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

DISCRETIONARY

**$2.6**
SAVINGS IN MILLIONS[1]

# Repeal the USDA Catfish Inspection Program

The Food and Drug Administration regulates domestic and imported seafood, but the 2008 farm bill created a special exception requiring the USDA to regulate catfish that is sold for human consumption. This program, implementation of which is just now beginning, 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, which has engendered widespread bipartisan opposition and has been criticized repeatedly by the U.S. Government Accountability Office (for example, in a 2012 report with the not-so-subtle title *Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA*).[2]

## ADDITIONAL READING

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$754**
SAVINGS IN MILLIONS[3]

# Eliminate the USDA 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $107 million compared to FY 2019. |

MIXED

**$493**
SAVINGS IN MILLIONS[4]

# Eliminate the USDA 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 subsidies for 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 funneling taxpayer dollars to businesses in rural communities, the federal government should identify and remove the obstacles to those businesses that it has created.

## 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending slightly compared to FY 2019. |

MANDATORY

**$5.0**
SAVINGS IN BILLIONS[5]

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

The ARC and PLC programs are two major subsidy programs that apply to about 20 commodities. On a crop-by-crop basis, farmers can participate in the ARC program or 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, statutorily established reference price.

These programs go far beyond providing a safety net for farmers. Most farmers succeed even though they receive little to no taxpayer assistance. If they do receive assistance, it is usually to help with a disaster or crop loss. Yet a small number of producers growing a small number of commodities receive significant amounts of taxpayer dollars, including through the ARC and PLC programs.

According to the Congressional Research Service, from 2014–2016, 94 percent of farm program support went to just six commodities—corn, cotton, peanuts, rice, soybeans, and wheat—that together account for only 28 percent of farm receipts.[6] Even worse, this assistance is generally not provided to help with actual disasters but to help ensure farmers meet revenue goals.

The ARC and PLC programs are a major part of this excessive and inappropriate assistance to a small group of favored producers. In a December 2018 report, the Congressional Budget Office identified elimination of Title I programs (including the ARC and PLC programs) as an option for reducing the deficit,[7] observing that "agricultural producers have access to a variety of other federal assistance programs, such as subsidized crop insurance and farm credit assistance programs."[8]

## ADDITIONAL READING

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," Heritage Foundation *Mandate for Leadership Series*, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, "Addressing Risk in Agriculture," Heritage Foundation *Special Report* No. 189, September 8, 2016.
- Daren Bakst, "Significant—and Necessary—Farm Subsidy Reforms for the Next Farm Bill," Heritage Foundation *Issue Brief* No. 4839, April 17, 2018.
- Daren Bakst, "What You Should Know About Who Receives Farm Subsidies," Heritage Foundation *Backgrounder* No. 3306, April 16, 2018.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$9.7**
SAVINGS IN BILLIONS[9]

# Include a 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 40.3 million in 2018. Costs have risen from $19.8 billion in FY 2000 to $73.7 billion in FY 2017.

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 this 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. Policymakers should also structure the work requirement so that it does not discourage marriage, which is one of the most important pathways out of poverty.

The U.S. Department of Agriculture recently announced a proposed rule that would strengthen existing work requirements for able-bodied adults who are without dependents. This is a step in the right direction, but Congress should expand work requirements for nearly *all* able-bodied adults who receive food stamps in ways that encourage, not discourage, marriage.

## ADDITIONAL READING

- Jamie Bryan Hall, "Here Are 2 Ways Trump Can Help Americans Move from Food Stamps to Work," The Daily Signal, December 18, 2018.
- Robert Rector, Jamie Bryan Hall, and Mimi Teixeira, "Five Steps Congress Can Take to Encourage Work in the Food Stamps Program," Heritage Foundation *Issue Brief* No. 4840, April 20, 2018.
- Robert Rector, Rachel Sheffield, Kevin D. Dayaratna, and Jamie Bryan Hall, "Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent," Heritage Foundation *Backgrounder* No. 3091, February 8, 2016.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Requires able-bodied SNAP participants (18–65 years of age) to engage in at least 20 hours of work or work-related activities per week. |

MANDATORY

**$525**
SAVINGS IN MILLIONS[10]

## 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 or she 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.

### ADDITIONAL READING

- Robert Rector and Katherine Bradley, "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 |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | Limits categorical eligibility to recipients of SSI or TANF cash benefits. |

MANDATORY

**$560**
SAVINGS IN MILLIONS[11]

# 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 more than $20 per year. Policymakers should eliminate this loophole.

## 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 (FY2020)** | NOT ADDRESSED | Contains a number of proposals, including standardizing how states account for utility costs and eliminating eligibility loopholes, but does not seek elimination of the policy. |

DISCRETIONARY

**$28**
SAVINGS IN MILLIONS[12]

# Eliminate 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 include 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 used to implement this provision.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Closes a participation loophole in the CEP by limiting eligibility only to individual schools that meet the 40 percent threshold. |

MANDATORY

**$0**

(NO SAVINGS)[13]

# 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. It also restricts imports of sugar. 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.[14]

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."[15] 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.[16]

## ADDITIONAL READING

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," Heritage Foundation *Mandate for Leadership Series*, 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 (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$1.9**
SAVINGS IN BILLIONS[17]

# 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.[18] 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.

## ADDITIONAL READING

- Daren Bakst, ed., “Farms and Free Enterprise: A Blueprint for Agricultural Policy,” Heritage Foundation *Mandate for Leadership Series*, 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 (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$200**
SAVINGS IN MILLIONS[19]

# Eliminate the USDA 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 can do on their own.

## 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 (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

MANDATORY

**$200**
SAVINGS IN MILLIONS[20]

## Reduce Premium Subsidies in the Federal Crop Insurance Program

Taxpayers pay on average 62 percent of crop insurance premiums, but farmers pay only 38 percent for their own policies. This is an unreasonable and unnecessary burden on taxpayers, yet the concept of reducing premium subsidies has wide support, including in President Donald Trump's fiscal 2019 budget and President Barack Obama's fiscal 2014 budget, as well as from the Government Accountability Office.[21]

Critics will argue that reducing premium subsidies would hurt participation in the crop insurance program. However, the research overwhelmingly indicates otherwise. According to the Government Accountability Office, "The [Obama] administration, CBO, and other researchers say that a modest reduction in premium subsidies would have little impact on program participation, and that incentives, such as the continued high level of premium subsidies, would likely keep farmers in the program."[22]

The CBO found that reducing premium subsidies by 15 percentage points to 47 percent would reduce the number of insured acres (300 million) by just one-half of 1 percent, to 298.5 million acres. It also explained that 1.5 percent of insured acres would have lower coverage levels. The CBO estimated that this reform would save $8.1 billion over 10 years.[23] According to the CBO, reducing the premium subsidy to 40 percent would save $16.9 billion over 10 years (but only $200 million in FY 2020 because of the time it would take to implement).[24] This would presumably affect crop insurance participation more than reducing the subsidy to a 47 percent level would, but the CBO notes that "[a]n argument in favor of this option is that cutting the federal subsidies for premiums would probably not substantially affect participation in the program."[25] In addition, for participating farmers, this subsidy would remain very generous.

This subsidy reform has massive benefits and would likely entail little cost. Quite simply, it should be a no-brainer for Congress.

### ADDITIONAL READING

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," Heritage Foundation *Mandate for Leadership Series*, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, "Addressing Risk in Agriculture," Heritage Foundation *Special Report* No. 189, September 8, 2016.
- Daren Bakst, "Significant—and Necessary—Farm Subsidy Reforms for the Next Farm Bill," Heritage Foundation *Issue Brief* No, 4839, April 17, 2018.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reduces the premium subsidy to 50%. |

## 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*,[26] a case involving 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[27] 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.[28]

**Prohibit funding for national school-meal standards.** The USDA's school-meal standards for the Healthy, Hunger-Free Kids Act of 2010 have failed. They are a burden on schools and have led to many negative outcomes. In September 2015, the Government Accountability Office found that since the implementation of these standards, participation in the school lunch program had declined, food waste remained a significant problem, and some schools had dropped out of the school lunch program at least partly because of the standards.[29] Some schools have even had to draw from their education funds to cover the costs imposed by these standards.[30] No funding should be used to implement or enforce 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.

