wide range of savings.<sup>62</sup> The proposal offers many advantages: expanded personal choice, clarity in pricing, and transparency in performance. Intense competition among plans and providers would enhance accountability to patients and control costs.<sup>63</sup>

### ADDITIONAL READING

- Robert E. Moffit, "The Second State of Medicare Reform: Moving to a Premium-Support Program," Heritage Foundation *Backgrounder* No. 2626, November 28, 2011.
- Robert E. Moffit and Rea S. Hederman, Jr., "CBO Confirms: Medicare Premium Support Means Savings for Taxpayers and Seniors," Heritage Foundation *Backgrounder* No. 2878, February 3, 2014.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	INCLUDED	Endorses reform based on defined-contribution financing.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Endorses reform based on defined-contribution financing.

LABOR/HHS

## Policy Riders

**Strengthen the TANF program’s work requirements.** The majority of work-eligible TANF recipients (an average of 54.7 percent across the states) are idle, neither working nor preparing for work.<sup>64</sup> Part of the reason for this is that states are taking advantage of loopholes that allow them to fulfill the work requirement without actually having to move recipients into work activity. The main reason, however, is that the work-participation rate is too low. Only 50 percent of able-bodied adults are required to participate in work activities, which means that the other 50 percent of the caseload can be completely idle and the state is still fulfilling the requirement. Moreover, among the half of TANF recipients that fulfill the work requirements, most are working part time. State welfare bureaucracies have generally done little if anything to promote this employment but still take the credit. Congress should strengthen TANF’s work requirement so that 75 percent of a state’s non-employed TANF caseload is participating in work activities for 20 hours to 30 hours per week.<sup>65</sup>

**Protect freedom of conscience in health care.** Congress should maintain all existing pro-life policy riders that prevent federal funding from being entangled with the provision, coverage, or advocacy of abortion, whether in the U.S. or abroad. In addition, Congress should codify prohibitions on government agencies and federally funded programs that discriminate against health care providers, organizations, and health insurance plans because they do not perform, pay for, refer, or provide coverage for abortions. Congress should also allow victim-of-conscience violations to be vindicated in court.<sup>66</sup> The need to codify these protections and give victims a better path to relief is urgent. In August 2014, the California Department of Managed Health Care mandated that almost every health plan in the state must include coverage of elective abortions, including plans offered by religious organizations, religious schools, and even churches. Complaints to HHS about the state’s mandate were dismissed by the Office for Civil Rights after nearly two years of investigation.<sup>67</sup> Policymakers should not wait for more assaults on conscience before protecting the freedom of every American to provide, find, or offer health care and health insurance coverage that aligns with his or her values.

**Redirect funding from Planned Parenthood to health centers that are not entangled with abortion services.** Taxpayer dollars should not be used to fund elective abortion providers such as the Planned Parenthood Federation of America and its affiliates. The need to end such funding has become even more acute in light of serious and disturbing press coverage of PPFA representatives discussing the sale of body parts of aborted infants. No federal funds should go to the PPFA or any of its affiliates or health centers. Under the recommendation, disqualifying Planned Parenthood affiliates and other abortion providers from receiving Title X family planning grants, Medicaid reimbursements, and other grants and contracts would not reduce the overall funding for women’s health care: The funds currently flowing to Planned Parenthood affiliates and other abortion providers would be shifted to programs that offer comprehensive health care without entanglement in abortion on demand.

**Transition Impact Aid into education savings accounts for military families.** Although many aspects of military life have been modernized over the past century, the way in which the federal government supports the education of federally connected children has failed to keep pace with new education delivery models. Children of military families continue to be assigned to schools that may or may not meet their learning needs, consigning them to nearby district schools that are closest to their parents’ duty station. Washington then provides taxpayer funding to district schools through a federal program called Impact Aid. Instead of filtering the \$1.3 billion in federal Impact Aid funding to district schools and then assigning students to those schools based on where their parents are stationed, Impact Aid dollars should be directed to eligible students. All Impact Aid dollars for military-connected children in heavily impacted districts and all funding for children living on base in districts that are not heavily impacted should go directly into a parent-controlled ESA that the family could use to pay for any education-related service, product, or provider that meets the specific needs of their children.<sup>68</sup>

## ENDNOTES

1. Savings of \$1.719 billion for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 15, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019.
2. Peter Z. Schochet, Sheena McConnell, and John Burghardt, *National Job Corps Study: Findings Using Administrative Earnings Records Data, Final Report*, Mathematica Policy Research, October 2003, <https://www.mathematica-mpr.com/api/sitecore/MediaLibrary/ActualDownload?fileId=%7BEA39AE2D-BF35-41B0-9FD4-5550A46947C6%7D&fileName=jobcorpsadmin.pdf&fileData=jobcorpsadmin.pdf%20-%20%7BEA39AE2D-BF35-41B0-9FD4-5550A46947C6%7D&fileMime=application%2Fpdf> (accessed May 2, 2018).
3. Estimated savings of \$3.248 billion for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, which specifies \$3.486 billion for activities including the WIOA, the Second Chance Act of 2007, and the Apprenticeship Act. Of this total, the act specifies \$145 million to expand opportunities for apprenticeship programs and lists \$93 million for ex-offender activities as authorized under both WIOA and the Second Chance Act. Estimated savings exclude these \$145 million and \$93 million amounts. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
4. Estimated savings of \$738 million for FY 2019 are based on the FY 2018 full-year spending level as reported in U.S. Department of Labor, *FY 2019 Department of Labor Budget in Brief*, p. 13, <https://www.dol.gov/sites/default/files/budget/2019/FY2019BIB.pdf> (accessed May 15, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019.
5. Estimated savings of \$10.5 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
6. U.S. Department of Labor, *U.S. Department of Labor FY 2015 Annual Performance Report*, <https://www.dol.gov/sites/default/files/documents/general/budget/CBJ-2017-V1-01.pdf> (accessed April 24, 2018).
7. Estimated savings of \$123 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. This proposal would reduce spending by 45 percent, or \$123 million of the appropriated \$274 million. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Reducing the NLRB's budget by 45 percent in FY 2019 would bring its spending in line with previous funding levels for its caseload. This would save taxpayers \$123 million in FY 2019. In FY 2018, projected NLRB budget authority is \$274 million, even though unfair-labor-practice complaints have fallen by 40 percent since FY 1990 and election petitions have fallen by an even larger amount. A proportional reduction of 45 percent would bring the NLRB's FY 2019 spending to \$151 million.
8. Estimated savings of \$157 million for FY 2019 are based on the FY 2018 appropriated level of \$103.5 million for the Office of Federal Contract Compliance Programs as specified in the Consolidated Appropriations Act, 2018; the specified FY 2018 spending level of \$12.5 million for the Women's Bureau as reported for FY 2018 in U.S. Department of Labor, *FY 2019 Department of Labor Budget in Brief*, p. 13; and \$41.3 million in savings from eliminating grants from the International Labor Affairs Bureau. Although costs of the grants within the ILAB are not readily available, the *FY 2019 Department of Labor Budget in Brief* provides a good proxy because it requests a lower spending level of \$18.5 million in FY 2019 based on eliminating ILAB grants. Thus, we estimate the savings from eliminating ILAB grants to be the difference between the FY 2018 appropriated level of \$59.8 million as reported in the Consolidated Appropriations Act, 2018, and the \$18.5 million proposed FY 2019 request.
9. Estimated savings of \$374 million for FY 2019 are based on Heritage Foundation experts' analysis of proposed comprehensive federal employee compensation reforms as detailed in Rachel Greszler and James Sherk, "Why It Is Time to Reform Compensation for Federal Employees," Heritage Foundation *Background* No. 3139, July 27, 2016, [https://www.heritage.org/jobs-and-labor/report/why-it-time-reform-compensation-federal-employees#\\_ftn3](https://www.heritage.org/jobs-and-labor/report/why-it-time-reform-compensation-federal-employees#_ftn3). Savings for FY 2019 have been updated to reflect the most recent, September 2017 federal employment data as found on [fedscope.opm.gov](https://www.fedscope.opm.gov) and to reflect implementation in 2019 as opposed to 2017 as assumed in the original Heritage Foundation report and figures. FY 2019 savings are small compared to this proposal's longer-term savings because the savings compound over time as workers' automatic pay increases compound over time. The long-term effect of the proposal would be to reduce salaries by 5 percent. Total savings over the 2019–2028 period would equal \$27.1 billion. This 10-year figure includes interactive effects with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.
10. James Sherk, "Inflated Federal Pay: How Americans Are Overtaxed to Overpay the Civil Service," Heritage Foundation *Center for Data Analysis Report* No. 10-05, July 7, 2010, <http://www.heritage.org/research/reports/2010/07/inflated-federal-pay-how-americans-are-overtaxed-to-overpay-the-civil-service>.
11. Estimated savings of \$45.549 billion for FY 2019 are based on Heritage Foundation experts' analysis of proposed comprehensive federal employee compensation reforms as detailed in Greszler and Sherk, "Why It Is Time to Reform Compensation for Federal Employees." Savings for FY 2019 have been updated to reflect the most recent, September 2017 federal employment data as found on [fedscope.opm.gov](https://www.fedscope.opm.gov) and to reflect implementation in 2019 as opposed to 2017 as assumed in the original Heritage Foundation report and figures. Retirement savings represent accrual-based savings: the long-term savings generated by the impact of the policy change on 2019 retirement benefit accruals. Since workers earn FERS credits each year but do not actually receive benefits until retirement, it makes sense to list the accrued savings that will occur to the federal government as a result of lower retirement contribution rates. FY 2019 savings include \$13.340 billion in accrual-based discretionary savings from permanent changes and \$32.209 billion in one-time savings from the buyout option for federal employees to convert their accumulated FERS benefits to TSP contributions with a 25 percent reduction in actuarial value. Total accrual-based savings over the 2019–2028 period would equal \$219.327 billion. This 10-year figure includes interactive effects with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private sector compensation.

12. Estimated savings of \$100 million for FY 2019 are based on the CBO's estimated first-year savings from eliminating the special retirement supplement as found in Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, December 2016, p. 36, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/52142-budgetoptions2.pdf> (accessed May 16, 2018). Savings would grow over time, amounting to \$4.7 billion over 10 years. All \$100 million in savings represents mandatory spending.
13. Reg Jones, "The Special Retirement Supplement," *FEDweek*, January 22, 2018, <http://www.fedweek.com/reg-jones-experts-view/special-retirement-supplement/> (accessed April 12, 2018).
14. Estimated savings of \$5.701 billion for FY 2019 are based on Heritage Foundation experts' analysis of proposed comprehensive federal employee compensation reforms as detailed in Greszler and Sherk, "Why It Is Time to Reform Compensation for Federal Employees." Savings for FY 2019 have been updated to reflect the most recent, September 2017 federal employment data as found on [fedscope.opm.gov](https://fedscope.opm.gov) and to reflect implementation in 2019 as opposed to 2017 as assumed in the original Heritage Foundation report and figures. Heritage Foundation experts estimate that this reform would reduce federal employment by 2.2 percent and generate total savings of \$71.168 billion over the 2019–2028 period. This 10-year figure includes interactive effects with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.
15. Estimated savings of \$594 million for FY 2019 are accrual-based savings, which means that the actual savings do not accrue to the federal government until the future years when employees do not receive the FEHB benefits they otherwise would have. Savings estimates are based on a CBO report that estimated the value of FEHB benefits at 6.4 percent of workers' pay. See Congressional Budget Office, "The President's Proposal to Accrue Retirement Costs for Federal Employees," *CBO Paper*, June 2002, <https://www.cbo.gov/sites/default/files/107th-congress-2001-2002/reports/accrual.pdf> (accessed May 16, 2018). We apply this value to current statistics (September 2017) on the number and wages of federal employees. Total savings over the 2019–2028 period would equal \$34.04 billion. This 10-year figure includes interactive effects with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.
16. Congressional Budget Office, "The President's Proposal to Accrue Retirement Costs for Federal Employees."
17. This proposal has no estimated savings for FY 2019. However, it would likely generate significant savings over time as it would cause federal workers to desire lower-cost plans and would increase competition among FEHB plans. A CBO analysis of a similar proposal for a flat FEHB contribution alongside limited contribution growth (something that would come naturally through competition and choice under this proposal by Heritage experts) projected savings of \$42 billion over 10 years, or \$4.2 billion per year. See Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options*, March 2011, p. 37, <https://www.cbo.gov/sites/default/files/112th-congress-2011-2012/reports/03-10-reducingthedeficit.pdf> (accessed May 16, 2018).
18. This proposal has no savings in FY 2019, but it would improve the solvency of the PBGC and multiemployer pension plans, increasing the probability that pensioners would receive more or all of what their pension plans promised them and what the PBGC is supposed to insure. This proposal would also reduce the risk of a taxpayer bailout amounting to hundreds of billions of dollars.
19. Estimated savings of \$2.6 billion in FY 2019 come from Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, p. 73. The option to "Use an Alternative Measure of Inflation to Index Social Security and Other Mandatory Programs" includes \$2.6 billion in mandatory spending in FY 2018, the first year of implementation. Thus, Heritage experts assume the same \$2.6 billion in FY 2019 savings with 2019 being the first year of implementation.
20. *Ibid.*, p. 61. The option to "Use an Alternative Measure of Inflation to Index Social Security and Other Mandatory Programs" includes \$2.6 billion in mandatory spending in FY 2018. The CBO report estimates savings for FY 2027 through FY 2026. We move the estimated savings by year back by one year based on implementation in 2019 instead of 2018.
21. Estimated savings of \$20.26 billion for FY 2019 include \$23.56 billion per year in savings from reducing fraud and limiting eligibility in the EITC and ACTC and an added cost of \$3.3 billion per year for reducing marriage penalties in the EITC, for a net savings of \$20.26 billion. Estimates come from Robert Rector and Jamie Bryan Hall, "Reforming the Earned Income Tax Credit and Additional Child Tax Credit to End Waste, Fraud, and Abuse and Strengthen Marriage," Heritage Foundation *Backgrounder* No. 3162, November 16, 2016, <https://www.heritage.org/sites/default/files/2018-04/BG3162.pdf>. This report provides estimated savings for FY 2015. Heritage experts conservatively assume a similar level of savings in FY 2019 with the exception of the savings from the child tax credit, which doubled in 2019 and beyond (including a higher refundable portion) as a result of the Tax Cuts and Jobs Act. The Joint Committee on Taxation estimated that the TCJA's child tax credit provisions increased the cost of the CTC by 126 percent, from \$53.6 billion to \$67.7 billion in 2019. See Joint Committee on Taxation, U.S. Congress, "Estimated Budget Effects of the Conference Agreement for H.R.1, The 'Tax Cuts and Jobs Act,' Fiscal Years 2018–2017," JCX-67-17, December 18, 2017, <https://www.jct.gov/publications.html?func=startdown&id=5053> (accessed May 16, 2018), and Joint Committee on Taxation, U.S. Congress, *Estimates of Federal Tax Expenditures for Fiscal Years 2016–2020*, JCX-3-17, January 30, 2017, <https://www.jct.gov/publications.html?func=startdown&id=4971> (accessed May 16, 2018). Not all taxpayers experienced the same increase in the value of their child tax credit, however. Some low-income families may not receive a full doubling of the credit, and some higher-income families that received only a partial or no child tax credit before will receive the full \$2,000 value in 2019. Although most lower-income families that would be affected by this proposal will experience a doubling of their child tax credit value, we conservatively estimate that the child tax credit provisions in this proposal will increase the value of the credit for families by 60 percent, from \$7.6 billion (as reported in the November 2016 Heritage report) to \$12.2 billion in 2019. All \$20.26 billion in savings represents mandatory spending.

22. Estimated savings of \$2.396 billion in FY 2019 come from HUD's annualized FY 2018 total spending authority as reported in U.S. Department of Housing and Urban Development, "Budget Authority by Program, Comparative Summary, Fiscal Years 2017–2019," <https://www.hud.gov/sites/dfiles/CFO/documents/2%20-%20FY19CJ%20-%20Dept.%20Summary%20-%20Budget%20Authority%20-%20Updated.pdf> (accessed May 16, 2018). Total HUD spending authority in FY 2018 was \$47.922 billion, including \$37.387 billion in net discretionary spending and \$11.058 billion in net mandatory spending. Heritage experts assume that FY 2018 spending remains constant in FY 2019. We propose a 10-year, phased-in elimination of federal housing programs excluding those for low-income disabled and elderly populations. According to a CBO report, approximately 50 percent of housing assistance goes to elderly and disabled recipients (\$23.961 billion). See Table 2, "Characteristics of Households Receiving Housing Choice Vouchers, Project-Based Rental Assistance, or Public Housing Assistance, 2013," in Congressional Budget Office, *Federal Housing Assistance for Low-Income Households*, September 2015, p. 43, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50782-lowincomehousing-onecolumn.pdf> (accessed May 16, 2018). Thus, savings of \$2.396 billion for FY 2019 are based on reducing half of HUD's budget by 10 percent. Estimated savings include \$1.869 billion in discretionary savings and \$527 million in mandatory savings.
23. Estimated savings of \$11.0 billion in FY 2019 come from Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, p. 46. The option to "Eliminate Supplemental Security Benefits for Disabled Children" includes \$1 billion in discretionary spending and \$10 billion in mandatory spending in FY 2018. Heritage experts assume that the FY 2018 savings and spending levels will apply for FY 2019 because they represent the first year of full implementation of the policy.
24. Heritage experts do not include any savings for this proposal because the federal funding stream for TANF is fixed. However, stronger work requirements would likely reduce federal outlays significantly over the long run.
25. Estimated savings of \$986 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that the FY 2018 spending level of \$9.863 billion remains constant in FY 2019. Savings equal 10 percent of the estimated FY 2019 spending level based on a 10-year phaseout of the program.
26. Estimated savings of \$8.685 billion for FY 2019 are based on FY 2018 grant levels under the Every Student Succeeds Act as reported in U.S. Department of Education, "Department of Education Fiscal Year 2018 Congressional Action," March 27, 2018, <https://www2.ed.gov/about/overview/budget/budget18/18action.pdf> (accessed May 16, 2018). This includes elimination of spending on most non-Title I, non-Title VI, and non-Title VII funds under the Elementary and Secondary Education Act (\$6.904 billion) and a 10 percent reduction in Title I and Title VII spending (\$1.781 billion).
27. Estimated savings of -\$1.2 billion (in other words, an additional cost of \$1.2 billion) for FY 2019 are based on Heritage experts' estimates as reported in Jamie Bryan Hall and Mary Clare Reim, "Time to Reform Higher Education Financing and Accreditation," Heritage Foundation *Issue Brief* No. 4668, March 28, 2017, <https://www.heritage.org/sites/default/files/2017-03/IB4668.pdf>. The estimated cost of this proposal in the next year includes its effects on increasing total Pell Grants and federal student loans by making them accessible to students across a wider range of education options. (Additional loans cost the federal government money because we use fair-value accounting, a more accurate measure of federal loans' true costs.) Implementing this proposal in conjunction with the proposals to place strict lending caps on federal student aid programs and eliminate the PLUS Loan program would mitigate its costs in the short run. In the long run, this proposal could lead to savings by increasing competition and driving down college costs.
28. Estimated savings of \$2.3 billion for FY 2019 are based on Heritage experts' estimates as reported in *ibid*.
29. Estimated savings of \$5.5 billion for FY 2019 are based on Heritage experts' estimates as reported in *ibid*.
30. Estimated savings of \$425 million for FY 2019 are based on Congressional Budget Office, "Proposals for Education—CBO's Estimate of the President's Fiscal Year 2018 Budget," <https://www.cbo.gov/system/files/115th-congress-2017-2018/dataandtechnicalinformation/52891-education.pdf> (accessed May 16, 2018). The CBO includes \$425 million in FY 2018 savings from "Eliminat[ing] Public Service Loan Forgiveness." It also assumes that FY 2018 is the first year of implementation, so Heritage experts apply the FY 2018 savings level to FY 2019. Savings would increase significantly over time, as more borrowers would no longer be eligible for forgiveness. (The CBO score assumes that the policy applies to new borrowers after implementation of the proposal.)
31. Heritage experts do not include any estimated savings for this proposal because its fiscal impact would depend on a range of behavioral responses from both educational institutions and students that cannot reasonably be predicted.
32. This proposal has no estimated savings.
33. Estimated savings of \$445 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. The CPB received \$445 million in federal appropriations in FY 2018.
34. Corporation for Public Broadcasting, "CPB's Federal Appropriation Request & Justification: Detailed FY 2019/2021 Request," <https://www.cpb.org/appropriation> (accessed May 2, 2018).
35. National Public Radio, "Public Radio Finances," <http://www.npr.org/about-npr/178660742/public-radio-finances> (accessed April 25, 2018).
36. Estimated savings of \$768 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
37. Charities Aid Foundation, *CAF World Giving Index 2016*, October 2016, p. 11, <https://www.cafonline.org/about-us/publications/2016-publications/caf-world-giving-index-2016> (accessed April 25, 2018).
38. Estimated savings of \$240 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
39. Institute of Museum and Library Services, "About Us," <https://www.ims.gov/about-us> (accessed April 25, 2018).
40. Institute of Museum and Library Services, "Grants to States," <https://www.ims.gov/grants/grants-states> (accessed April 25, 2018).

41. Estimated savings of \$56.5 million for FY 2019 are based on the CBO's most recent April 2018 baseline spending projections. The CBO projects \$113 million in spending for FY 2019, and this proposal reduces that amount by 50 percent.
42. Ryan T. Anderson, "Obama Unilaterally Rewrites Law, Imposes Transgender Policy on Nation's Schools," *The Daily Signal*, May 13, 2016, <http://dailysignal.com/2016/05/13/obama-unilaterally-rewrites-law-imposes-transgender-policy-on-nations-schools/>.
43. Samantha Harris, "Campus Judiciaries on Trial: An Update from the Courts," Heritage Foundation *Legal Memorandum* No. 165, October 6, 2015, <http://www.heritage.org/education/report/campus-judiciaries-trial-update-the-courts>.
44. Ryan T. Anderson, "Trump Right to Fix Obama's Unlawful Transgender School Policy," *The Daily Signal*, February 22, 2017, <http://dailysignal.com/2017/02/22/trump-right-to-fix-obamas-unlawful-transgender-school-policies/>.
45. Hans von Spakovsky and Elizabeth Slattery, "Betsy DeVos Stands Up for Due Process Rights in Campus Sexual Assault Cases," *The Daily Signal*, September 8, 2017, <http://dailysignal.com/2017/09/08/betsy-devos-stands-due-process-rights-campus-sexual-assault-cases/>.
46. Estimated savings of \$115.864 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$115.864 billion in savings represents mandatory spending.
47. Table 1, "Direct Spending and Revenue Effects of the Insurance Coverage Provisions of the Affordable Care Act," in Congressional Budget Office, "Insurance Coverage Provisions of the Affordable Care Act—CBO's March 2015 Baseline," <https://www.cbo.gov/sites/default/files/51298-2015-03-ACA.pdf> (accessed April 25, 2018).
48. U.S. Department of Health and Human Services, "Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children's Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2016 Through September 30, 2017," *Federal Register*, Vol. 80, No. 227 (November 25, 2015), pp. 73779–73782, <https://aspe.hhs.gov/sites/default/files/pdf/167966/FMAP17.pdf> (accessed April 25, 2018).
49. Estimated savings of \$16.21 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$16.21 billion in savings represents mandatory spending.
50. Figure 2, "Historical and Projected Medicaid Expenditures and Annual Growth Rates, FY1966–2021," in U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Office of the Actuary, *2012 Actuarial Report on the Financial Outlook for Medicaid*, "Data for Figures and Tables in 2012 Report," <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/MedicaidReport.html> (accessed April 25, 2018), and U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Office of the Actuary, *2015 Actuarial Report on the Financial Outlook for Medicaid*, pp. ii and iii, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/Downloads/MedicaidReport2015.pdf> (accessed April 25, 2018).
51. *Ibid.*
52. Estimated savings of \$6.315 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$6.315 billion in savings represents mandatory spending.
53. This proposal has no savings in FY 2019. Although it could affect federal tax revenues, this proposal would have no impact on federal spending.
54. The Affordable Care Act imposes a 40 percent excise tax on the cost of health plans above defined thresholds. This tax, commonly referred to as the "Cadillac tax," was supposed to be implemented in 2018 but has since been delayed by Congress until 2020.
55. Estimated savings of \$5.938 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$5.938 billion in savings represents mandatory spending.
56. Estimated savings of \$26.437 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$26.437 billion in savings represents mandatory spending.
57. Social Security Administration, Office of the Chief Actuary, "A Summary of the 2017 Annual Reports: Social Security and Medicare Boards of Trustees," <https://www.ssa.gov/oact/trsum/> (accessed April 25, 2018).
58. Estimated savings of \$28.221 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$28.221 billion in savings represents mandatory spending.
59. Estimated savings of \$23.41 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$23.41 billion represents mandatory spending.
60. Estimated savings of \$2.28 billion for FY 2019 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. All \$2.28 billion in savings represents mandatory spending.
61. Estimated savings of \$61 billion for FY 2019 are based on estimates from Congressional Budget Office, *A Premium Support System for Medicare: Updated Analysis of Illustrative Options*, October 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53077-premiumsupport.pdf> (accessed May 16, 2018). Heritage experts use the CBO's analysis of the second-lowest bid option without grandfathering and assumes that the CBO's estimates for the first year of implementation would apply for FY 2019. All \$61 billion in savings represents mandatory spending.
62. Basing the government contribution to health plans on an average bid would yield \$69 billion in savings; basing the contribution on the second-lowest plan option would yield \$275 billion in savings. Congressional Budget Office, *Options for Reducing the Deficit: 2014 to 2023*, November 2013, p. 204, <https://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-3.pdf> (accessed April 24, 2018).
63. See Congressional Budget Office, *A Premium Support System for Medicare: Analysis of Illustrative Options*, September 2013, <https://www.cbo.gov/sites/default/files/09-18-PremiumSupport.pdf> (accessed April 24, 2018).