## ENDNOTES

1. Savings of $2.6 million for FY 2020 are based on estimates from the U.S. Department of Agriculture's Food Safety and Inspection Service (as reported by the Government Accountability Office) 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 downward from $14 million to $2.6 million annually. See U.S. Government Accountability Office, "Duplication & Cost Savings: Agriculture: Catfish Inspection," last updated October 18, 2017, https://www.gao.gov/duplication/action_tracker/Catfish_Inspection/action1 (accessed March 6, 2019), and U.S. Department of Agriculture, *2019 President's Budget: Food Safety and Inspection Service*, https://www.obpa.usda.gov/22fsis2019notes.pdf (accessed March 6, 2019).
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 March 10, 2019).
3. Savings of $754 million for FY 2020 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 March 6, 2019). Heritage experts assume that the FY 2018 spending level remains constant in FY 2019.
4. Savings of $493 million for FY 2020 are based on the CBO's most recent January 2019 baseline spending projections. See Congressional Budget Office, *CBO's January 2019 Baseline for Farm Programs*, January 28, 2019, https://www.cbo.gov/system/files?file=2019-01/51317-2019-01-usda.pdf (accessed March 11, 2019). Savings include $115 million in discretionary spending and $378 million in mandatory spending.
5. Savings of $4.97 billion for FY 2020 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 March 6, 2019). Estimated savings of $4.808 billion in FY 2020 include $2.653 billion for the PLC; $2.137 billion for the ARC-CO (county); and $18 million for the ARC-IC (individual coverage). Ibid., pp. 6 and 9. All $4.808 billion in savings represents mandatory spending.
6. Randy Schnepf, "Farm Safety-Net Payments Under the 2014 Farm Bill: Comparison by Program Crop," Congressional Research Service *Report for Members and Committees of Congress*, August 11, 2017, https://fas.org/sgp/crs/misc/R44914.pdf (accessed March 6, 2019).
7. Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, December 2018, https://www.cbo.gov/system/files?file=2018-12/54667-budgetoptions.pdf (accessed March 6, 2019).
8. Ibid., p. 18.
9. Savings of $9.7 billion for FY 2020 are based on analysis contained in Robert Rector, Rachel Sheffield, Kevin D. Dayaratna, and Jamie Bryan Hall, "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.
10. Savings of $525 million for FY 2020 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 2020 estimate for "Sec. 4006, Update to Categorical Eligibility" because 2020 represents the first full year of the proposal's implementation. See Congressional Budget Office, "H.R. 2, Agriculture and Nutrition Act of 2018, As Ordered Reported by the House Committee on Agriculture on April 18, 2018," *Cost Estimate*, May 2, 2018, https://www.cbo.gov/system/files?file=2018-07/hr2_1.pdf (accessed March 6, 2019), p. 7. All $525 million in savings represents mandatory spending.
11. Savings of $560 million for FY 2020 are based on estimated savings from a proposal that would have enacted this change. Specifically, we use the estimated FY 2020 savings for "Sec. 4010, Availability of Standard Utility Allowances Based on Receipt of Energy Assistance," because FY 2020 represents the first full year of implementation. See Congressional Budget Office, "H.R. 2, Agriculture and Nutrition Act of 2018, As Ordered Reported by the House Committee on Agriculture on April 18, 2018," p. 7. All $560 million in savings represents mandatory spending.
12. Savings of $28 million in FY 2020 are based on Congressional Budget Office, "Healthy, Hunger-Free Kids Act of 2010, As Ordered Reported by the Senate Committee on Agriculture, Nutrition and Forestry on March 24, 2010," *Cost Estimate*, April 20, 2010, https://www.cbo.gov/publication/21418 (accessed March 11, 2019).
13. Savings of $0 million in FY 2020 are based on the CBO's estimated FY 2020 cost of the program. Although the CBO estimates zero cost in FY 2020, it projects that the sugar program will have a total cost of $119 million over the 2020–2029 period. Congressional Budget Office, *CBO's January 2019 Baseline for Farm Programs*.
14. 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 March 11, 2019).
15. 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 (accessed March 11, 2019).
16. 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 March 11, 2019).

17. Savings of at least $1.92 billion for FY 2020 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 eliminate revenue-based crop insurance policies entirely, 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 4, 2019). All $1.92 billion in savings represents mandatory spending.
18. 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 March 11, 2019).
19. Savings of $200 million for FY 2020 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.
20. Savings of $200 million are based on the CBO's projected savings from reducing the subsidy level to 40 percent. The CBO projects $16.8 billion in savings over 10 years, but it projects only $200 million for FY 2020 because the full savings would not be realized immediately. Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, pp. 19–20.
21. U.S. Department of Agriculture, *FY 2019 Budget Summary*, revised February 16 2018, https://www.obpa.usda.gov/budsum/fy19budsum.pdf (accessed March 11, 2019); U.S. Department of Agriculture, *FY 2014 Budget Summary and Annual Performance Plan*, https://www.obpa.usda.gov/budsum/FY14budsum.pdf (accessed March 11, 2019); U.S. Government Accountability Office, *Crop Insurance: Savings Would Result from Program Changes and Greater Use of Data Mining*, GAO-12-256, March 2012, https://www.gao.gov/assets/590/589305.pdf (accessed March 11, 2019); and Government Accountability Office, *Crop Insurance: Considerations in Reducing Federal Premium Subsidies*, GAO-14-700, August 2014, https://www.gao.gov/assets/670/665267.pdf (accessed March 11, 2019), discussing premium subsidy data and focusing on recommendation to reduce premium subsidy for revenue policies.
22. U.S. Government Accountability Office, *Crop Insurance: Considerations in Reducing Federal Premium Subsidies*, p. 29.
23. Congressional Budget Office, *Options to Reduce the Budgetary Costs of the Federal Crop Insurance Program*, p. 21.
24. Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, p. 19.
25. For a discussion of the 40 percent premium subsidy level as identified by the CBO, see ibid., pp. 19–20.
26. *Horne v. Department of Agriculture*, 135 S. Ct. 2419 (2015), https://www.law.cornell.edu/supremecourt/text/14-275 (accessed March 11, 2019).
27. These marketing orders cover fruits, vegetables, and specialty crops. See U.S. Department of Agriculture, Agricultural Marketing Service, "Specialty Crops Marketing Orders & Agreements," https://www.ams.usda.gov/rules-regulations/moa/fv (accessed March 11, 2019), and U.S. Department of Agriculture, Agricultural Marketing Service, "Fruit, Vegetables, & Specialty Crops Marketing Orders and Agreements," May 2017, https://www.ams.usda.gov/publications/content/fruit-vegetables-specialty-crop-marketing-orders-and-agreements (accessed March 11, 2019). 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," http://www.ams.usda.gov/rules-regulations/moa/dairy (accessed March 11, 2019), and U.S. Department of Agriculture, Agricultural Marketing Service, "Federal Milk Marketing Order Program: Understanding the Milk Order Amendment Process," April 2013, https://www.ams.usda.gov/sites/default/files/media/DairyMarketingOrderAmendmentBrochure.pdf (accessed March 11, 2019).
28. 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.
29. U.S. Government Accountability Office, *School Nutrition: USDA Has Efforts Underway to Help Address Ongoing Challenges Implementing Changes in Nutrition Standards*, GAO–15–656, September 2015, https://www.gao.gov/assets/680/672477.pdf (accessed March 11, 2019).
30. 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 March 11, 2019).

# Commerce, Justice, Science, and Related Agencies

DISCRETIONARY

**$304**
SAVINGS IN MILLIONS[1]

# Eliminate the Justice Department'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 that "[t]he 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 former 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.[2]

The COPS program has a demonstrated record of poor performance and should be eliminated. The resources provided by the program are spread thin across many law enforcement agencies and are not well targeted toward achieving favorable public safety outcomes. 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. CDA06-03, May 26, 2006.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Merges with the Office of Justice and cuts all but $99 million in spending. |

DISCRETIONARY

**$1.8**
SAVINGS IN BILLIONS[3]



# Eliminate Grants Within the Justice Department'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 officers' salaries, state corrections, court programs, and juvenile justice programs.

In addressing criminal activity appropriately, 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 (FY2020)** | PARTIALLY INCLUDED | Eliminates $244 million from OJP-administered State Criminal Alien Assistance Program. |

CJS

DISCRETIONARY

$498
SAVINGS IN MILLIONS[4]

## Eliminate Violence Against Women Act Programs and Grants

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 U.S. 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."[5] In addition, the evaluations were not representative of the types of programs funded nationally by the VAWA.

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 distracts attention 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.

### 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. Muhlhausen and Christina Villegas, "Violence Against Women Act: Reauthorization Fundamentally Flawed," Heritage Foundation *Backgrounder* No. 2673, March 29, 2012.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$415**
SAVINGS IN MILLIONS[6]



# 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; 93 percent of LSC funding is distributed to 133 nonprofit legal aid programs. 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 regularly includes LSC funding among its options for decreasing the deficit, observing that many recipient programs 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.

## ADDITIONAL READING

- Congressional Budget Office, *Budget Options: Volume 2*, August 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 |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$49**
SAVINGS IN MILLIONS[7]

# Reduce Funding for the Justice Department'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."[8] 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 (FY2020)** | REJECTED | Absorbs the Community Relations Service, thereby augmenting the division. |

DISCRETIONARY

**$35**
SAVINGS IN MILLIONS[9]

# Reduce Funding for the Justice Department'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."[10] 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 commonsense 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 (FY2020)** | REJECTED | No change is requested. |

DISCRETIONARY

**$15.5**
SAVINGS IN MILLIONS[11]

# Eliminate the Justice Department'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.

## 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 (FY2020)** | PARTIALLY INCLUDED | Eliminates the Community Relations Service but transfers its functions to the Civil Rights Division. |

MANDATORY (ONE-TIME)

**$12.0**
SAVINGS IN BILLIONS[12]

## Rescind Unobligated Balances from the Justice Department's Crime Victims Fund

The CVF is contained within the Department of Justice and provides money to victims and survivors of crime, provides support services, and seeks to improve response to crime victim's needs. Annual payments from the fund are capped each year at a level set by Congress.

The CVF carries a large unobligated balance that Congress uses as a budget gimmick for new spending. Congress delays mandatory spending from the fund and then uses the savings to allow for more discretionary spending. In reality, however, the "savings" were never going to be spent. In the FY 2018 Consolidated Appropriations Act, Congress used phony savings from the CVF to increase unrelated discretionary spending by over $10 billion.

To stop the abuse of the CVF, Congress should rescind any balances above the obligation limitation, as it did in the Bipartisan Budget Act of 2015, so that unspent funding can go toward deficit reduction instead of being used as a budget gimmick for new spending. This would produce one-time savings of over $12 billion.

### ADDITIONAL READING

- Justin Bogie, "Budget Gimmicks Increase Federal Spending and Mask True Costs of Legislation," Heritage Foundation *Backgrounder* No. 3234, July 26, 2017.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY (ONE-TIME)

**$666**
SAVINGS IN MILLIONS[13]

# Rescind Unobligated Balances from the Justice Department's Asset Forfeiture Fund

The Department of Justice's Asset Forfeiture Fund is a repository for cash or property forfeited pursuant to a law administered by the Department of Justice. The fund is used to pay expenses of state and local law enforcement agencies associated with forfeitures.