64. Table 6C, “Temporary Assistance for Needy Families: Average Monthly Number of Work-Eligible Individuals with Hours of Participation by Work Activity as a Percent of the Total Number of Work-Eligible Individuals, Fiscal Year 2014,” in U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, “Work Participation Rates—Fiscal Year 2014,” May 12, 2016, <https://www.acf.hhs.gov/ofa/resource/work-participation-rates-fiscal-year-2014> (accessed April 24, 2018).
65. For additional detail, see Robert Rector and Rachel Sheffield, “Setting Priorities for Welfare Reform,” Heritage Foundation *Issue Brief* No. 4520, February 24, 2016, and Rachel Sheffield, “Welfare Reform and Upward Mobility Act Can Restart Welfare Reform,” Heritage Foundation No. 4619, October 28, 2016.
66. Melanie Israel, “The Pro-Life Agenda: A Progress Report for the 115th Congress and the Trump Administration,” Heritage Foundation *Backgrounder* No. 3280, January 24, 2018, <https://www.heritage.org/civil-society/report/the-pro-life-agenda-progress-report-the-115th-congress-and-the-trump>.
67. U.S. Conference of Catholic Bishops, Secretariat of Pro-Life Activities, “HHS Refuses to Enforce Weldon Amendment,” June 24, 2016, <http://www.usccb.org/issues-and-action/religious-liberty/conscience-protection/upload/HHS-Refuses-to-Enforce-Weldon-Amendment-FACT-SHEET.pdf> (accessed April 24, 2018).
68. See Lindsey M. Burke, “Military Families Deserve Education Choice: A Response to Carol Burris,” Heritage Foundation *Commentary*, April 3, 2018, <https://www.heritage.org/education/commentary/military-families-deserve-education-choice-response-carol-burris>; Jonathan Butcher, “Giving Every Child in a Military Family the Chance for a Bright Future: Education Savings Accounts, Impact Aid, and Estimated Fiscal Impacts on District Schools,” Heritage Foundation *Issue Brief* No. 4824, March 5, 2018, [https://www.heritage.org/sites/default/files/2018-03/IB4824\\_0.pdf](https://www.heritage.org/sites/default/files/2018-03/IB4824_0.pdf); Lindsey M. Burke and Anne Ryland, “A GI Bill for Children of Military Families: Transforming Impact Aid into Education Savings Accounts,” Heritage Foundation *Backgrounder* No. 3180, June 2, 2017, <https://www.heritage.org/sites/default/files/2017-10/BG3180.pdf>; Lindsey M. Burke and Anne Ryland, “Modernizing the Federal Impact Aid Program: A Path Toward Educational Freedom for Military Families and Other Federally Connected Children,” Heritage Foundation *Issue Brief* No. 4751, August 10, 2017, [https://www.heritage.org/sites/default/files/2017-08/IB4751\\_0.pdf](https://www.heritage.org/sites/default/files/2017-08/IB4751_0.pdf); and Paul DiPerna, Lindsey M. Burke, and Anne Ryland, *Surveying the Military: What America’s Servicemembers, Veterans, and Their Spouses Think About K-12 Education and the Profession*, EdChoice, October 16, 2017, <https://www.edchoice.org/wp-content/uploads/2017/10/Surveying-The-Military-by-Paul-DiPerna-Lindsey-M-Burke-and-Anne-Ryland-1.pdf> (accessed May 2, 2018).





# Legislative Branch

**\$1.4**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate Funding for the Stennis Center for Public Service Leadership

The Stennis Center is a legislative program intended as a living tribute to the career of Senator John Stennis (D-MS). It aims to attract young people to careers in public service, promote leadership skills, and provide training and development opportunities to Members of Congress, congressional staff, and others in public service.

Numerous private entities provide services similar to those provided by the Stennis Center. The Young Leaders Program at The Heritage Foundation is one example. Past budgets and appropriations bills have called for elimination of the Stennis Center, and Congress should act to do so now.

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### ADDITIONAL READING

- Justin Bogie, "Congress Should Look Toward Legislative Branch Appropriations Bill as a Starting Point for Spending Cuts," Heritage Foundation *Issue Brief* No. 4573, June 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	REJECTED	Continues to provide funding consistent with previous two years' appropriations.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

LEG. BRANCH

**\$90**  
SAVINGS IN MILLIONS<sup>2</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate Funding for Congressional Subsidies for the Affordable Care Act’s Health Insurance Exchange

Under Section 1312 (d)(3)(D) of the ACA, Congress voted in 2010 to end its participation in the Federal Employees Health Benefits Program (FEHBP) and instead required Members and staff to obtain their health coverage through the ACA’s health insurance exchange.<sup>3</sup> This change meant that Members and staff would no longer receive the employer contribution toward the cost of their health insurance. On August 7, 2013, the Office of Personnel Management reversed this change through a ruling that allowed Members of Congress and staff, even though they are no longer enrolled in the FEHBP, to continue to

receive the employer contribution for coverage in the exchange. The Administration took this regulatory action without statutory authority under either the ACA or Title 5 of the U.S. Code, the law that governs the FEHBP.<sup>4</sup>

Because the 2013 OPM ruling was an administrative action, President Donald Trump could reverse the OPM decision administratively. If President Trump does not act, Congress should restore the original intent of the statute and end this special contribution.

### ADDITIONAL READING

- Edmund F. Haislmaier, “Administration Disregards the Law and Gives Special Obamacare Deal to Congress,” *The Daily Signal*, August 7, 2013.
- Robert E. Moffit, “Congress and Obamacare: A Big Double Standard,” *Human Events*, November 11, 2013.
- Robert E. Moffit, Edmund F. Haislmaier, and Joseph A. Morris, “Congress in the Obamacare Trap: No Easy Escape,” Heritage Foundation *Backgrounder* No. 2831, August 2, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

LEG. BRANCH

## ENDNOTES

1. Estimated savings of \$1.4 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 13, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings include \$430,000 in direct spending and up to \$1 million in transfers from Navy operations and maintenance.
2. Savings of \$90 million for FY 2019 include the following data, assumptions, and calculations. The D.C. Health Insurance Exchange reports that as of early 2017, “about 11,000” congressional members and staff were using the exchange for coverage. Louise Norris, “DC Health Insurance Marketplace: History and News of the State’s Exchange,” [healthinsurance.org](http://healthinsurance.org/dc-state-health-insurance-exchange/), March 31, 2018, <https://www.healthinsurance.org/dc-state-health-insurance-exchange/> (accessed May 14, 2018). LegiStorm reports that the average age of congressional staff is 31 in the House and 32 in the Senate. LegiStorm, “The 115th Congress by the Numbers,” [https://www.legistorm.com/congress\\_by\\_numbers/index/by/senate.html](https://www.legistorm.com/congress_by_numbers/index/by/senate.html) (accessed May 14, 2018). The D.C. Health Insurance Exchange provides average premium costs for 2018. D.C. Government, Department of Insurance, Securities and Banking, “Sample 2018 Approved Premiums Compared to 2017,” October 18, 2017, <https://disb.dc.gov/node/1282351> (accessed May 14, 2018). For individuals, Heritage experts use the reported premium cost of \$3,803 for a gold plan for a 27-year-old purchased in the small-business exchange. This cost likely understates the actual premium cost for congressional staffers because they have an average age between 31 and 32, and premium costs increase with age. There are no average family premiums reported for the small business exchange, so Heritage experts use the average gold family premium of \$18,004 from the individual market exchange. Heritage experts assume that 50 percent of the 11,000 employees who receive the subsidy have self-only coverage, 50 percent have family coverage, and the FEHB subsidy covers 75 percent of employees’ premiums. Although exchange health insurance costs have risen significantly each year, Heritage experts conservatively assume that costs hold steady in FY 2019.
3. Edmund F. Haislmaier, “Administration Disregards the Law and Gives Special Obamacare Deal to Congress,” *The Daily Signal*, August 7, 2013, <http://dailysignal.com/2013/08/07/administration-disregards-the-law-and-gives-special-obamacare-deal-to-congress/>, and Robert E. Moffit, “Congress and Obamacare: A Big Double Standard,” *Human Events*, November 11, 2013, <http://humanevents.com/2013/11/11/congress-and-obamacare-a-big-double-standard/> (accessed April 19, 2018).
4. Robert E. Moffit, Edmund F. Haislmaier, and Joseph A. Morris, “Congress in the Obamacare Trap: No Easy Escape,” Heritage Foundation *Backgrounder* No. 2831, August 2, 2013, <http://www.heritage.org/research/reports/2013/08/congress-in-the-obamacare-trap-no-easy-escape>.

# Military Construction, Veterans Affairs, and Related Agencies

**\$2.9**  
SAVINGS IN BILLIONS<sup>1</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8

The Department of Veterans Affairs (VA) should focus on the unique needs of military medicine. A 2014 Congressional Research Service study revealed that more than one of every 10 VA patients is not a veteran, and the number of non-veterans using VA health care services has increased faster in recent years than has the number of veteran patients.<sup>2</sup> VA resources should be used solely to provide health care to veterans.

The VA ranks veterans who seek medical care on a scale of one to eight, with the lower numbers being the highest priority. The groups are defined according to such factors as income and disability status. Veterans in Priority Groups (PGs) 7 and 8 do not have compensable service-connected disabilities, and their incomes tend to exceed the VA’s national income and geographic income thresholds. The department should not be providing benefits for veterans in PGs 7 and 8. Scarce VA health care dollars should be spent first on veterans with the most severe disabilities.

### ADDITIONAL READING

- Justin Bogie, “Congress Should Exercise Restraint in Veterans Affairs Funding Bill,” Heritage Foundation *Issue Brief* No. 4548, May 17, 2016.
- John S. O’Shea, “Reforming Veterans Health Care: Now and for the Future,” Heritage Foundation *Issue Brief* No. 4585, June 24, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

MILCONVA

**\$9.0**  
SAVINGS IN BILLIONS<sup>3</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Veterans

Until 2003, military retirees were prohibited from collecting full Defense Department retirement and VA disability benefits simultaneously. Military retirees eligible for VA disability benefits lost \$1 in Defense Department retirement benefits for every \$1 in VA disability benefits they collected. The rationale for this offset policy was that concurrent receipt of retirement and disability payments was compensating veterans for the same service twice.

Policy changes instituted in 2004 allowed Defense Department retirees to collect benefits from both programs simultaneously. Under this concurrent-receipt policy, the share of military retirees

who also receive VA disability benefits rose from 33 percent in 2005 to just over 50 percent in 2015. More than 2,300 veterans received \$100,000 or more each in annual benefits, with the highest annual benefit amounting to more than \$200,000.<sup>4</sup>

The U.S. government should honor its promise to the men and women who serve without generating excessive benefit payouts. Simply returning to the long-standing pre-2004 policy, under which veteran disability payments offset retirement pay, would reduce excessive benefits and save taxpayers \$9 billion in 2018 and \$139 billion between 2017 and 2026.