Increasingly, however, the Assets Forfeiture Fund is being used as another tool to increase unrelated discretionary spending. Between the Bipartisan Budget Acts of 2013 and 2015, over $1.4 billion was taken from the Asset Forfeiture Fund to pay for unrelated spending increases. In addition to the budget deal, since FY 2015, annual appropriations bills have rescinded several hundred million dollars from the fund each year.

If the Assets Forfeiture Fund has excess funding, it should be used to reduce the deficit, not to pay for other spending.

## ADDITIONAL READING

- Justin Bogie, "Budget Gimmicks Increase Federal Spending and Mask True Costs of Legislation," Heritage Foundation *Backgrounder* No. 3234, July 26, 2017.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$140**
SAVINGS IN MILLIONS[14]

## Eliminate the Commerce Department'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. The Hollings Partnership is nothing more than corporate welfare, and it should be ended.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$495**
SAVINGS IN MILLIONS[15]

## Eliminate the Commerce Department'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), which "recruits thousands of qualified foreign buyers, sales representatives, and business partners to U.S. trade shows each year, giving your exhibitors excellent opportunities to expand business globally."[16] Private companies should facilitate their own business meetings or do so through voluntary trade associations, not on the taxpayer's dime.

### 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 (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$265**
SAVINGS IN MILLIONS[17]



## Eliminate the Commerce Department'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 2014.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$40**
SAVINGS IN MILLIONS[18]

## Eliminate the Commerce Department's Minority Business Development Agency

The MBDA hands out grants and runs federally funded management consulting operations called business centers in over 40 locations. Part of the Department of Commerce, the agency reported that its business centers assisted eligible businesses with 1,108 financings and contracts worth over $3.9 billion in FY 2011.[19]

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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reforms the agency and reduces funding by nearly 75%. |

DISCRETIONARY

**$6.2**
SAVINGS IN MILLIONS[20]



# 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.

## ADDITIONAL READING

- Rachel Sheffield and Robert Rector, "Obama's New Poverty Measure 'Spreads the Wealth,'" Heritage Foundation *Commentary*, November 9, 2011.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$100**
SAVINGS IN MILLIONS[21]

## Eliminate NASA's Office of STEM Engagement

Formerly known as the NASA Office of Education, the Office of STEM[22] Engagement seeks to create opportunities for students and the public to participate in NASA's work, encourage students to engage in STEM careers through learning experiences with NASA, and strengthen public understanding of NASA's mission and work.

The activities undertaken by the Office of STEM Engagement duplicate those of other NASA programs. In 2018, former NASA Acting Director Robert Lightfoot Jr. assured lawmakers that even if the STEM programs were eliminated, the agency's focus on education would not change and that many educational programs were funded through other offices and would not be affected. Additionally, the overall impact of the Office of STEM Engagement cannot be gauged because there are not enough available data on its effectiveness to serve as a basis for judgment.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$105**
SAVINGS IN MILLIONS[23]



# Eliminate NASA's WFIRST Space Telescope

The Wide Field Infrared Survey Telescope (WFIRST) is a planned NASA observatory designed to conduct research in the areas of dark energy, exo-planets, and astrophysics. The project was approved for development in 2016 and is scheduled to launch in the mid-2020s. It comes on the heels of the James Webb Space Telescope, which after two decades still has not launched and so far has cost taxpayers $10 billion.

WFIRST has a budget of $3.2 billion, but that number could soar, and the launch date could be delayed. Given that the Webb telescope has not even launched yet, Congress should redirect these funds to other priorities instead of building another space telescope.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$273**
SAVINGS IN MILLIONS[24]

# Eliminate National Oceanic and Atmospheric Administration Grants and Education Programs

Congress should eliminate funding for National Oceanic and Atmospheric Administration Grants and Education programs, which cost American taxpayers millions of dollars a year. These grants are awarded on a competitive basis to public school districts and are used to support environmental and climate-related instruction and activities.

Federal grants are often poorly targeted and are not likely to have a significant impact on meaningful oceanic research. Taxpayers should be insulated from costly programs that lack constitutional or practical justification and are easily leveraged for political purposes.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

## ENDNOTES

1. Estimated savings of $304 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, Public Law 116-6, 116th Cong., February 15, 2019, https://www.congress.gov/116/bills/hjres31/BILLS-116hjres31enr.pdf (accessed March 23, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020.
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 March 23, 2019).
3. Estimated savings of $1.77 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020. Savings include $1.486 billion for State and Local Law Enforcement Assistance and $287 million for Juvenile Justice Programs.
4. Estimated savings of $498 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
5. U.S. General Accounting Office, *Justice Impact Evaluations: One Byrne Evaluation Was Rigorous: All Reviewed Violence Against Women Office Evaluations Were Problematic*, GAO-02-309, March 2002, p. 10, https://www.gao.gov/assets/240/233527.pdf (accessed March 22, 2019).
6. Estimated savings of $415 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
7. Estimated savings of $49 million for FY 2020 are based on the FY 2019 DOJ requested level of $148 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, Part Two: Summary Information by Appropriation*, updated March 15, 2018, https://www.justice.gov/doj/fy-2019-budget-and-performance-summary (accessed March 23, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020. Savings equal a 33 percent reduction in FY 2020 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 2013, p. 257, https://oig.justice.gov/reports/2013/s1303.pdf (accessed March 23, 2019).
9. Estimated savings of $35 million for FY 2020 are based on the FY 2019 DOJ requested level of $106 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, Part Two: Summary Information by Appropriation*. Heritage experts assume that FY 2019 spending remains constant in FY 2020. Savings equal a 33 percent reduction in FY 2020 spending.
10. *Evans v. U.S.*, 694 F.3d 1377, 1381 (Fed. Cir. 2012).
11. Estimated savings of $15.5 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
12. Estimated savings of $12 billion for FY 2020 come from the DOJ Office of Justice Programs Crime Victims Fund web site, which lists "over $12 billion" in unobligated money in the fund as of 2018. See U.S. Department of Justice, Office of Justice Programs, Office for Victims of Crime, "About OVC: Crime Victims Fund," https://www.ovc.gov/about/victimsfund.html (accessed March 23, 2019). All $12 billion represents one-time savings.
13. Estimated savings of $666 million represents the estimated FY 2019 unobligated balance as reported in U.S. Department of Justice, Asset Forfeiture Program, *FY 2019 Performance Budget: Congressional Justification*, https://www.justice.gov/jmd/page/file/1034336/download (accessed March 23, 2019). All $666 million represents one-time savings.
14. Estimated savings of $140 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
15. Estimated savings of $495 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
16. U.S. Department of Commerce, International Trade Administration, "The International Buyer Program," https://www.trade.gov/cs/ibp.asp (accessed March 23, 2019).
17. Estimated savings of $265 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
18. Estimated savings of $40 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
19. 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 March 23, 2019).
20. Estimated savings of $6.2 million for FY 2020 are based on the estimated base FY 2019 level of $62 million as specified in Exhibit 10, "Department of Commerce, U.S. Census Bureau, Current Surveys and Programs—Discretionary BA, Program and Performance: Direct Obligations," 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 March 23, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020 and estimate that the annual supplemental poverty measure uses 10 percent of the household survey appropriations.
21. Estimated savings of $100 million for FY 2020 are based on Office of Management and Budget, *Fiscal 2019 Budget of the United States Government: 2019 Major Savings and Reforms*, p. 91, https://www.whitehouse.gov/wp-content/uploads/2018/02/msar-fy2019.pdf (accessed March 23, 2019). Heritage experts assume that FY 2019 savings remain constant in FY 2020.
22. Science, technology, engineering, and mathematics.

23. Estimated savings of $105 million for FY 2020 are based on Office of Management and Budget, *Fiscal 2019 Budget of the United States Government: 2019 Major Savings and Reforms*, p. 92. Heritage experts assume that FY 2019 savings remain constant in FY 2020.
24. Estimated savings of $273 million for FY 2020 are based on Office of Management and Budget, *Fiscal 2019 Budget of the United States Government: 2019 Major Savings and Reforms*, p. 21. Heritage experts assume that FY 2019 savings remain constant in FY 2020.

# Defense

DISCRETIONARY

**$431**
SAVINGS IN MILLIONS[1]



# Cut Non-Defense Research 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 $25 million for breast cancer research. Some of this funding goes to medical research for issues like post-traumatic stress or orthotics that are relevant to the DOD, but that is not always the case. In the years since the program's inception, breast cancer has been the most heavily funded research area, with over $3.6 billion.

In FY 2019 alone, Congress appropriated $1.4 billion to support all Congressionally Directed Research Programs, including such non-defense medical issues as breast, ovarian, and prostate cancer; epilepsy; and autism.[2] The funding for non-defense research should be eliminated.

## ADDITIONAL READING

- Senator Tom A. Coburn, *Department of Everything: Department of Defense Spending That Has Little to Do with National Security*, November 2012.
- Frederico Bartels, ed., "The Role of the 2020 National Defense Authorization Act (NDAA) in Rebuilding the U.S. Military," Heritage Foundation *Special Report* No. 208, February 6, 2019.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$253**
SAVINGS IN MILLIONS[3]

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 2019, Congress subsidized the commissaries at almost $1.3 billion.[4]

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.[5]

### 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 (FY2020)** | PARTIALLY INCLUDED | Reduces subsidies for commissary operations. |

DISCRETIONARY

**$147**
SAVINGS IN MILLIONS[6]

DEFENSE

# 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;[7] 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.[8] 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 act promptly to close these schools and transfer military dependents to local school systems, a process that the Trump Administration has initiated.[9]

## 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

$3.9
SAVINGS IN BILLIONS[10]



## Reform Military Health Care

Congress should reform the DOD's current TRICARE system and introduce a private-sector health insurance option for members of military families. 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."[11]

Implementing a private-sector health insurance system would dramatically increase access and options for members of military families 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.[12] The January 2015 final report of the congressionally chartered Military Compensation and Retirement Modernization Commission recommended that military dependents be allowed to choose from a selection of commercial health insurance plans and estimated that this would save $3.90 billion in the first year and more in the future.[13]

### 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.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DEFENSE

DISCRETIONARY

**$9.0**
SAVINGS IN BILLIONS[14]

## 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.[15] 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 that platform.[16] This serves to align the contractor's 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.[17]

### 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$0**
(NO SAVINGS)[18]



## 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.[19] As the military grows, it is not likely to need the same types of facilities it now has. As it stands, the DOD may not even thoroughly analyze its infrastructure needs.[20]

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 into 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 the closing of 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.[21]

### 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$434**
SAVINGS IN MILLIONS[22]



# Reform the Basic Allowance for Housing

For FY 2019, the DOD requested $21.7 billion in Basic Allowance for Housing for both enlisted personnel and officers.[23] 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 in order to receive the allowance. Servicemembers are not entitled to and should have no 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, because the BAH is designed solely to help servicemembers pay for accommodations. A U.S. Army Audit Agency report estimated that married servicemembers receive $200 million more in BAH than their actual housing costs.[24] Congress should phase in more accurate housing allowances beginning with the FY 2019 National Defense Authorization Act. This would save an estimated $434 million in FY 2020.

## ADDITIONAL READING

- Frederico Bartels, ed., "The Role of the 2020 National Defense Authorization Act (NDAA) in Rebuilding the U.S. Military," Heritage Foundation *Special Report* No. 208, February 6, 2019.
- 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$880**
SAVINGS IN MILLIONS[25]



## 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.[26]

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.[27]

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 (FY2020)** | NOT ADDRESSED | |

## POLICY RIDERS

**Do not impose 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.[28] 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 be ended immediately.[29]

**Lift the moratorium on public–private 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 National Defense Authorization Act for FY 2010,[30] yet even critics will admit that "competition is the greatest single driver of performance and cost improvement."[31] 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.[32] 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.[33] 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 directed that DOD financial statements would have to be "validated as ready for audit no later than September 30, 2017."[34] 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.[35] 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.[36] This makes sense in the private sector, not in the DOD.

**Support the seamless integration of the national technology and industrial base.** The FY 2017 National Defense Authorization Act required the Secretary of Defense to develop a plan to "reduce the barriers to the seamless integration" of the NTIB.[37] 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.

**Establish education savings accounts (ESAs) for military-connected children.** Empowering all families who serve with school choice would ensure that their children do not face mandatory assignment to the nearest district school. Providing military parents with ESAs would allow them to find education options that are the right fit for their children wherever their next assignment takes them. ESAs have garnered support from 75 percent of active-duty military families.[38] Moreover, Congress can repurpose existing federal revenue sources, such as Impact Aid or other titles in the Elementary and Secondary Education Act, to fund ESAs for children of military families.[39] ESAs can improve education options for military children because they meet the unique needs of military families.

## ENDNOTES

1. Savings of $431.3 million for FY 2020 include $265.6 million for CDMRP and $165.7 million for civil military programs. CDMRP savings are based on FY 2018 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: 2018 Annual Report*, September 30, 2018, https://cdmrp.army.mil/pubs/annreports/2018annrep/2018annreport.pdf (accessed March 14, 2019). Savings in civil military programs are based on FY 2020 requested levels of $165.7 as reported in U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), *Department of Defense Budget, Fiscal Year 2020: Operation and Maintenance Programs (0-1), Revolving and Management Funds (RF-1)*, March 2019, p. 28A, https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_o1.pdf (accessed March 14, 2019).
2. U.S. Department of Defense, Congressionally Directed Medical Research Programs, "About Us: Funding History," last updated December 14, 2018, http://cdmrp.army.mil/about/fundinghistory (accessed March 14, 2019).
3. Savings of $253 million for FY 2020 are based on the FY 2019 subsidy level of $1.266 billion as found in U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), *Department of Defense Budget, Fiscal Year 2020: Operation and Maintenance Programs (0-1), Revolving and Management Funds (RF-1)*, p. 6. The $253 million in savings represents a 20 percent reduction in the $1.266 billion requested subsidy.
4. House Report No. 115-874, *John S. McCain National Defense Authorization Act for Fiscal Year 2019*, Conference Report to Accompany H.R. 5515, 115th Cong., 2nd Sess., July 25, 2018, p. 767, https://www.congress.gov/115/crpt/hrpt874/CRPT-115hrpt874.pdf (March 15, 2019).
5. 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 2017, https://www.gao.gov/products/GAO-17-80 (accessed March 15, 2019).
6. Savings of $147 million in FY 2020 are based on the FY 2019 estimated spending level of $589 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 (accessed March 15, 2019). This estimate assumes a phased-in reduction in DDESS spending amounting to a 25 percent cut in FY 2020.
7. 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.
8. 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 March 15, 2019).
9. 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 March 15, 2019).
10. Estimated savings of $3.90 billion for FY 2020 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://docs.house.gov/meetings/AS/AS00/20150204/102859/HHRG-114-AS00-20150204-SD001.pdf (March 15, 2019). 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.
11. Ibid., p. 81.
12. 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.
13. Military Compensation and Retirement Modernization Commission, *Report of the Military Compensation and Retirement Modernization Commission: Final Report*, p. 262.
14. Savings of $9 billion for FY 2020 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, https://www.dau.mil/library/defense-atl/DATLFiles/Mar_Apr_2012/boyce_bangheart.pdf (accessed March 15, 2019), 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 March 15, 2019). 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 2020, with that figure growing to $32 billion per year over the 10-year period.
15. 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.
16. 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 March 15, 2019).
17. 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 March 15, 2019).

18. We do not assume any savings for FY 2020. 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, p. 2-4, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY2017_Budget_Request_Overview_Book.pdf (accessed March 15, 2019).
19. U.S. Department of Defense, *Department of Defense Infrastructure Capacity*, October 2017, p. 3, https://1yxsm73j7aop3quc9y5ifaw3-wpengine.netdna-ssl.com/wp-content/uploads/2017/10/101717_DoD_BRAC_Analysis.pdf (accessed March 15, 2019).
20. Frederico Bartels, "Bad Idea: Using a Growing Force as an Excuse Not to Conduct BRAC," Center for Strategic and International Studies, Defense 360, December 13, 2018, https://defense360.csis.org/bad-idea-using-a-growing-force-as-an-excuse-not-to-conduct-brac/ (accessed March 15, 2019).
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, p. 11, http://docs.house.gov/meetings/AS/AS00/20170612/106090/HHRG-115-AS00-Bio-MattisJ-20170612.pdf (accessed March 15, 2019).
22. Estimated savings of $434 million for FY 2020 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 2020, rising to 8 percent in FY 2023. In FY 2018, the DOD spent $21.744 billion on BAH. The $434 million in FY 2020 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 2020: Military Personnel Programs (M-1)*, March 2019, p. 17A, https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_m1.pdf (accessed March 15, 2019).
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 (accessed March 15, 2019).
24. Senate 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 March 15, 2019).
25. Estimated savings of $880 million for FY 2020 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 March 15, 2019).
26. Ibid.
27. Ibid., p. 3.
28. Rachel Zissimos and Katie Tubb, "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. H.R. 2647, 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 March 14, 2019).
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 March 14, 2019).
32. Susan M. Gates and Albert A. Robbert, *Personnel Savings in Competitively Sourced DoD Activities: Are They Real? Will They Last?* (Santa Monica, CA: RAND Corporation, National Defense Research Institute, 2000), https://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1117.pdf (accessed March 15, 2019).
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 March 15, 2019).
34. Cheryl Pellerin, "DOD Makes Audit Progress, But Challenges Remain," U.S. Department of Defense, May 15, 2014, http://archive.defense.gov/news/newsarticle.aspx?id=122263 (accessed March 15, 2019).
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 March 15, 2019).
36. Tom 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. S. 2943, 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 March 15, 2019).
38. Lindsey M. Burke, "A G.I. Bill for Children from Military Families," Heritage Foundation *Commentary*, January 29, 2018, https://www.heritage.org/education/commentary/gi-bill-children-military-families.
39. Burke and Ryland, "A G.I. Bill for Children of Military Families: Transforming Impact Aid into Education Savings Accounts."

# Energy and Water Development

DISCRETIONARY

**$493**
SAVINGS IN MILLIONS[1]

E&W

# 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 U.S. must continue to fund nuclear weapons modernization and implement the Trump Administration's Nuclear Posture Review. The National Nuclear Security Administration must prioritize funding for the aging U.S. nuclear weapons complex.

Non-weapons programs and support, however, should not be funded by nuclear weapons accounts. Congress should cancel the Minority Serving Institution Partnership Program, with a savings of $18.8 million in FY 2020, and return the following programs to their FY 2014 budget levels (in nominal dollars):

- Secure Transportation Asset (saves $73 million);
- Information Technology and Cyber Security (saves $30.3 million);
- Warhead Dismantlement and Fissile Materials Transparency (now under "Nuclear Verification") (saves $0.6 million);
- Nuclear Safeguards and Security Programs (saves $1.7 million); and
- Defense Environmental Clean-Up (saves $368 million).[2]

## ADDITIONAL READING

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

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$193**
SAVINGS IN MILLIONS[3]



## 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).[4]

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 $497 million in FY 2020 (actual FY 2008 spending was $424 million), a $193 million reduction from its projected FY 2018 level of $690 million.

### ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 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 (FY2020)** | PARTIALLY INCLUDED | Reduces funding by $35 million (9%). |

DISCRETIONARY

**$517**
SAVINGS IN MILLIONS[5]



## 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.

At the same time, however, 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 $419 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 26, 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 (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$366**
SAVINGS IN MILLIONS[6]

E&W

# 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. The U.S. Government Accountability Office found that of the 44 small and medium-size companies that received an ARPA–E award, 18 had previously received private-sector investment for a similar technology. The GAO also found that 12 of those 18 companies planned to use ARPA–E funding either to advance or to accelerate already funded work.[7]

The federal government should not be in the business of picking winners and losers among technologies, even if they are in the early stages of research and development. 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.

## ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$705**
SAVINGS IN MILLIONS[8]



# 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 its exercise of such responsibilities as 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 at FY 2008 levels of funding over the next two years, beginning with 75 percent funding in FY 2020 and 100 percent funding in FY 2021.

## ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 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 (FY2020)** | PARTIALLY INCLUDED | Funding is reduced by $210 million (30%) but not eliminated. |

DISCRETIONARY

**$605**
SAVINGS IN MILLIONS[9]



## 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 DOE missions in energy, environment, and national security."[10] 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. In addition, 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 26, 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$39**
SAVINGS IN MILLIONS[11]

E&W

# Eliminate DOE Energy Innovation Hubs

The DOE has four Energy Innovation Hubs (multidisciplinary 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.[12] The federal government should not be in the business of picking winners and losers among technologies, even if they are the early stages of research and development. 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. In addition, 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 26, 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 (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$156**
SAVINGS IN MILLIONS[13]



# Eliminate the DOE Office of Electricity

The Office of Electricity pursues activities to modernize the nation's power grid "to ensure a resilient, reliable, and flexible electricity system."[14] 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 and those of the Federal Energy Regulatory Commission (FERC); the North American Electric Reliability Corporation (NERC); regional independent system operators (ISOs); and the private sector are redundant. 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 within the purview of the Department of Homeland Security.

## ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012.
- Jonathan Lesser, "America's Electricity Grid: Outdated or Underrated?" Heritage Foundation *Backgrounder* No. 2959, October 29, 2014.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$2.4**
SAVINGS IN BILLIONS[15]



# 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."[16] 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.

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.

Congress should eliminate the EERE. 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 26, 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending significantly by $2 billion (86%). |

DISCRETIONARY

**$985**
SAVINGS IN MILLIONS[17]



# 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 CO2 emissions. Such activities 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 been used to manage the government-controlled stockpile of oil, the Strategic Petroleum Reserve, which 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.

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.

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.

## ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $178 million (24%). |

DISCRETIONARY

**$667**
SAVINGS IN MILLIONS[18]

E&W

# 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. As 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 it, the OCRWM 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 available all of the information needed 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 2020 to start up the program and reevaluate concrete funding needs in FY 2021. 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 26, 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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $500 million (38%). |

DISCRETIONARY

**$270**
SAVINGS IN MILLIONS[19]



# Eliminate Funding for DOE Small Business Innovation Research and Small Business Technology Transfer Programs

The DOE Office of Science includes SBIR and STTR programs established by Congress "to support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy." The programs are administered by the Small Business Administration, and "[s]mall businesses that win awards...keep the rights to any technology developed and are encouraged to commercialize the technology."[20]

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 26, 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 (FY2020)** | INCLUDED | |

E&W

MIXED

**$25.7**
SAVINGS IN BILLIONS[21]

## 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 $25.6 billion in FY 2020.

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 $156 million in FY 2020.

### ADDITIONAL READING

- Nicolas D. Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Fully includes the heating oil reserves while reducing the SPR. |

MIXED

**$30.0**
SAVINGS IN BILLIONS[22]

E&W

## 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 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.

### 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 (FY2020)** | PARTIALLY INCLUDED | Takes steps toward privatization by selling transmission assets. |

MIXED

**$34.6**
SAVINGS IN BILLIONS[23]

E&W

## 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, California; Vail, Colorado; and Las Vegas, Nevada.

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 sold to its customers, and 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 26, 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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Takes steps toward privatization by selling transmission assets, repeals borrowing authority, and requires selling power at market rates. |

## 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 ensured 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. Over the 2014 to 2016 period, the average U.S. dredging project received just two bids, and three companies accounted for 56 percent of market share. 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.



**Repeal the Public Utilities Regulatory Policies Act.** The electricity sector would benefit from competition and the repeal of current policy, which forces utilities to purchase qualifying renewable energy and arbitrarily limits renewable energy capacity to small scale or geographic proximity. Technology and energy source–neutral competition in the electricity sector encourages companies to meet unique customer energy needs and preferences while protecting customers from unwise investments. Competitive markets have also resulted in the efficient exit of older, expensive units and the entry of innovative technologies.

**Repeal the Jones Act.** The Jones Act is blatant cronyism by which the government confers special treatment on one group at the expense of everyone else. Repealing this outdated, protectionist law would promote competition, strengthen the economy, and benefit American consumers.

**Remove impediments to exports of liquefied natural gas.** 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 as any other globally traded good is treated. Congress should remove the DOE from the permitting process and empower states to permit LNG facilities.[24]

**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 the 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.

E&W

## ENDNOTES

1. Estimated savings of $493 million for FY 2020 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 March 24, 2019). 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 $193 million for FY 2020 are based on the FY 2019 spending level of $690 million as found in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2020 Congressional Budget Request: Budget in Brief*, March 2019, p. 42, https://www.energy.gov/sites/prod/files/2019/03/f60/doe-fy2020-budget-in-brief_0.pdf (accessed March 24, 2019). The FY 2008 level of $424 million would be $497 million in inflation-adjusted 2019 dollars based on the personal consumption expenditures (PCE) index through 2019 and assuming 2.0 percent inflation in 2020).
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 March 24, 2019).
5. Estimated savings of $517 million for FY 2020 are based on the FY 2019 spending level of $936 million as found in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2020 Congressional Budget Request: Budget in Brief*, p. 42. Heritage experts assume that FY 2019 spending remains constant in FY 2020. The FY 2008 level of $351 million would be $419 million in inflation-adjusted 2020 dollars based on the personal consumption expenditures (PCE) index. Savings equal the difference between projected spending of $936 million and recommended spending of $419 million.
6. Estimated savings of $366 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019, Public Law 115-244, 115th Cong., September 21, 2018, https://www.congress.gov/115/bills/hr5895/BILLS-115hr5895enr.pdf (accessed March 24, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020.
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 March 24, 2019). 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, https://www.energy.gov/sites/prod/files/OAS-RA-11-11.pdf (accessed March 24, 2019).
8. Estimated savings of $705 million for FY 2020 are based on the FY 2019 spending level of $705 million as found in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2020 Congressional Budget Request: Budget in Brief*, p. 42. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
9. Estimated savings of $605 million for FY 2020 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 26, 2012, http://thf_media.s3.amazonaws.com/2012/pdf/bg2668.pdf. These cuts would have brought FY 2013 spending to a level of $1.402 billion, which would be $1.561 billion in inflation-adjusted FY 2020 dollars based on the personal consumption expenditures (PCE) index. The FY 2019 spending level was $2.166 billion as found in U.S. Department of Energy, Office of Chief Financial Officer, *Department of Energy FY 2020 Congressional Budget Request: Budget in Brief*, p. 42. The estimated savings of $605 million for FY 2019 equals the difference between the inflation-adjusted FY 2020 recommended level of $1.561 billion and the estimated FY 2019 level of $2.166 billion. Heritage experts assume that the FY 2019 enacted level holds steady in FY 2020.
10. U.S. Department of Energy, Office of Science, "Basic Energy Sciences (BES)," last modified June 29, 2018, http://science.energy.gov/bes/ (accessed March 24, 2019).
11. Estimated savings of $39 million for FY 2020 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 March 24, 2019), 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 (accessed March 24, 2019). 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 $156 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.