### ADDITIONAL READING

- Romina Boccia, “Triple-Dipping: Thousands of Veterans Receive More than \$100,000 in Benefits Every Year,” Heritage Foundation *Issue Brief* No. 4295, November 6, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

MILCON/VA

**\$2.0**  
SAVINGS IN BILLIONS<sup>5</sup>

PRESIDENT HOUSE SENATE RSC

## Narrow Eligibility for Veterans Disability by Excluding Disabilities Unrelated to Military Duties

Disability compensation for veterans should focus on service-related conditions. Veterans are eligible for disability compensation from the VA for medical conditions or injuries that occurred or worsened during active-duty military service, as well as for conditions that were not necessarily incurred or worsened due to military service.

The U.S. General Accounting Office (now Government Accountability Office) identified seven conditions that are not likely to be caused or worsened by military service: arteriosclerotic heart disease, chronic obstructive pulmonary disease, Crohn’s disease, hemorrhoids, multiple sclerosis, osteoarthritis, and uterine fibroids.<sup>6</sup> This proposal would cease veterans’ disability compensation for these non-service-related conditions and save \$2 billion in 2018 and \$25.7 billion from 2017 to 2026.

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### ADDITIONAL READING

- John S. O’Shea, “Reforming Veterans Health Care: Now and for the Future,” Heritage Foundation *Issue Brief* No. 4585, June 24, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	PARTIALLY INCLUDED	Calls for systematic overhaul of disability ratings system to bring it more in line with current medical principles and standards.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	



## ENDNOTES

1. Estimated savings of \$2.9 billion for FY 2019 are based on estimates from Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, December 8, 2016, p. 265, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/52142-budgetoptions2.pdf> (accessed May 14, 2018). The option to “End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8” includes \$5.4 billion in discretionary budget authority savings and \$2.5 billion in increased mandatory spending in FY 2018, for a net savings of \$2.9 billion. Heritage experts assume that the FY 2018 savings and spending levels will apply for FY 2019 because they represent the first year of full implementation of the policy.
2. Erin Bagalman, “The Number of Veterans That Use VA Health Care Services: A Fact Sheet,” Congressional Research Service *Report for Members and Committees of Congress*, June 3, 2014, <http://fas.org/sgp/crs/misc/R43579.pdf> (accessed April 11, 2018).
3. Estimated savings of \$9.0 billion for FY 2019 are based on estimates from Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, p. 34. The option to “Eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Disabled Veterans” includes \$9.0 billion in mandatory spending in FY 2018. Heritage experts assume that the FY 2018 savings level will apply for FY 2019 (as opposed to the estimated \$13 billion level for FY 2019) because it represents the first year of full implementation of the policy. All \$9.0 billion represents mandatory savings.
4. Seto J. Bagdoyan, Acting Director, Forensic Audits and Investigative Service, U.S. Government Accountability Office, letter to The Honorable Tom Coburn, M.D., Ranking Minority Member, Committee on Homeland Security and Governmental Affairs, U.S. Senate, re: “Disability Compensation: Review of Concurrent Receipt of Department of Defense Retirement, Department of Veterans Affairs Disability Compensation, and Social Security Disability Insurance,” GAO14-854R, September 30, 2014, <http://www.gao.gov/assets/670/666267.pdf> (accessed May 14, 2018).
5. Estimated savings of \$2.0 billion for FY 2019 are based on estimates from Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, p. 59. The option to “Narrow Eligibility for Veterans’ Disability Compensation by Excluding Certain Disabilities Unrelated to Military Duties” includes \$2.0 billion in mandatory spending in FY 2018. Heritage experts assume that the FY 2018 savings level will apply for FY 2019 (as opposed to the estimated \$2.9 billion level for FY 2019) because it represents the first year of full implementation of the policy. All \$2.0 billion represents mandatory savings.
6. U.S. General Accounting Office, *VA Benefits: Law Allows Compensation for Disabilities Unrelated to Military Service*, GAO/HRD-89-60, July 31, 1989, <http://www.gao.gov/products/GAO/HRD-89-60> (accessed April 11, 2018).



# Multiple Subcommittees

**\$163**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT HOUSE SENATE **RSC**

## Stop Paying Federal Employees Who Work on the Clock for Outside Organizations

Federal law requires federal agencies to negotiate “official time” with federal labor unions. This allows federal employees to work for their labor union while on the clock as a federal employee. Taxpayers pay for federal unions to negotiate collective bargaining agreements, file grievances, and lobby the federal government. Most agencies also provide unions with free “official space” in federal buildings to conduct union work. These practices provide no

public benefit and directly subsidize the operations of government unions.

The government should require union officers to clock out when they are doing union work. The government should also charge unions fair market value for the office space they use. These changes would save over \$150 million a year.

### ADDITIONAL READING

- James Sherk, “Official Time: Good Value for the Taxpayer?” testimony before the Committee on Oversight and Government Reform, U.S. House of Representatives, June 3, 2011.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Members’ dues should pay for union employees and their activities.

**\$8.4**SAVINGS IN BILLIONS<sup>2</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Repeal the Davis–Bacon Act

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 the relevant area. However, both the Government Accountability Office and the Department of Labor’s 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, which reduces the cost advantage of their non-union competitors, but it also needlessly inflates the total cost of building infrastructure and other federally funded construction by nearly 10 percent.

The Congressional Budget Office has estimated that the Davis–Bacon Act applies to approximately a third of all government construction. Many state and local projects are partially or wholly funded with federal dollars and without prevailing-wage restrictions would cost substantially less. Repealing the Davis–Bacon Act and prohibiting states from imposing separate prevailing-wage restrictions on federally funded construction projects would allow lawmakers to reduce federal construction spending by approximately \$8.4 billion in appropriations for the Departments of Transportation, Housing and Urban Development, and Defense and other areas, saving taxpayers billions of dollars every year without reducing the effective amount of funds available for construction projects.

### ADDITIONAL READING

- James Sherk, “Examining the Department of Labor’s Implementation of the Davis–Bacon Act,” testimony before the Committee on Education and the Workforce, U.S. House of Representatives, April 14, 2011.
- James Sherk, “Labor Department Can Create Jobs by Calculating Davis–Bacon Rates More Accurately,” Heritage Foundation *Backgrounder* No. 3185, January 21, 2017.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

## Policy Riders

**Eliminate or roll back Davis–Bacon requirements and project labor agreements.** The Davis–Bacon Act (DBA), enacted in 1931, effectively requires construction contractors on federal projects to use union wage and benefit scales and follow union work rules. These rules inflate the cost of federal construction by nearly 10 percent on average. Similarly, project labor agreements (PLAs) require the main contractor of government contracts to sign a collective bargaining agreement as a condition of winning a project bid. Collective bargaining agreements require using union compensation rates, following union work rules, and hiring all workers on federally contracted projects through union hiring halls. PLAs inflate construction costs by 12 percent to 18 percent on top of increased costs attributed to Davis–Bacon and discriminate against the 87 percent of workers who are not members of a union. Eliminating Davis–Bacon and prohibiting PLAs would stretch each federal construction dollar, delivering more infrastructure without the need to increase spending levels. Barring complete repeal, Congress could suspend the rule for projects funded by the appropriations bill or require the Labor Department to use superior Bureau of Labor Statistics data to estimate Davis–Bacon “prevailing wages” so that they more closely reflect market pay. Eliminating Davis–Bacon and PLAs would save more than \$100 billion over the next 10 years under current spending levels.

**Prohibit government discrimination in tax policy, grants, contracting, and accreditation.** In June 2015, the Supreme Court of the United States redefined marriage throughout America by mandating that government entities must treat same-sex relationships as marriages. The Court, however, did not say that private schools, charities, businesses, or individuals must also do so. There is no justification for the government to force these entities or people to violate beliefs about marriage that, as even Justice Anthony Kennedy noted in his majority opinion recognizing gay marriage, are held “in good faith by reasonable and sincere people here and throughout the world.”<sup>3</sup> As Americans have long understood, the power to tax is the power to destroy. Respect for freedom after the Supreme Court’s ruling takes several forms. Charities, schools, and other organizations that interact with the government should be held to the same standards of competence as everyone else, but their view that marriage is the union of a man and a woman should never disqualify them from government programs. Educational institutions, for example, should be eligible for government contracts, student loans, and other forms of support as long as they meet the relevant *educational* criteria. Adoption and foster care organizations that meet the substantive requirements of child welfare agencies should be eligible for government contracts without having to abandon the religious values that led them to help orphaned children in the first place. Congress should prohibit government discrimination in tax policy, grants, contracts, licensing, or accreditation based on an individual’s or group’s belief that marriage is the union of one man and one woman or that sexual relations are reserved for such a marriage.<sup>4</sup>

**Prohibit any agency from regulating greenhouse gas emissions.** The Obama Administration proposed and implemented a series of climate change regulations to reduce greenhouse gas emissions from vehicles, heavy-duty trucks, airplanes, hydraulic fracturing, and new and existing power plants. More than 80 percent of America’s energy needs is met through conventional carbon-based fuels. Restricting opportunities for Americans to use such an abundant, affordable energy source will only bring economic pain to households and businesses with no climate or environmental benefit to show for it. The cumulative economic loss will be hundreds of thousands of jobs and trillions of dollars of gross domestic product.

**Prohibit funding for the Waters of the United States (WOTUS) Rule.** The EPA and Army Corps of Engineers’ controversial WOTUS rule would greatly expand the types of waters that could be covered under the Clean Water Act, from certain man-made ditches to so-called waters that are dry land most of the time. Absent congressional action, this attack on property rights and state power could soon move forward. Fortunately, the Sixth Circuit Court issued a stay blocking implementation of the rule,<sup>5</sup> but this stay is only temporary. If the rule overcomes legal battles, Congress should block funding for its implementation.

**Enforce data-quality standards.** No funds should be used for any grant for which the recipient does not agree to make all data produced under the grant publicly available in a manner that is consistent with the Data Access Act, part of the FY 1999 Omnibus Appropriations Act (Public Law 105–277),<sup>6</sup> as well as in compliance with the standards of the Information Quality Act (44 U.S. Code § 3516).<sup>7</sup> The Data Access Act requires federal agencies to ensure that data produced under grants to and agreements with universities, hospitals, and nonprofit organizations are available to the public. The Information Quality Act requires the Office of Management and Budget, with respect to agencies, to “issue guidelines ensuring and maximizing the quality, objectivity, utility, and integrity of information (including statistical information) disseminated by the agency.”<sup>8</sup> However, the Office of Management and Budget has unduly restricted the Data Access Act, and there is little accountability that could ensure agency compliance with the Information Quality Act. Credible science and transparency are necessary elements of sound policy.<sup>9</sup> Standards must be codified; guidelines are insufficient.