14. U.S. Department of Energy, Office of Electricity Delivery and Energy Reliability, "About the Office of Electricity," https://www.energy.gov/oe/about-office-electricity (accessed March 24, 2019).
15. Estimated savings of $2.379 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
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 March 24, 2019).
17. Estimated savings of $985 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019. Savings include $740 million from Fossil Energy Research and Development, $10 million from the Naval Petroleum and Oil Shale Reserves, and $235 million from the Strategic Petroleum Reserves. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
18. Estimated savings of $667 million for FY 2020 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 $659 million in inflation-adjusted FY 2020 dollars based on the personal consumption expenditures (PCE) index. The FY 2019 spending level was $1.326 billion as specified in H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019. The estimated savings of $667 million for FY 2020 equals the difference between the inflation-adjusted FY 2019 recommended level of $659 million and the estimated FY 2020 level of $1.326 billion. Heritage experts assume that the FY 2019 enacted level holds steady in FY 2020.
19. Estimated savings of $270 million for FY 2020 are based on data in *Fiscal Year 2020 Budget of the U.S. Government: Appendix*, p. 378, https://www.whitehouse.gov/wp-content/uploads/2019/03/appendix-fy2020.pdf (accessed March 24, 2019). Heritage experts assume that the FY 2018 enacted level) holds steady in FY 2020.
20. U.S. Department of Energy, Office of Science, Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR), "About," last modified December 21, 2018, http://science.energy.gov/sbir/about/ (accessed March 24, 2019).
21. Estimated one-time savings of $25.487 billion for FY 2020 are based on selling 10 percent of the previous month's inventory each month. In FY 2020, this would mean selling off 477 million barrels (183 MMB sweet and 284 MMB sour) based on the most recently available data on the SPR's inventory (March 15, 2019), including 254.6 MMB of West Texas Intermediary sweet crude oil and 394.5 MMB of sour crude oil, for a total of 649.1 MMB. As of April 27, 2018, the market price for oil was $59.44 for West Texas Intermediate sweet and $53.04 for West Texas sour. 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 25.941 billion MMB (roughly 72 percent of the current inventory). Heritage experts subtract $610 million from this amount because the CBO projects that the SPR will sell off $610 million worth of oil in FY 2020. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed March 26, 2019). Thus, the one-time savings from selling off the SPR equals $25.331 billion in FY 2020 as well as $235 million in discretionary savings. One-time savings in FY 2020 from selling the Northeastern Home Heating and Gasoline Supply Reserves equals $156 million. Both reserves hold 1 million barrels (42 gallons per barrel), and the current price per gallon is $1.95 for home heating oil and $1.76 for gasoline. Heritage experts assume that these prices hold constant until the reserves are sold. Selling the Northeast Reserves also includes $10 million in discretionary savings. See ibid. Selling off both the SPR and Northeast Reserves saves a total of $25.732 billion in FY 2020, including $25.487 billion in one-time savings and $245 million in discretionary savings.
22. Estimated savings of $30.026 billion for FY 2020 are based on the lower end of an estimated value of $30 billion (one-time savings in FY 2020) for the TVA as well as $26 million in mandatory contributions to the TVA fund in FY 2020 as included in the most recent January 2019 CBO baseline spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account." 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 $34.597 billion for FY 2020 are based on the lower-end, inflation-adjusted estimate in a previous CBO study that valued them between $23 billion and $31 billion in FY 1997. See Congressional Budget Office, "Should the Federal Government Sell Electricity?" *CBO Study*, November 1997, p. 15, https://www.cbo.gov/sites/default/files/105th-congress-1997-1998/reports/electric.pdf (accessed March 24, 2019). In inflation-adjusted terms, the CBO's FY 1997 estimates translate into a range of $33.767 billion to $45.512 billion in estimated FY 2020 dollars, based on the personal consumption expenditures (PCE) index. Heritage experts assume the low end of this estimate at $33.767 billion in one-time savings for FY 2020. In addition, auctioning off these PMAs would generate savings from the annual operation and maintenance costs, which are projected to total $190 million in discretionary savings for FY 2020, and another $640 million in mandatory savings from the funds contributed to these PMAs as estimated by the CBO in its most recent January 2019 baseline spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account." Thus, total savings equal $34.597 billion in FY 2020.
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

DISCRETIONARY

**$1.7**
SAVINGS IN BILLIONS[1]

# 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. The SBA awards disaster loans 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 away 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 DLP program amounts to a poorly managed government subsidy for private businesses. Giving it the authority to provide grants to whomever it deems fit is an improper use of emergency funding and fails to prioritize aid to those who need it most. The program has a history of poor management and falls outside the proper scope of the federal government.

## ADDITIONAL READING

- Justin Bogie, "Congress Must Stop the Abuse of Disaster and Emergency Spending," Heritage Foundation *Backgrounder* No. 3380, February 4, 2019.
- 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.
- David Inserra, Justin Bogie, Diane Katz, Salim Furth, Monica Burke, Katie Tubb, Nicolas D. Loris, and Steven P. Bucci, "After the Storms: Lessons from Hurricane Response and Recovery in 2017," Heritage Foundation *Special Report* No. 201, April 16, 2018.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$22**
SAVINGS IN MILLIONS[2]



## Reform the Securities and Exchange Commission

The SEC's mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. Over the past 10 years, the SEC's budget has increased by 82 percent—two times faster than the budget of the government as a whole and the size of its workforce has increased by 33 percent without improving the SEC's effectiveness. Resources have flowed into unnecessary management, "support," and ancillary functions while core functions have been neglected. 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, streamlined, and better managed, and its budget should be frozen at its FY 2018 level ($1.65 billion).

Reforms are necessary so that the SEC can better support well-functioning capital markets. The commission does not need (as has been proposed) more managers. It has over 50 percent more managers per employee than other large independent agencies. The number of direct reports to the chairman should be reduced from 23 to 12, and 11 offices should be merged into other offices. The commission's information technology programs appear to be poorly managed and are unnecessarily costly. Its contracting oversight is insufficient. The SEC bases its decisions on inadequate data and does much less than most agencies to provide data to commissioners, other policymakers, and the public.

The SEC's enforcement efforts directed at fraud and other malfeasance by managers of large financial institutions are inadequate. 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 budget and staffing levels of the SEC Office of the Inspector General deserve serious scrutiny. Serious questions have been raised about the neutrality and impartiality of SEC administrative law judges. Respondents should be allowed to elect whether the adjudication occurs in the SEC's administrative law court or an ordinary article III federal court.

### ADDITIONAL READING

- David R. Burton, "Reforming the Securities and Exchange Commission," Heritage Foundation *Backgrounder* No. 3378, January 30, 2019.
- "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, pp. 203–205.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | Proposes to eliminate SEC's reserve fund in order to restore accountability but does not propose any other reforms. |

DISCRETIONARY

**$250**
SAVINGS IN MILLIONS[3]

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

The Community Development Financial Institutions fund (CDFI) provides grants to community development financial institutions, community development entities, and other private financial institutions. Since 2010, a total of more than $15 billion in taxpayer dollars has been disbursed through these programs.

The CDFI should be shut down because it amounts to corporate welfare in the form of grants, bond guarantees, and tax credits. This favoritism hinders competition and distorts private markets, ultimately leading to higher consumer prices and further justification for increased federal spending.[4]



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Eliminates and winds down the CDFI grant program but extends the CDFI bond guarantee program. |

DISCRETIONARY

**$80**
SAVINGS IN MILLIONS[5]

# Eliminate the Export–Import Bank

The Export–Import Bank provides subsidized financing to foreign firms and governments for the purchase of American exports. When fully operational, the program primarily benefits very large corporations and puts unsubsidized American firms at a competitive disadvantage. Moreover, taxpayers are on the hook for any losses that the bank fails to cover with reserves. These risks are ignored in reported budget figures, which assume that program fees will fully offset Ex–Im costs. This assumption fails to account for default risks. According to the Congressional Budget Office, the more accurate fair-value accounting method that prevails in the private sector reveals program costs of $2 billion for the bank's six largest programs for fiscal years 2015 to 2024.[6]

In 2015, Congress reauthorized Ex–Im through 2019 as a rider to a bloated multibillion-dollar transportation measure. Because of vacancies on the bank's board of directors, however, the reauthorization did not return Ex–Im to business as usual. With few exceptions, all Ex–Im financing that exceeds $10 million must be approved by a three-member quorum of the bank's five-member board. Currently, there are three vacancies.

Not only do Ex–Im's direct costs account for default risk, but they do not reflect the detrimental impacts on U.S. firms that result from the subsidizing of overseas competitors. The subsidies also distort the allocation of capital 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 exports.



## 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 |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$10**
SAVINGS IN MILLIONS[7]

# 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.[8]

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 in 30 states were enrolled in the program.[9] 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. In 2018, only one state (Arkansas) offered an MSP exchange option.[10]

In 2018, the House of Representatives passed H.R. 6147,[11] a major appropriations bill, which included an amendment by Representative Mark Meadows (R–NC) to eliminate funding for the program. The Senate, however, took no action on the measure.



## ADDITIONAL READING

- Robert Emmet Moffit and Neil R. Meredith, "Multistate Health Plans: Agents for Competition or Consolidation?" Mercatus Center at George Mason University, *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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$1.9**
SAVINGS IN BILLIONS[12]

## 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[13] 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.[14]

According to the OMB, restructuring CFPB would save $147 million in FY 2019 during the first year of the transition, and these savings would grow to $610 million in FY 2020.[15] According to a 2017 CBO estimate, ending OLA (and therefore the Orderly Liquidation Fund) would save $30.1 billion in spending over 10 years while reducing revenues by just $5.9 billion. Implementation costs of $1.8 billion are estimated as well.[16]

### 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 |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |



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MANDATORY

**$700**
SAVINGS IN MILLIONS[17]



## Reform Fannie Mae and Freddie Mac

Mortgage securitizers Fannie Mae and Freddie Mac—America's largest government-sponsored enterprises (GSEs)—imploded in 2008, triggering a major recession and financial crisis in the United States. Instead of shutting down these failed companies, Congress chose to prop them up indefinitely. A decade later, both GSEs remain under government conservatorship, with taxpayers standing behind all of their obligations and the housing market even more distorted than it was leading into the crisis. The implicit federal guarantees behind the GSEs' securities made housing less affordable and contributed to the significant lowering of credit standards in the years preceding the crisis.

History shows that the housing market does not need this type of government guarantee, and Congress should work to make housing more affordable by shrinking the federal role in housing finance. A few basic reforms include eliminating the geographic price differentials for conforming loan limits, gradually reducing conforming loan limits, and pricing guarantee fees more prudently.

According to the CBO, increasing the guarantee fee by five basis points from recent levels of just under 60 basis points would save $700 million in FY 2020. Adjusting the loan limits for mortgages purchased by these GSEs would yield further savings. Currently, high-cost areas are at $726,525 compared with the standard elsewhere of $484,350. The CBO proposal eliminates the high-cost excess limits, setting a universal national maximum of $453,100 in 2020 and ratcheting down this limit by 5 percent annually until it levels off at $300,000 in 2028. The change in loan limits on its own saves $100 million in FY 2020. Both changes combined save $700 million.[18] The CBO estimates that increasing the guarantee fee would cause new guarantees to decline by 16 percent over 10 years. Merely reducing loan limits would reduce new guarantees by 29 percent. Combining both changes would reduce new guarantees by 38 percent.[19]

### ADDITIONAL READING

- Joel Griffith and Norbert J. Michel, "Housing Finance Reform Possibilities Abound for 2019," Heritage Foundation *Backgrounder* No. 3382, February 4, 2019.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$648**
SAVINGS IN MILLIONS[20]

# Repeal the Rum Excise Tax Cover-Over

The top federal excise tax of $13.50 per proof-gallon is levied on distilled spirits.[21] Of the federal excise tax revenue collected from rum produced in Puerto Rico, the U.S. Virgin Islands, or internationally, $13.25 per proof-gallon is transferred to the governments of Puerto Rico and the U.S Virgin Islands.[22] This transfer of revenue from the U.S. Treasury to other governments is called a cover-over.

Puerto Rico and the U.S. Virgin Islands each receive the $13.25 of revenue collected from locally produced rum. The relative production between the two territories determines the distribution of revenue from other imported rum. By producing more rum, each territory has the ability to increase its share of the cover-over, creating a strong incentive to boost local production. The rum cover-over program has precipitated a rum-subsidies war between the two territories.

The unintended consequences of the cover-over program have led both Puerto Rico and the U.S. Virgin Islands to manipulate their economies to maximize federal subsidies. The ensuing subsidies race distorts the economy by placing continental U.S. rum producers at a disadvantage, fuels local corruption, and destabilizes local government budgets due to constantly fluctuating cover-over values.

H.R. 3476, introduced in the 115th Congress, would repeal the cover-over of rum excise tax revenue.[23] The bill did not receive a vote.

## ADDITIONAL READING

- Adam Michel, "Rum Taxes and Perverse Incentives," Tax Foundation, July 10, 2014.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Increases revenue from Puerto Rico by $413 million. |

MANDATORY (ONE-TIME)

**$588**
SAVINGS IN MILLIONS[24]

# Rescind Unobligated Balances from the Treasury Forfeiture Fund

The Department of the Treasury Forfeiture Fund receives proceeds from forfeitures made by participating bureaus of the Department of the Treasury and Department of Homeland Security. The fund is used to reimburse expenses incurred by federal, state, and local law enforcement related to seizures and forfeitures.

However, the Forfeiture Fund has become another means for Congress to pay for unrelated spending. The Bipartisan Budget Act of 2013 rescinded $867 million from the fund to partially offset the new funding provided by the budget deal. Congress also rescinds hundreds of millions of dollars from the Forfeiture Fund each year through appropriations. The money is then used to increase other spending within the Budget Control Act caps.

Congress should cap Treasury Forfeiture Fund spending at an appropriate level and use any unobligated balances to reduce the debt. Unobligated balances should not be used to increase discretionary spending.



## ADDITIONAL READING

- Justin Bogie, "Budget Gimmicks Increase Federal Spending and Mask True Costs of Legislation," Heritage Foundation *Backgrounder* No. 3234, July 26, 2017.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

## 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 potentially could interfere with religious liberty and the 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.[25] 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.[26]

**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 and use it to fund additional scholarships for students to attend a private school of choice. Because 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.[27]

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## ENDNOTES

1. Estimated savings of $1.716 billion for FY 2020 are based on the CBO's May 2018 baseline spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2018 to 2028: Budget and Economic Data: Spending Projections, by Budget Account," May 2018, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed March 29, 2019).
2. Estimated savings of $69 million for FY 2020 are based on the FY 2019 appropriated level of $1.675 billion as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, Public Law 116-6, 116th Cong., February 15, 2019, https://www.congress.gov/bill/116th-congress/house-joint-resolution/31 (accessed March 28, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020. This proposal would reduce the SEC budget to its inflation-adjusted FY 2018 spending level, which would be $1.653 billion for FY 2020.
3. Estimated savings of $250 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
4. Justin Bogie, David R. Burton, and Norbert J. Michel, "2017 House Financial Services and General Government Bill: Reduces Spending, But Does Not Go Far Enough on Policy Changes," Heritage Foundation *Issue Brief* No. 4591, July 7, 2016, http://thf-reports.s3.amazonaws.com/2016/IB4591.pdf.
5. Estimated savings of $80 million for FY 2020 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 March 28, 2019), 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 2020 because the bank has not been operating at full capacity; lacking a board quorum for the past four 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 2014, p. 1, https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45383-fairvalue.pdf (accessed March 28, 2019).
7. Estimated savings of $10 million for FY 2020 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 March 29, 2019). As part of their oversight responsibilities and using program data supplied by the U.S. Office of Personnel Management, 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.
9. Robert Emmet Moffit and Neil R. Meredith, "Multistate Health Plans: Agents for Competition or Consolidation?" Mercatus Center at George Mason University, *Working Paper*, January 2015, p. 4, https://pdfs.semanticscholar.org/cddc/248c94214b0681a4cc6b4a275b7e03d7c421.pdf (accessed March 29, 2019).
10. News release, "Johnson, Meadows Introduce Bill to Eliminate Failed Obamacare Program."
11. H.R. 6147, Interior, Environment, Financial Services and General Government, Agriculture, Rural Development, Food and Drug Administration, and Transportation, Housing and Urban Development Appropriations Act, 2019, 115th Cong., https://www.congress.gov/bill/115th-congress/house-bill/6147 (accessed March 29, 2019).
12. Estimated savings of $1.88 billion for FY 2020 are based on Congressional Budget Office, "H.R. 10, Financial CHOICE Act of 2017, as Ordered Reported by the House Committee on Financial Services on May 4, 2017," *Cost Estimate*, May 18, 2017, https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr10.pdf (accessed March 29, 2019). The CBO report assumes implementation in late 2017, so we used its 2019 estimated fiscal impacts as the first year of implementation and applied those figures to FY 2020. Total savings of $1.88 billion include $2.17 billion in reduced budget authority, offset by $295 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 March 29, 2019).
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 March 29, 2019).
15. Table S-6, "Mandatory and Receipt Proposals," in Office of Management and Budget, *Fiscal Year 2019 Budget of the U.S. Government*, p. 136, https://www.govinfo.gov/content/pkg/BUDGET-2019-BUD/pdf/BUDGET-2019-BUD.pdf (accessed March 29, 2019).
16. Congressional Budget Office, "H.R. 10, Financial CHOICE Act of 2017."
17. Estimated savings of $700 million for FY 2020 are based on Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, December 2018, pp. 23–24, https://www.cbo.gov/system/files?file=2018-12/54667-budgetoptions.pdf (accessed March 29, 2019). The CBO report assumes implementation in October 2019, so we used its 2020 estimated fiscal impacts as the basis of our estimate.

18. Ibid.
19. Ibid.
20. Estimated savings of $648 million for FY 2020 are based on [Name redacted on web site], "The Rum Excise Tax Cover-Over: Legislative History and Current Issues," Congressional Research Service *Report for Congress*, September 20, 2012, https://www.everycrsreport.com/files/20120920_R41028_8ed3e4082e0a7b38896700009cd3ab48474db864.pdf (accessed March 29, 2019). FY 2011 data were adjusted for inflation to determine estimated savings of $648 million in 2020.
21. A temporary lower tax rate of $2.70 per proof-gallon applies to the first 100,000 gallons of production for the 2018–2019 tax year. See H.R. 1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, Public Law 115-97, 115th Cong., December 22, 2017, https://www.congress.gov/bill/115th-congress/house-bill/1/text (accessed March 29, 2019).
22. The permanent cover-over level of $10.50 has been increased by $2.75 to $13.25 on a recurring, temporary basis since 1999. The current extension of the higher rate ends on December 31, 2022.
23. H.R. 3476, To Amend the Internal Revenue Code of 1986 to Repeal the Cover-Over of Rum Excise Tax Revenue, 115th Cong., https://www.congress.gov/bill/115th-congress/house-bill/3476 (accessed March 29, 2019).
24. Estimated savings of $588 million for FY 2020 are based on the CBO's most recent January 2019 baseline spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed March 29, 2019).
25. 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.
26. 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.
27. 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 March 29, 2019).

# Homeland Security

DISCRETIONARY

**$700**
SAVINGS IN MILLIONS[1]

# 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. It also assessed the impact of the grants before and after grant-funded fire departments received federal assistance. The evaluation 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 (FY2020)** | REJECTED | Cuts and institutes cost shares for other grant programs but not for fire grants specifically. |

DISCRETIONARY

**$850**
SAVINGS IN MILLIONS[2]

## 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. Two provisions of the Stafford Act are to blame for this: One shifts most of the costs of a federalized disaster to the federal government; 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 disaster relief to state and local governments would enable Washington to reduce federal disaster relief spending by at least $850 million in FY 2020, 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$470**
SAVINGS IN MILLIONS[3]

# 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 that 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 for travelers. The government could expect to save at least 10 percent from the existing aviation screening budget, but savings could be significantly larger.



## ADDITIONAL READING

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

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$700**
SAVINGS IN MILLIONS[4]

## 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 government's flood-risk maps are obsolete, the premiums charged under the NFIP do not reflect actual risk. Artificially low premiums promote overdevelopment in flood-prone areas, which worsens the devastation of natural disasters and dramatically increases the recovery costs borne by taxpayers.

The Federal Emergency Management Agency has repeatedly proven its inability to manage flood mapping properly. Therefore, the Flood Hazard Mapping Program should be eliminated ($168 million), and responsibility for risk mapping should be shifted to private insurers.