**Withhold grants for seizure of private property.** On June 23, 2005, the United States Supreme Court held in *Kelo v. City of New London* that the government may seize private property and transfer it to another private party for economic development.<sup>10</sup> This type of taking was deemed to be for a “public use” and allowed under the Fifth Amendment of the United States Constitution. Congress has failed to take meaningful action in the decade since this landmark decision and, to the extent that it is within its power, should provide property owners in all states necessary protection from economic development and closely related takings, such as blight-related takings. Since there is a subjective element to determining whether a taking is for economic development, the condemnor should be required to establish that a taking would not have occurred were it not for the purpose of economic development. Local governments often use broad definitions of “blight” to seize private property, including non-blighted property that is located in an allegedly blighted area. Only property that itself is legitimately blighted, such as property that poses a concrete harm to health and safety, should be allowed to be seized. Congress should withhold grants for infrastructure development to states or other jurisdictions that invoke eminent domain to seize private property either for economic development, unless the condemnor can demonstrate that the taking would not have occurred but for economic development and is for a public use, or to address blight, unless the property itself poses a concrete harm to health and safety.<sup>11</sup>

## ENDNOTES

1. Estimated savings of \$163 million for FY 2019 are based on U.S. Office of Personnel Management, *Official Time Usage in the Federal Government: Fiscal Year 2014*, March 2017, <https://www.opm.gov/policy-data-oversight/labor-management-relations/reports-on-official-time/reports/2014-official-time-usage-in-the-federal-government.pdf> (accessed May 14, 2018). The OPM estimated the cost of official time in FY 2014 at \$162.5 million. Absent more recent data, Heritage experts assume the same figure of \$162 million for FY 2019. This estimate almost certainly understates the true costs of official time, as a 2014 GAO report found significant problems and inaccuracies in agencies' reporting of official time that led to underreporting. See U.S. Government Accountability Office, *Labor Relations Activities: Actions Needed to Improve Tracking and Reporting of the Use and Cost of Official Time*, GAO-15-9, October 2014, <https://www.gao.gov/assets/670/666619.pdf> (accessed May 14, 2018). Heritage experts do not include any estimated savings for charging unions for their use of federal office space because Heritage experts do not have the necessary data to estimate those savings.
2. Estimated savings of \$8.392 billion for FY 2019 were calculated by comparing current public construction spending of \$291.1 billion annually as found in press release, "Monthly Construction Spending, February 2018," U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, April 2, 2018, <https://www.census.gov/construction/c30/pdf/pr201802.pdf> (accessed May 14, 2018), to spending levels in the absence of Davis-Bacon. Davis-Bacon increases construction costs by an estimated 9.9 percent as documented in Sarah Glassman, Michael Head, David G. Tuerck, and Paul Bachman, *The Federal Davis-Bacon Act: The Prevailing Mismeasure of Wages*, Beacon Hill Institute at Suffolk University, February 2008, <http://www.beaconhill.org/BHISudies/PrevWage08/DavisBaconPrevWage080207Final.pdf> (accessed May 14, 2018). The CBO estimates that Davis-Bacon covers 32 percent of all public construction spending (\$93.155 billion in 2018). In the absence of Davis-Bacon's 9.9 percent increase in costs, that spending would cost only \$84.763 billion, a difference of \$8.392 billion. Heritage experts assume that the FY 2018 public construction costs remain constant in FY 2019 and that federal taxpayers capture all of the value of the savings from eliminating Davis-Bacon.
3. *Obergefell v. Hodges*, 576 U.S. \_\_\_\_ (2015), [https://www.supremecourt.gov/opinions/14pdf/14-556\\_3204.pdf](https://www.supremecourt.gov/opinions/14pdf/14-556_3204.pdf) (accessed May 14, 2018).
4. The Heritage Foundation, "People of Faith Deserve Protection from Government Discrimination in the Marriage Debate," *Factsheet* No. 160, July 2, 2015, [http://thf\\_media.s3.amazonaws.com/2015/pdf/FS\\_160.pdf](http://thf_media.s3.amazonaws.com/2015/pdf/FS_160.pdf).
5. *State of Ohio et al. v. U.S. Army Corps of Engineers et al.*, Nos. 15-3799/3822/3853/3887, Order of Stay (6th Cir. 2015), <http://www.ca6.uscourts.gov/opinions.pdf/15a0246p-06.pdf> (accessed May 14, 2018).
6. See Eric A. Fischer, "Public Access to Data from Federally Funded Research: Provisions in OMB Circular A-110," Congressional Research Service *Report for Congress*, March 1, 2013, <https://fas.org/sgp/crs/secretary/R42983.pdf> (accessed April 12, 2018), and Center for Regulatory Effectiveness, "President Signs Data Access Law (P.L. 105-277)," <http://www.thecre.com/ombpapers/PL105-277.htm> (accessed April 12, 2018).
7. See Curtis W. Copeland and Michael Simpson, "The Information Quality Act: OMB's Guidance and Initial Implementation," Congressional Research Service *Report for Congress*, August 19, 2004, <https://fas.org/sgp/crs/RL32532.pdf> (accessed April 12, 2018).
8. Consolidated Appropriations Act of 2001, Public Law 106-554, 106th Cong., December 21, 2000, § 515, <https://www.gpo.gov/fdsys/pkg/PLAW-106publ554/pdf/PLAW-106publ554.pdf> (accessed April 12, 2018).
9. Robert Gordon and Diane Katz, eds., *Environmental Policy Guide: 167 Recommendations for Environmental Policy Reform*, The Heritage Foundation, 2015, <http://www.heritage.org/research/reports/2015/03/environmental-policy-guide>.
10. *Kelo v. City of New London*, 545 U.S. 469 (2005), <https://www.law.cornell.edu/supct/html/04-108.ZS.html> (accessed April 12, 2018).
11. Daren Bakst, "A Decade After *Kelo*: Time for Congress to Protect American Property Owners," Heritage Foundation *Backgrounder* No. 3026, June 22, 2015, [http://www.heritage.org/research/reports/2015/06/a-decade-after-kelo-time-for-congress-to-protect-american-propertyowners#\\_ftn1](http://www.heritage.org/research/reports/2015/06/a-decade-after-kelo-time-for-congress-to-protect-american-propertyowners#_ftn1).



# State, Foreign Operations, and Related Programs

**\$80**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT HOUSE SENATE RSC

## End Funding for the United Nations Development Program

The UNDP conducts projects in more than 170 countries around the world. It aspires to be the U.N. system’s premier anti-poverty agency, but the impact of the billions of dollars it spends every year on antipoverty programs is unclear. For example, a 2012 report commissioned by the UNDP found that the organization spent over \$8 billion on antipoverty activities between 2004 and 2011 but that this focus was lost at the country level:

At the strategic planning level and at the executive board level, poverty reduction is accorded top

priority. By the time the issue reaches the country level, however, the focus on poverty reduction often becomes diluted.... Many of [the UNDP’s] activities have only remote connections with poverty, if at all.<sup>2</sup>

Moreover, UNDP aid meant to assist suffering populations in many authoritarian countries inadvertently helps to perpetuate their suffering. In the past, the UNDP has funded inappropriate activities in Iran, North Korea, Venezuela, and Zimbabwe.<sup>3</sup>

### ADDITIONAL READING

- Ambassador Terry Miller, “The United Nations and Development: Grand Aims, Modest Results,” Heritage Foundation *Special Report* No. 86, September 22, 2010.
- Brett D. Schaefer, “Why Does UNDP Continue to Aid Repressive Regimes?” *The Daily Signal*, August 27, 2010.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	No funding for International Organizations and Programs account, which funds UNDP.
House Budget Resolution	PARTIALLY INCLUDED	Reduces contributions to International Organizations and Programs account and says UNDP is “susceptible to fraud, waste, and abuse.”
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Recommends eliminating International Organizations and Programs account.

**-\$171**  
INCREASE IN MILLIONS<sup>4</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate the Overseas Private Investment Corporation

Created in 1969 at the request of the Nixon Administration to promote investment in developing countries, OPIC provides loans and loan guarantees, subsidizes risk insurance against losses resulting from political disruption; and capitalizes investment funds. In today’s global economy, many private firms in the developed and developing worlds offer investment loans and political-risk insurance. OPIC can displace these private options. Worse, when it guarantees investments in risky foreign environments, countries have less reason to adopt investor-friendly policies.

It is also far from clear that OPIC projects directly support U.S. economic security or interests. Examples include \$85 million in loans for a major hotel and apartment complex in Afghanistan that was never properly overseen and never completed; \$67

million to finance 13 projects in the Palestinian territories while a unity government was formed with Hamas; and financing for Papa John’s pizza franchises in Russia, a chain of Wendy’s branded franchise restaurants in Georgia, and development of Century 21 brand real estate franchising in Brazil.

OPIC activities might have been justified 50 years ago, when international financial markets were less pervasive, but the number of countries that now lack access to financial markets or that pose substantial political risk to investors is far less than the 160-plus countries where OPIC is authorized to do business. In today’s globalized trading and investment environment, foreign investors should base their decisions not on whether a government agency will cover their risks, but on whether investment makes economic sense on its own merits.

### ADDITIONAL READING

- Bryan Riley, Brett D. Schaefer, and James M. Roberts, “Congress Should Support the Trump Administration’s Proposal to Close Down OPIC,” Heritage Foundation *Issue Brief* No. 4735, July 14, 2017.
- Bryan Riley and Brett D. Schaefer, “Time to Privatize OPIC,” Heritage Foundation *Issue Brief* No. 4224, May 19, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	OPIC would be eliminated, but DFI would continue to serve the same role.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

SFOPS

**\$33**  
SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate Funding for the United Nations Population Fund

For years, the U.S. withheld funding for the UNFPA under the Kemp–Kasten Amendment, which prohibits U.S. international aid from supporting coercive abortion procedures or involuntary sterilization.<sup>6</sup> In 2009, President Barack Obama announced that he would allow funding to be reinstated, and the U.S. has since sent tens of millions of taxpayer dollars to the UNFPA. The most recent allocation was \$68 million in FY 2016.

In a January 23, 2017, Presidential Memorandum, President Donald Trump directed the “Secretary of State to take all necessary actions, to the extent permitted by law, to ensure that U.S. taxpayer dollars do not fund organizations or programs that support or participate in the management of a program of coercive abortion or involuntary sterilization.”<sup>7</sup> In April, the Trump Administration announced that it would withhold \$32.5 million in funding for the UNFPA.<sup>8</sup>

### ADDITIONAL READING

- Brett D. 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.
- Olivia Enos, Sarah Torre, and William T. Wilson, “An Economic and Humanitarian Case for Pressing China to Rescind the Two-Child Policy,” Heritage Foundation *Backgrounder* No. 3146, November 18, 2016.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	No request for International Organizations and Programs account, which funds voluntary contributions to U.N.-affiliated and other international organizations, including UNFPA.
<b>House Budget Resolution</b>	<b>PARTIALLY INCLUDED</b>	Reduces contributions to International Organizations and Programs, including UNFPA.
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Recommends eliminating International Organizations and Programs account and objects to UNFPA funding for “family planning and abortion funding abroad.”

**\$234**  
SAVINGS IN MILLIONS<sup>9</sup>

PRESIDENT HOUSE SENATE RSC

## Enforce Cap on United Nations Peacekeeping Assessments

Current U.S. law caps U.S. payments for U.N. peacekeeping at 25 percent of the budget, but the U.N. will assess the U.S. at 28.434 percent in 2018.<sup>10</sup> In the past, appropriations bills allowed payments above the 25 percent cap to avoid arrears. Congress ended this practice for FY 2018 and should continue to enforce the cap and not pay any resulting arrears until the U.N. adopts a scale of assessments that specifies a 25 percent maximum share for any member state.

The Trump Administration has repeatedly stated its desire to reduce the U.S. share of the U.N. peacekeeping budget to 25 percent. President Trump reiterated this objective in his September 2017 speech to the U.N., stating that “[t]he United States bears an unfair cost burden” and “that no nation should have to bear a disproportionate share of the burden, militarily or financially.”<sup>11</sup> Congress enforced the 25 percent cap in FY 2018 and should continue to do so until the U.N. adopts a maximum peacekeeping assessment of 25 percent.

### ADDITIONAL READING

- Brett D. Schaefer, “Diplomatic Effort to Reduce America’s Peacekeeping Dues Must Start Now,” Heritage Foundation *Issue Brief* No. 4781, November 1, 2017.
- Brett D. Schaefer, “The U.S. Should Push for Fundamental Changes to the United Nations Scale of Assessments,” Heritage Foundation *Backgrounder* No. 3023, June 11, 2015.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>INCLUDED</b>	FY 2019 State Department Congressional Budget Justification requests \$1.196 billion for Contributions to International Peacekeeping.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Recommends enforcing 25 percent cap on U.S. assessments.

SFOPS

**\$182**  
SAVINGS IN MILLIONS<sup>12</sup>

PRESIDENT HOUSE SENATE RSC

## Reduce U.S. Funding for the United Nations Relief and Works Agency for Palestine Refugees

The UNRWA was established more than 60 years ago as a temporary initiative to address the needs of Palestinian refugees and facilitate their resettlement or repatriation, but by applying refugee status to the descendants of the original refugees, it has caused the problem to grow larger. This is unique to the UNRWA: The definition of “refugee” employed by the United Nations High Commissioner for Refugees (UNHCR), which addresses every other refugee population for the U.N., is consistent with the 1951 Refugee Convention. To advance the long-term prospects for peace, the U.S. should encourage winding down the UNRWA to end the refugee status of Palestinians and facilitate their integration as citizens of their host states or resettlement in the West Bank and Gaza, where the Palestinian government should be responsible for their needs. The

few remaining first-generation Palestinian refugees and those more recently displaced should be placed under the responsibility of the UNHCR.

The Trump Administration decided to withhold \$65 million of a scheduled \$125 million payment in January 2018 and notified the UNRWA that future funding would depend on the adoption of reforms. Congress should work with the Administration to phase out the UNRWA by supporting a policy of shifting responsibility for recent Palestinian refugees to the UNHCR, shifting UNRWA funding to governments hosting Palestinians to facilitate integration, and demanding that the Palestinians assume responsibility for the services provided by the UNRWA.

### ADDITIONAL READING

- Brett D. Schaefer and James Phillips, “Time to Reconsider U.S. Support of UNRWA,” Heritage Foundation *Backgrounder* No. 2997, March 5, 2015.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	<b>PARTIALLY INCLUDED</b>	FY 2019 State Department Congressional Budget Justification requests \$2.04 billion under MRA-Overseas Contingency Operation for humanitarian needs.
<b>House Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Senate Budget Resolution</b>	<b>NOT ADDRESSED</b>	
<b>Republican Study Committee</b>	<b>NOT ADDRESSED</b>	

**\$140**  
SAVINGS IN MILLIONS<sup>13</sup>

PRESIDENT	HOUSE	SENATE	<b>RSC</b>
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## Eliminate Funding for the Global Environment Facility

The GEF manages the Special Climate Change Fund and the Least Developed Countries Fund, with a heavy emphasis on grants and financing for global-warming-adaptation projects. Since its inception by the World Bank and U.N. in 1991, the GEF has been the designated financial mechanism for a number of problematic international agreements, including the U.N. Convention on Biological Diversity, U.N. Framework Convention on Climate Change, Stockholm Convention on Persistent Organic Pollutants, U.N. Convention to Combat Desertification, Minamata Convention on Mercury, and Montreal Protocol on Substances that Deplete the Ozone Layer, as well as a number of international waters

agreements such as the U.N. Convention on the Law of the Sea.<sup>14</sup>

According to a 2014 Transparency International report, the GEF lacks transparency in public access to information, anticorruption measures at the fund-recipient level, accountability at the executive level, and participation of project stakeholders.<sup>15</sup> Instead of using taxpayer dollars to fund energy and international climate-change projects, the U.S. should commit to free-market principles that will provide affordable, reliable energy, not government-selected technologies and energy sources.

### 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.
- Nicolas D. Loris, “Economic Freedom, Energy, and Development,” Chapter 5 in Terry Miller and Anthony B. Kim, *2015 Index of Economic Freedom* (Washington: The Heritage Foundation and Dow Jones & Company, Inc., 2015).

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	FY 2019 State Department Congressional Budget Justification requests \$68.3 million for GEF.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Recommends ending U.S. funding for Special Climate Change Fund and Least Developed Countries Fund, which are managed by GEF.

SFOPS

**\$80**  
SAVINGS IN MILLIONS<sup>16</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the U.S. Trade and Development Agency

The USTDA was created in 1961 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 asserts that it “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.”<sup>17</sup> In practice, however, the USTDA has become little more than another source of taxpayer-subsidized crony corporatism.

The USTDA’s activities belong more properly to the private sector. The best way to promote trade and development is to reduce trade barriers. Another way is to reduce the federal budget deficit and thereby reduce federal borrowing from abroad so that more foreign dollars can be spent on U.S. exports instead of federal treasury bonds. A dollar borrowed from abroad by the government is a dollar not available to buy U.S. exports or invest in the private sector of the U.S. economy.<sup>18</sup>

### ADDITIONAL READING

- James M. Roberts and Brett D. Schaefer, “An Overhaul of America’s Foreign Assistance Programs Is Long Overdue,” Heritage Foundation *Backgrounder* No. 3247, September 19, 2017.
- “Eliminate the U.S. Trade and Development Agency,” in Republican Study Committee, *Securing America’s Future Economy: Fiscal Year 2018 Budget*, pp. 150–151.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	\$12.1 million to conduct an orderly closeout of the agency beginning in FY 2018.
House Budget Resolution	REJECTED	Does not assume closure of USTDA.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Cuts \$60 million and closes down USTDA.



**\$1.2**SAVINGS IN BILLIONS<sup>19</sup>

## Overhaul Foreign Assistance Programs

The broad goals of U.S. assistance programs have long been to assist people in crises, enhance market opportunities for American products and investments by catalyzing economic growth in developing countries, and promote U.S. national security and foreign policy by supporting allies and countering adversaries. These are worthy goals. U.S. foreign assistance needs to update concepts and priorities, eliminate duplication and waste, and address changing circumstances. Fundamental reform has languished far too long. As a result, many U.S. foreign aid programs can no longer help countries in need or serve U.S. interests effectively.

America's fragmented and micromanaged foreign aid programs, split among more than 25 federal agencies, must be refitted to meet 21st-century challenges.

The United States Agency for International Development (USAID) needs to be completely restructured, with its core health and humanitarian missions incorporated into the State Department.

The Millennium Challenge Corporation should take charge of all U.S. development assistance with the goal of graduating all countries from the need for foreign aid.

Properly designed and directed, U.S. foreign aid can support America's national interests by addressing humanitarian crises; promoting policy changes necessary for economic growth led by the private sector, which is the most reliable and sustainable path to development; or advancing U.S. diplomatic and security priorities.

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### ADDITIONAL READING

- James M. Roberts and Brett D. Schaefer, "An Overhaul of America's Foreign Assistance Programs Is Long Overdue," Heritage Foundation *Backgrounder* No. 3247, September 19, 2017.

PRESIDENT	HOUSE	SENATE	RSC
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Taking steps to consolidate or eliminate the following programs could result in considerable annual budgetary savings.

Save more than \$1 billion by eliminating Assistance for Europe Eurasia and Central Asia (AEECA), a post-Cold War account that has fulfilled its purpose.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	REJECTED	Appropriates \$691.6 million.
Senate Budget Resolution	REJECTED	Appropriates \$750.3 million.
Republican Study Committee	NOT ADDRESSED	

PRESIDENT	HOUSE	SENATE	RSC
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Save \$52.5 million by eliminating the African Development Foundation and the Inter-American Foundation.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Consolidates into USAID. No dollar amount specified.
House Budget Resolution	PARTIALLY INCLUDED	In FY 2018, \$26.3 million.
Senate Budget Resolution	REJECTED	In FY 2018, \$52.5 million.
Republican Study Committee	INCLUDED	Cuts \$54 million and eliminates these programs.

PRESIDENT

HOUSE

SENATE

RSC

Cut \$60 million from the Department of Labor's International Labor Affairs budget and move its remaining work to the Millennium Challenge Corporation.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	REJECTED	In FY 2018, \$59.8 million.
Republican Study Committee	INCLUDED	Cuts \$60 million.

PRESIDENT

HOUSE

SENATE

RSC

Move USAID's Development Credit Authority (DCA) to the Millennium Challenge Corporation to save a portion of its \$9 million annual administrative cost.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	REJECTED	In FY 2018, \$9.12 million for DCA administrative expenses.
House Budget Resolution	REJECTED	In FY 2018, \$9.12 million for DCA administrative expenses.
Senate Budget Resolution	REJECTED	In FY 2018, up to \$10 million for DCA administrative expenses.
Republican Study Committee	NOT ADDRESSED	

PRESIDENT	HOUSE	SENATE	RSC
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Save \$80 million annually by closing the 15 smallest of USAID’s 100 overseas missions, administering their existing foreign aid programs from USAID regional offices, and reducing the cost of those programs by 20 percent.<sup>20</sup>

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

## Policy Riders

**Increase oversight of international organizations.** U.N. system revenues from assessed and voluntary contributions increased from \$14.96 billion in 2002 to \$45.72 billion in 2016. The U.S. remains the largest contributor, providing one-fifth of total contributions annually over that period. In 2016, the U.S. provided \$9.72 billion to the U.N. system according to the U.N. Chief Executives Board. The Department of State Authorities Act, Fiscal Year 2017 (S.1635), enacted in 2016, requires the Office of Management and Budget to submit an annual report to Congress on U.S. contributions to the U.N. system, but that report does not address the question of whether the U.S. is receiving good value for those contributions. The U.S. should conduct a cost-benefit analysis of U.S. participation in all international organizations and establish a dedicated unit for international-organization issues in the Office of Inspector General for the Department of State.<sup>21</sup> In the FY 2019 budget, the Trump Administration announced that “the Department of State and USAID will review multilateral aid and contributions to evaluate how each multilateral organization to which the United States belongs advances American interests.”

**Do not fund activities related to unratified treaties.** If a treaty has not received the advice and consent of the Senate and has not been properly implemented in U.S. law, the U.S. should not fund any of its activities, either in the U.S. or elsewhere. Treaties are compacts between the nations that are party to them and should therefore be funded by the nations that have legally accepted their obligations. The only exception to this principle is that the U.S. should be able to pay the costs of its own diplomatic delegations that attend meetings related to treaties the U.S. is negotiating or related to treaties to which the U.S. is not party. This exception, however, does not allow for the funding of treaty bodies or any delegation other than that of the United States.

## ENDNOTES

1. Savings of \$79.8 million in FY 2019 are based on regular resource contributions by the United States as reported in U.N. Development Programme, “Our Funding: Regular Resource Contributions for 2017 as of January 2018,” <http://www.undp.org/content/undp/en/home/funding/core-donors.html> (accessed May 16, 2018). Heritage experts assume that spending holds steady in FY 2018 and 2019.
2. George Russell, “UN’s \$5.7B Anti-Poverty Agency Doesn’t Do Much to Reduce Poverty, According to Its Own Assessment,” Fox News, January 14, 2013, <http://www.foxnews.com/world/2013/01/14/uns-55b-anti-poverty-agency-doesnt-do-much-to-reduce-poverty-according-to-its/> (accessed April 3, 2018).
3. 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/>.
4. Savings of –\$171 million (an increase in spending of \$171 million) for FY 2019 are based on the CBO’s most recent April 2018 baseline spending projections. The higher spending includes \$323 million in discretionary revenue losses, partially offset by \$152 million in mandatory spending savings, for a total spending *increase* of \$171 million in FY 2019.
5. Estimated savings of \$32.5 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 15, 2018). Heritage experts assume that FY 2018 spending remains constant in FY 2019.
6. 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 January 26, 2016). “The United Nations Fund for Population Activities was established as a trust fund in 1967 and began operations in 1969. In 1987, it was officially renamed the United Nations Population Fund, reflecting its lead role in the United Nations system in the area of population. The original abbreviation, UNFPA, was retained.” United Nations Population Fund, “Frequently Asked Questions: What Does UNFPA Stand For?” last updated January 2018, <https://www.unfpa.org/frequently-asked-questions#acronym> (accessed May 16, 2018).
7. Donald J. Trump, “Presidential Memorandum Regarding the Mexico City Policy,” The White House, January 23, 2017, <https://www.whitehouse.gov/presidential-actions/presidential-memorandum-regarding-mexico-city-policy/> (accessed April 3, 2018).
8. Nurith Aizenman, “Citing Abortions in China, Trump Cuts Funds for U.N. Family Planning Agency,” NPR, April 4, 2017, <https://www.npr.org/sections/goatsandsoda/2017/04/04/522040557/citing-abortions-in-china-trump-cuts-funds-for-u-n-family-planning-agency> (accessed April 3, 2018).
9. Estimated savings of \$234 million for FY 2019 are based on reducing the U.S. share of funding from 28.4344 percent to 25 percent. The approved U.N. Peacekeeping budget was \$6.803 billion for July 1, 2017, to June 30, 2018, as found in United Nations General Assembly, “Approved Resources for Peacekeeping Operations for the Period from 1 July 2017 to 30 June 2018,” A/C.5/71/24, 71st Sess., June 30, 2017, <http://undocs.org/a/c.5/71/24> (accessed May 16, 2018). Heritage experts assume that this spending level holds steady through FY 2019. The projected shares come from Report of the Secretary-General, “Implementation of General Assembly Resolutions 55/235 and 55/236,” A/70/331/Add.1, 70th Sess., December 28, 2015, [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/70/331/Add.1](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/70/331/Add.1) (accessed May 16, 2018). Reducing the U.S. share from 28.4344 percent (as projected for 2018 and assumed for FY 2019) to 25 percent saves \$234 million in FY 2019.
10. The U.S. peacekeeping assessment is established in three-year sets, the most recent being for 2016–2018. The specific assessment can fluctuate from year to year within each three-year scale and also when new scales are adopted using updated economic data. In addition, the U.N. peacekeeping budget can change significantly as new missions are established or existing missions are expanded, contracted, or closed.
11. Donald J. Trump, “Remarks by President Trump to the 72nd Session of the United Nations General Assembly,” The White House, September 19, 2017, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-72nd-session-united-nations-general-assembly/> (accessed April 5, 2018).
12. Estimated savings of \$182 million for FY 2019 are based on 50 percent of the reported 2017 contribution of \$364.3 million as listed in United Nations Relief and Works Agency for Palestine Refugees, “2017 Pledges to UNRWA’s Programmes (Cash and In-kind)—Overall Donor Rankings as [of] December 31, 2017,” [https://www.unrwa.org/sites/default/files/overalldonor\\_ranking.pdf](https://www.unrwa.org/sites/default/files/overalldonor_ranking.pdf) (accessed May 16, 2018). Heritage experts assume that FY 2017 donations remain constant through FY 2019. Savings are based on reducing spending by 50 percent in FY 2019 to draw down the agency’s funding.
13. Estimated savings of \$140 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
14. See, for example, Global Environment Facility, “About Us,” <https://www.thegef.org/about-us> (accessed May 16, 2018), and Global Environment Facility, “Conventions,” <https://www.thegef.org/partners/conventions> (accessed May 16, 2018).
15. Lisa Elges and Claire Martin, *Protecting Climate Finance: An Anti-Corruption Assessment of the Adaptation Fund*. Transparency International, 2014, [https://www.transparency.org/whatwedo/publication/protecting\\_climate\\_finance\\_adaptation\\_fund](https://www.transparency.org/whatwedo/publication/protecting_climate_finance_adaptation_fund) (accessed April 3, 2018).
16. Estimated savings of \$79.5 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
17. U.S. Trade and Development Agency, “Our Mission,” <http://www.ustda.gov/about/mission> (accessed January 12, 2016).
18. Bryan Riley and Anthony B. Kim, “Freedom to Trade: A Guide for Lawmakers,” Heritage Foundation *Backgrounder* No. 3064, October 20, 2015, <http://thf-reports.s3.amazonaws.com/2015/BG3064.pdf>.

19. Estimated savings of \$1.195 billion for FY 2019 are based on proposed reforms reported in James Roberts and Brett Schaefer, “An Overhaul of America’s Foreign Assistance Programs Is Long Overdue,” Heritage Foundation *Backgrounder* No. 3247, September 19, 2017. Although a comprehensive overhaul would generate substantial savings, we include only a portion of those savings that can easily be estimated. Estimated savings for FY 2019 include \$995 million from eliminating Assistance for Europe, Eurasia and Central Asia based on the CBO’s most recent April 2018 baseline spending projections; \$55 million from eliminating the African Development Foundation (\$31 million) and Inter-American Foundation (\$24 million) based on the CBO’s most recent April 2018 baseline spending projections; \$60 million from reducing the Department of Labor’s International Labor Affairs budget and moving its remaining work to the Millennium Challenge Corporation; \$4.5 million in administrative savings from moving USAID’s Development Credit Authority to the Millennium Challenge Corporation based on its current \$9 million administrative budget as reported in U.S. Department of State, *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs, Fiscal Year 2018*, <https://www.state.gov/documents/organization/271013.pdf> (accessed May 16, 2018); and \$80 million from closing the 15 smallest of USAID’s 100 overseas missions, administering their existing foreign aid programs from USAID regional offices, and reducing the cost of those programs by 20 percent as reported in *ibid.* Heritage experts assume that FY 2018 spending remains constant in FY 2019.
20. The estimate of \$80 million in annual savings was calculated by summing the annual operating expenses (Objective 6) for each of the smallest 15 USAID missions, ranked according to overall budget amount requested for each USAID mission, and adding a total of 20 percent of the grants and other assistance requested for the smallest 15 missions, which can be cut when those programs are administered more efficiently from a regional location.
21. Brett D. Schaefer, “U.S. Should Demand Increased Transparency and Accountability as U.N. Revenues Rise,” Heritage Foundation *Issue Brief* No. 4154, February 26, 2014, <https://www.heritage.org/report/us-should-demand-increased-transparency-and-accountability-un-revenues-rise>.





Transportation, Housing  
and Urban Development,  
and Related Agencies

**\$431**  
SAVINGS IN MILLIONS<sup>1</sup>

PRESIDENT HOUSE SENATE **RSC**

## Eliminate the Essential Air Service Program

The EAS was established in 1978 as a temporary program to provide subsidies to rural airports following deregulation of the airline industry. Despite the original intention that it would be a temporary program, the EAS still provides millions of dollars in subsidies to these airports. In fact, spending on the EAS has increased by 600 percent since 1996 in constant dollar terms, despite the fact that commuters on subsidized routes could be served by other, existing modes of transportation such as intercity buses.

The EAS squanders federal funds on flights that are often empty: EAS flights typically are only half-full, and planes on nearly one-third of the routes are at

least two-thirds empty. For example, the EAS provides \$2.5 million annually to continue near-empty daily flights in and out of Lancaster, Pennsylvania, even though travelers have access to a major airport (Harrisburg) just 40 miles away. To remain on the dole, airports served by the EAS must serve no more than an average of 10 passengers per day.

The federal government should not engage in market-distorting and wasteful activities like the EAS. If certain routes are to be subsidized, they should be overseen by state or local authorities, not by the federal government.

### ADDITIONAL READING

- Justin Bogie, Norbert J. Michel, and Michael Sargent, “Senate Bill Should Cut Wasteful Programs and Provide Long-Term Sustainability for Highway Programs,” Heritage Foundation *Issue Brief* No. 4566, May 18, 2016.
- Eli Lehrer, “EAS a Complete Waste of Taxpayer Money,” Heartland Institute, undated.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	PARTIALLY INCLUDED	Cuts discretionary EAS funding by \$93 million but does not reform mandatory spending.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates EAS.

**\$161**  
SAVINGS IN MILLIONS<sup>2</sup>

PRESIDENT	HOUSE	SENATE	<b>RSC</b>
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## Eliminate the Appalachian Regional Commission

The Appalachian Regional Commission was established in 1965 as part of President Lyndon Johnson’s Great Society agenda. The commission duplicates highway and infrastructure construction under the Department of Transportation’s highway program in addition to diverting federal funding to projects of questionable merit, such as those meant to support “heritage tourism and crafts industries.”<sup>3</sup> The

program directs federal funding to a concentrated group of 13 states where funds are further earmarked for specific projects at the community level.

If states and localities see the need for increased spending in these areas, they should be responsible for funding it themselves. This duplicative carve-out should be eliminated.

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### ADDITIONAL READING

- Justin Bogie, Norbert J. Michel, and Michael Sargent, “Senate Bill Should Cut Wasteful Programs and Provide Long-Term Sustainability for Highway Programs,” Heritage Foundation *Issue Brief* No. 4566, May 18, 2016.

PROPOSAL	STATUS	EXPLANATION
<b>President’s Budget (FY2019)</b>	REJECTED	FY 2018 elimination of ARC removed from FY 2019 proposal.
<b>House Budget Resolution</b>	NOT ADDRESSED	
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	<b>INCLUDED</b>	Eliminates ARC.

**\$150**SAVINGS IN MILLIONS<sup>4</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Eliminate Subsidies for the Washington Metropolitan Area Transit Authority

The WMATA, Washington, D.C.'s local transit authority, is the only transit authority to receive direct appropriations from Congress.

Federal subsidies for the WMATA decrease incentives for the transit agency to control costs, optimize service routes, and set proper priorities for maintenance and updates. Metrorail ridership has plummeted every year since 2009 and declined 13 percent from 2016 to 2017.

These ridership and safety issues come to the fore as Metro's financial picture looks increasingly grim. The agency's budget projection shows a \$300 million shortfall for 2018, even after receiving huge local and federal subsidies. This is largely due to

Metro's exorbitant costs: The rail system is the most expensive to operate per passenger mile of any of the major urban rail systems, and it has more employees than any other system when adjusted for ridership.

Federal subsidies for the WMATA have masked Metro's shortcomings and allowed it to reach its current dilapidated state with little consequence. Instead of fixing its manifold issues, the WMATA's strategy has been to demand more money from federal taxpayers, many of whom will likely never use the system. Congress should eliminate subsidies to the WMATA and allow market incentives to turn the WMATA into a more effective transit agency.

### ADDITIONAL READING

- Michael Sargent, "Death Spiral or Not, Washington's Metro Is a Total Disaster," *National Interest*, November 4, 2016.
- Ronald D. Utt, "Washington Metro Needs Reform, Not a Federal Bailout," Heritage Foundation *WebMemo* No. 1665, October 16, 2007.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	REJECTED	No cuts in WMATA funding.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates WMATA funding.

**\$308**SAVINGS IN MILLIONS<sup>5</sup>

PRESIDENT

HOUSE

SENATE

RSC

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

The National Railroad Passenger Corporation, now known as Amtrak, was created by the federal government to take over bankrupt private passenger rail companies. In FY 2016, it received an operating grant of \$289 million and a capital and debt-service grant of \$1.1 billion. Since its inception, Amtrak has received about \$71 billion (in 2016 dollars) in taxpayer-funded federal grants.

Amtrak is characterized by an unsustainable financial situation and management that, hamstrung by unions and federal regulations, has failed to improve performance and service for customers. Amtrak's monopoly on passenger rail service stifles competition that could lower costs for passengers. Labor costs, driven by the generous wages and benefits required by union labor agreements, constitute half of Amtrak's operating costs. Amtrak trains are

notoriously behind schedule, as evidenced by poor on-time performance rates.

Congress should eliminate Amtrak's operating subsidies in FY 2018 and phase 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, and eliminate money-losing lines. Simultaneously, the Secretary of Transportation should generate a proposal to privatize Amtrak's profitable routes and turn over responsibilities for state-supported routes to the states. During this phaseout, Congress should repeal Amtrak's monopoly on passenger rail service and allow private companies to enter the market and provide passenger rail service where they see a viable commercial market.

### ADDITIONAL READING

- Tad DeHaven, "Downsizing the Federal Government: Privatizing Amtrak," Cato Institute, June 2010.
- 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.

PROPOSAL	STATUS	EXPLANATION
<b>President's Budget (FY2019)</b>	PARTIALLY INCLUDED	Reduces funding by \$757 million and seeks to reform long-distance routes and other operations.
<b>House Budget Resolution</b>	PARTIALLY INCLUDED	Assumes lower operating subsidies.
<b>Senate Budget Resolution</b>	NOT ADDRESSED	
<b>Republican Study Committee</b>	INCLUDED	Eliminates operating and capital grants.

**\$680**  
SAVINGS IN MILLIONS<sup>6</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Close Down the Maritime Administration and Repeal the Maritime Jones Act

MARAD was created in 1950, and its purpose is to maintain a maritime fleet that can be used during a national emergency. Decades later, it continues to oversee and implement duplicative and crony laws for the benefit of special interests.

MARAD and the laws it implements are steeped in protectionism and subsidies. For example, its subsidies to small shipyards are a taxpayer-funded handout to politically favored firms that may not be efficient or competitive. MARAD further provides taxpayer-backed loan guarantees for companies to hire U.S. shipbuilders under its Maritime Guaranteed Loan (Title XI) Program—another handout to politically connected entities. Finally, the maritime

Jones Act, established in 1920, requires unreasonable and overly burdensome standards: Any cargo (or persons) 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 and transfer its international regulatory roles to another agency. 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 maritime Jones Act and MARAD’s wasteful subsidy programs.

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### ADDITIONAL READING

- Wendell Cox and Ronald D. Utt, “How to Close Down the Department of Transportation,” Heritage Foundation *Backgrounder* No. 1048, August 17, 1995.
- Brian Slattery, Bryan Riley, and Nicolas D. Loris, “Sink the Jones Act: Restoring America’s Competitive Advantage in Maritime-Related Industries,” Heritage Foundation *Backgrounder* No. 2886, May 22, 2014.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	Includes MARAD funding.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	PARTIALLY INCLUDED	Repeals Jones Act.

**\$2.6**  
SAVINGS IN BILLIONS<sup>7</sup>

- PRESIDENT
- HOUSE
- SENATE
- RSC

## Eliminate Capital Investment Grants

Capital Investment Grants were created in 1991 as part of the Intermodal Surface Transportation Efficiency Act with the purpose of giving transit agencies grants for new transit projects. Because New Starts is a competitive grant program that funds only novel transit projects, not maintenance of existing systems, it gives localities the incentive to build costly and unnecessary transit systems that they can ill afford to operate and maintain. This comes at the expense of maintaining existing infrastructure.

Criteria for eligible projects include “congestion relief,” “environmental benefits,” and “economic development effects” but—tellingly—no longer include “operating efficiencies.”<sup>8</sup> In some cases, such

as when a streetcar receives a Capital Investment Grant, the project will *increase* traffic congestion by blocking a lane and slowing down cars. These projects are perennially over budget. A review of federal studies examining 15 projects that were completed shows that the projects were over budget by nearly 30 percent on average. Worse, the costs for these expensive rail projects tend to detract funding from more practical services, such as buses needed by low-income residents.

Congress should terminate funding for Capital Investment Grants and allow the states and private sector to manage and fund transit systems where they are truly effective.

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### 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.
- Randal O’Toole, Cato Institute, testimony before the Subcommittee on Highways and Transit, Committee on Transportation and Infrastructure, U.S. House of Representatives, December 11, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Limits funding to \$1 billion for projects with existing full-funding grant agreements; winds down CIG program.
House Budget Resolution	INCLUDED	Phases out CIG over five years.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	

**\$40**SAVINGS IN MILLIONS<sup>9</sup>

PRESIDENT

HOUSE

SENATE

RSC

## Privatize the Saint Lawrence Seaway Development Corporation

Created through the Wiley–Dondero Act of 1954, the SLSDC is a government-owned entity charged with maintaining and operating the 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 agency equivalent 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 reduce the burden on taxpayers. Congress should follow Canada's example and privatize the SLSDC.

### ADDITIONAL READING

- Chris Edwards, "Downsizing the Federal Government: Department of Transportation Timeline of Government Growth," Cato Institute, undated.
- Justin Bogie, Norbert J. Michel, and Michael Sargent, "Senate Bill Should Cut Wasteful Programs and Provide Long-Term Sustainability for Highway Programs," Heritage Foundation *Issue Brief* No. 4566, May 18, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	REJECTED	Maintains SLSDC funding.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	



**\$1.5**  
SAVINGS IN BILLIONS<sup>10</sup>

PRESIDENT HOUSE SENATE RSC

## Eliminate the National Infrastructure Investment (TIGER) Program

The National Infrastructure Investment Program provides competitive grants 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. Eight years later, this “temporary” program has proven too tempting a spending opportunity for Congress and the Administration to give up and has remained a permanent fixture.

Through the TIGER program, Washington sends federal dollars to pay for projects that clearly fall under the purview of local government and serve no stated federal objective. Past projects include a \$16 million, six-mile pedestrian mall in Fresno, California; a \$14.5 million “Downtown Promenade” in Akron, Ohio; and a \$27.5 million streetcar line in

Detroit, Michigan. TIGER grants amount to “administrative earmarks,” because federal bureaucrats (prodded by powerful Members of Congress) choose the criteria that a project must meet and in turn decide which projects will receive grants. That gives cities perverse incentives to pander to Washington, asking for federal money for projects they may not need just to keep another city or state from receiving the funds.

The TIGER grant program creates perverse incentives for localities, duplicates state and local transportation agency programs, and squanders federal resources on local projects that have little to do with interstate commerce. These projects should be 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.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	INCLUDED	Eliminates TIGER.
House Budget Resolution	INCLUDED	Eliminates TIGER.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates TIGER.

**\$4.0**  
SAVINGS IN BILLIONS<sup>11</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Eliminate the Airport Improvement Program and Reform Airport Funding

The AIP provides federal grants for capital improvements at public-use airports. The grants are funded primarily by federal taxes on passenger airline tickets, as well as other aviation activities. AIP grants can be used only for certain types of “airside” capital improvements, such as runways and taxiways, and are tied to strict regulations that govern how airports can operate.

The AIP functions as a middleman, redistributing fliers’ resources from the most significant airports to those of far less importance. For example, the 60 largest airports in the U.S. serve nearly 90 percent of air travelers. Though these large airports have the greatest need for capital investment, they receive

only 27 percent of AIP grants. Noncommercial airports, which serve less than 1 percent of commercial fliers and thus contribute a trivial share of revenue, receive about 30 percent of AIP grants.

Instead of continuing this redistributive scheme, Congress should eliminate the AIP, reduce passenger ticket taxes, and reform federal regulations that prohibit airports from charging market prices for their services. These reforms would eradicate the inefficient and inequitable distribution of flier resources and allow airports to fund capital improvements in a local, self-reliant, and free-market manner.

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### ADDITIONAL READING

- Michael Sargent, “End of the Runway: Rethinking the Airport Improvement Program and the Federal Role in Airport Funding,” Heritage Foundation *Backgrounder* No. 3170, November 23, 2016.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	Maintains AIP funding.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	

**\$2.3**  
SAVINGS IN BILLIONS<sup>12</sup>

PRESIDENT	HOUSE	SENATE	RSC
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## Phase Out the Federal Transit Administration

Created in 1964, the Federal Transit Administration provides grants to state and local governments and transit authorities to operate, maintain, and improve transit systems such as buses and subways.

The federal government began to use federal gasoline taxes, which drivers pay into the Highway Trust Fund (HTF), to support transit in 1983. The transit diversion within the HTF accounts for nearly one-fifth of HTF spending. The reasons for funding transit were to offer mobility to low-income citizens in metropolitan areas, reduce greenhouse gas emissions, and relieve traffic congestion. Despite billions of dollars in subsidies, transit has largely failed in all of these areas.

When it issues grants for streetcars, subways, and buses, the FTA is subsidizing purely local or regional

activities. Even worse, federal transit grants present localities with perverse incentives to build new transit routes while neglecting maintenance of their existing systems and other infrastructure. Transit is inherently local in nature and should therefore be funded at the local or regional level.

The federal government should phase out the Federal Transit Administration over five years by reducing federal transit funding by 20 percent per year and simultaneously reducing the FTA’s operating budget by the same proportion. Phasing out the program would give state and local governments time to evaluate the appropriate role of transit in their jurisdictions and an incentive to adopt policy changes that improve their transit systems’ cost-effectiveness and performance.

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### ADDITIONAL READING

- Wendell Cox, “Transit Policy in an Era of the Shrinking Federal Dollar,” Heritage Foundation *Backgrounder* No. 2763, January 31, 2013.

PROPOSAL	STATUS	EXPLANATION
President’s Budget (FY2019)	REJECTED	Maintains FTA funding.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Would devolve federal transit spending to states and localities.

## Policy Riders

**Eliminate or roll back Davis–Bacon requirements and project labor agreements.** The Davis–Bacon Act, enacted in 1931, effectively requires construction contractors on federal projects to use union wage and benefit scales and follow union work rules. These rules inflate the cost of federal construction by nearly 10 percent on average. Similarly, project labor agreements (PLAs) require the main contractor of government contracts to sign a collective bargaining agreement as a condition of winning a project bid. Collective bargaining agreements require using union compensation rates, following union work rules, and hiring all workers on federally contracted projects through union hiring halls. PLAs inflate construction costs by 12 percent to 18 percent on top of increased costs attributed to Davis–Bacon and discriminate against the 87 percent of workers who are not members of a union. Eliminating Davis–Bacon and prohibiting PLAs would stretch each federal construction dollar, delivering more infrastructure without the need to increase spending levels. Barring complete repeal, Congress could suspend the rule for projects funded by the appropriations bill or require the Labor Department to use superior Bureau of Labor Statistics data to estimate Davis–Bacon “prevailing wages” so that they more closely reflect market pay. Eliminating Davis–Bacon and PLAs would save more than \$100 billion over the next 10 years under current spending levels.

**Eliminate “Buy America” restrictions.** Most federally funded infrastructure projects must comply with “Buy America” mandates, which require that certain input components must be manufactured in the United States. This protectionist mandate limits selection and price competition among input manufacturers, which often leads to higher costs for projects. Buy America requires the use of American-made steel, which in recent years has cost more than steel made in Western Europe or China—a price increase of roughly 30 percent in the case of Chinese-made steel. In addition, buses made in the U.S. were found to be twice as expensive as those made in Japan. Overall, Buy America provisions are allowed to increase the cost of an entire project by up to 25 percent before the project agency can apply for a waiver. Ending or waiving this bureaucratic and protectionist mandate would give U.S. infrastructure access to more numerous, better quality, and less-expensive components.

**Require the Department of Transportation (DOT) to study total federal subsidies to passenger transportation.** Congress should recommission the 2004 study that detailed the federal subsidies to various modes of transportation. In 2004, the DOT’s Bureau of Transportation Statistics produced a report that assessed the federal subsidies to passenger transportation. The report detailed the amount of federal subsidies targeted to rail, transit, air, and highway travelers since 1990 and presented them using comparable metrics. Since 2004, however, the DOT has not updated the report, leaving most policymakers and the traveling public with outdated information about how federal subsidies are distributed among transportation modes. Reproducing the study on a periodic basis would provide lawmakers and travelers with consistent data regarding the federal government’s activities in subsidizing transportation.

**Request the Government Accountability Office to examine infrastructure construction costs in the United States.** Data and recent reports indicate that infrastructure construction costs in the U.S. exceed those in peer countries, especially with regard to megaprojects. Congress should require the Government Accountability Office to examine and determine the reasons for these excessive construction costs. The GAO should scrutinize all possible factors, from industry practices to government regulation, in order to provide a clear picture of the shortcomings of current practice.

## ENDNOTES

1. Estimated savings of \$431 million for FY 2019 are based on \$305 million in discretionary savings based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018, Public Law 115-141, 115th Cong., <https://www.congress.gov/115/bills/hr1625/BILLS-115hr1625enr.pdf> (accessed May 15, 2018), as well as \$126 million in mandatory savings for FY 2019 based on the CBO's most recent April 2018 baseline spending projections. The mandatory savings include payments to the Essential Air Service and Rural Airport Improvement Fund for FY 2019. The discretionary savings estimates are based on FY 2018 enacted levels, and Heritage experts assume FY 2018 spending remains constant in FY 2019.
2. Estimated savings of \$161 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Savings include \$155 million authorized for the Appalachian Regional Commission, as well as half of the \$6 million in grants authorized for both the ARC and the Delta Regional Authority, and \$3.25 million to be transferred to the ARC from the Federal Aviation Commission. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
3. Appalachian Regional Commission, "ARC Project Guidelines," revised 2011, p. 5, [https://dca.ga.gov/sites/default/files/arc\\_project\\_guidelines.pdf](https://dca.ga.gov/sites/default/files/arc_project_guidelines.pdf) (accessed March 8, 2018).
4. Estimated savings of \$150 million for FY 2019 are based on the FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
5. Estimated savings of \$308 million for FY 2019 are based on CBO's most recent April 2018 baseline spending projections. Savings include \$70 million in projected operating subsidies. Operating subsidies are assumed to be 21 percent (the ratio observed under the previous accounting system that divided funding between operating subsidies and grants for capital and debt service) of the \$335 million in total FY 2019 funding for the Northeast Corridor and National Network. Savings also include \$227 million in reduced capital grants, representing a 20 percent reduction in the projected level of \$1.19 billion.
6. Heritage experts do not include any savings from repealing the Jones Act. Estimated savings of \$680 million for FY 2019 are based on the total FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Savings exclude the \$300 million designated for the Maritime Security Program, which would be transferred to the Department of Defense or Department of Homeland Security. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
7. Estimated savings of \$2.645 billion for FY 2019 are based on the total FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
8. 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> (accessed March 6, 2018).
9. Estimated savings of \$40 million for FY 2019 are based on the total FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
10. Estimated savings of \$1.5 billion for FY 2019 are based on the total FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019.
11. Estimated savings of \$4.0 billion for FY 2019 are based on the total FY 2018 appropriated level for "Grants-In-Aid for Airports" as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. All \$4.0 billion in savings represents mandatory spending.
12. Estimated savings of \$2.250 billion for FY 2019 are based on the total FY 2018 appropriated level as specified in the Consolidated Appropriations Act, 2018. Heritage experts assume that FY 2018 spending remains constant in FY 2019. Savings represent a 20 percent reduction in the total outlays of \$11.252 billion for FY 2018 based on a five-year phaseout beginning in 2019. Savings include \$23 million in discretionary spending for the FTA's administrative expenses and \$2.228 billion in mandatory spending for the FTA's transit formula grants, for a total of \$2.250 billion in FY 2019.