The government already contracts with private property and casualty insurers to sell and service NFIP policies. Insurers receive a generous commission of 15 percent of net written premiums and may also receive a bonus for meeting sales goals. (According to the Government Accountability Office, the government lacks the information necessary to determine whether its compensation payments are appropriate.[5])

Instead of paying private insurers to sell government policies, Congress should phase out the NFIP in favor of a private insurance market. The first step is to allow private insurance to satisfy federal loan requirements, after which there should be a moratorium on government policies for newly acquired properties (after a date certain). FEMA should also put out for bid a portion of the insurance pool each year. 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.



| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| President's Budget (FY2020) | 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 designation that recognizes both the reciprocal, mutually beneficial nature of the program and its importance to U.S. security.[6]

**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."[7] 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 homeland security appropriations subcommittee in both chambers.

**Close immigration loopholes.** Congress should reject the *Flores* settlement in order to allow accompanied children to remain with their parents while awaiting asylum adjudication or prosecution of misdemeanor violations of immigration law. Congress should reform the Trafficking Victims Protection Reauthorization Act (TVPRA) of 2008 to allow rapid repatriation of unaccompanied children from countries that are non-contiguous with the U.S. to their home countries.[8]



**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 do 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 with significant health issues, the U.S. should design the program to ensure that private sponsors do not shoulder the burden of onerous medical costs.[9]

**Create a Counter-Unmanned Aerial Systems pilot program for state and local law enforcement.** Many large public events and critical infrastructure facilities beyond federal installations will need protection from drone-based attacks. Congress should create a pilot program modeled after the 287(g) program, which would allow the DHS to enter into agreements with state and local law enforcement agencies to train and deputize particular officers to fulfill CUAS responsibilities under the direction of federal authorities. The pilot program should start after the completion and promulgation of CUAS regulations and rules by the Department of Homeland Security, and all program participants should be subject to these regulations. The pilot program should require the DHS to enter into agreements with a variety of different local partners, using an array of approved technologies at diverse venues and facilities.[10]

## ENDNOTES

1. Estimated savings of $700 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, Public Law 116-6, 116th Cong., February 15, 2019, https://www.congress.gov/bill/116th-congress/house-joint-resolution/31 (accessed March 13, 2019). The AFG and SAFER programs each received $350 million in appropriations for FY 2019. Heritage experts assume that the FY 2019 levels remain constant in FY 2020.
2. Estimated savings of $850 million for FY 2020 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, 2019.
3. Estimated savings of $470 million for FY 2020 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.
4. Estimated savings of $700 million for FY 2020 are based on Heritage estimates using data from Congressional Budget Office, *The National Flood Insurance Program: Financial Soundness and Affordability*, September 2017, https://www.cbo.gov/system/files?file=115th-congress-2017-2018/reports/53028-nfipreport2.pdf (accessed March 13, 2019). This 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 2020. In later years, savings would equal the full cost of the NFIP.
5. U.S. Government Accountability Office, Flood Insurance: FEMA Needs to Address Data Quality and Consider Company Characteristics When Revising Its Compensation Methodology, GAO-17-36, December 2016, https://www.gao.gov/products/GAO-17-36 (accessed March 15, 2019).
6. David Inserra, "Advancing American Security, Economic, and Foreign 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 March 13, 2019).
7. 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 March 13, 2019).
8. David Inserra, "Immigration Law and Enforcement in Dire Need of Clarity and Major Overhaul," Heritage Foundation *Issue Brief* No. 4912, October 24, 2018, https://www.heritage.org/immigration/report/immigration-law-and-enforcement-dire-need-clarity-and-major-overhaul.
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.
10. Jason Snead, John-Michael Seibler, and David Inserra, "Establishing a Legal Framework for Counter-Drone Technologies," Heritage Foundation *Backgrounder* 3305, April 16, 2018, https://www.heritage.org/technology/report/establishing-legal-framework-counter-drone-technologies.

# Interior, Environment, and Related Agencies

DISCRETIONARY

**$89.5**
SAVINGS IN MILLIONS[1]

# Reduce Funding for the EPA's Atmospheric Protection Program

The EPA's Research and Technology budget supports science, technology, monitoring, research, contracts and grants, intergovernmental agreements, and purchases of scientific equipment. The science and technology account for the Air Protection Program supports the EPA's fuel economy and greenhouse gas vehicle emissions standards, which duplicate the Federal Vehicle and Fuels Standards and Certification program. The Environmental Program and Management portion of EPA's budget for the Atmospheric Protection Program should also be reduced to eliminate the ENERGY Star program, which can be maintained effectively as an independent nonprofit organization.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.
- Salim Furth and David W. Kreutzer, "Fuel Economy Standards Are a Costly Mistake," Heritage Foundation *Backgrounder* No. 3096, March 4, 2016, http://thf-reports.s3.amazonaws.com/2016/BG3096.pdf.

INT/ENV

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$17**
SAVINGS IN MILLIONS[2]

# Eliminate the EPA's Radon and Indoor Air Programs

The most pressing indoor air issues relate to asthma, which should be addressed by state public health departments, not by 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.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$94.2**
SAVINGS IN MILLIONS[3]

# Eliminate Federal Vehicle and Fuels Standards and Certification

This program involves a variety of activities to develop, test, implement, and enforce pollution emissions standards. In addition to pollution control, this program administers the Renewable Fuel Standard (RFS), fuel economy standards, and greenhouse gas emissions. The RFS is costly, is ineffective, and needlessly interferes in fuel supply. Fuel economy is the statutory responsibility of the National Highway Traffic Safety Administration.

Congress ultimately should retire vehicle fuel economy standards and clarify that the Clean Air Act does not cover greenhouse gases. This reduction in spending is contingent on policy reform that eliminates CAFE, RFS, and regulation of greenhouse gases.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.
- Salim Furth and David Kreutzer, "Fuel Economy Standards Are a Costly Mistake," Heritage Foundation *Backgrounder* No. 3096, March 4, 2016, http://thf-reports.s3.amazonaws.com/2016/BG3096.pdf.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reduces spending. |

DISCRETIONARY

**$17.1**
SAVINGS IN MILLIONS[4]

# Reduce Funding for the EPA's Air and Energy Research Program

The EPA's Research and Technology budget supports science, technology, monitoring, research, contracts and grants, intergovernmental agreements, and purchases of scientific equipment. The Air and Energy Research program should be reduced to eliminate climate change research, which duplicates work being done at the National Oceanic and Atmospheric Administration. EPA's research portfolio should be refocused on the EPA's core missions of air pollution and human health.

## 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.
- Katie Tubb and Nicolas Loris, "Climate Budget Cuts Are Smart Management, Not an Attack on Science," The Daily Signal, May 25, 2017.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$17.6**
SAVINGS IN MILLIONS[5]

# Reduce Funding for the EPA's Sustainable and Healthy Communities Research Program

The Sustainable and Healthy Communities research program has expanded beyond the EPA's core responsibilities. Issues addressed by the program include managing municipal waste, storm water runoff, and trade-offs in community planning for greenspace, schools, and public facilities that are appropriately addressed at the state and local levels. Activities and funds should be reduced to meeting the needs of federal contaminated sites, toxicology, chemical and pesticide research, and hazardous materials management.

## ADDITIONAL READING

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

INT/ENV

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$8.7**
SAVINGS IN MILLIONS[6]

# 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. Only 45.14 percent of financial pledges were made in 2018 by partnering nations, and the U.S. has long paid a disproportionate share of the funding.[7]

## 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.
- Nicolas D. Loris and Brett D. Schaefer, "The Kigali Amendment Offers Little Benefit to the Climate, Great Cost to the U.S. Economy," Heritage Foundation, *Backgrounder* No. 3309, April 30, 2018.
- Ben Lieberman, "Ozone: The Hole Truth," Heritage Foundation *Commentary*, September 14, 2007.

INT/ENV

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$12.8**
SAVINGS IN MILLIONS[8]

# Reduce the EPA's Compliance Monitoring Program

The EPA's compliance monitoring program manages compliance with environmental laws, regulations, permits, and reporting requirements through inspections, investigations, and monitoring. It is inefficient for both the federal government and states to conduct compliance monitoring. Funding should be reduced to eliminate redundancies with state and local monitoring in recognition that states are better positioned to detect local violations and determine the infrastructure necessary for monitoring. The compliance monitoring program should focus only on truly national and interstate environmental issues.

## ADDITIONAL READING

- Jack Spencer, ed., *Environmental Conservation: Eight Principles of the American Conservation Ethic*, The Heritage Foundation, 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$7.5**
SAVINGS IN MILLIONS[9]

# Eliminate the EPA's Environmental Justice Programs

Regulatory priorities should be set by states on the basis of risks to human health and the environment, not social factors. The EPA's "environmental justice" programs were originally designed to protect low-income communities from environmental harm, but 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.

Environmental justice programs also subsidize state and local projects that federal taxpayers should not be forced to fund. For example, the Environmental Justice Small Grants Program has funded neighborhood litter cleanups and education on urban gardening, composting, and the negative effects of urban sprawl and automobile dependence. Congress should eliminate these programs.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending. |

DISCRETIONARY

**$413.6**
SAVINGS IN MILLIONS[10]

# Eliminate the EPA's Geographic Programs

EPA funds a number of local environmental initiatives: the Chesapeake Bay, the Gulf of Mexico, Lake Champlain, Long Island Sound, Puget Sound, San Francisco Bay, South Florida, the Great Lakes, the U.S.–Mexico border, Lake Pontchartrain Basin, the Northwest Forest Program, and the Southeast New England Coastal Watershed Restoration Program. Coordination, protection, restoration, and enhancement of these regions should be the responsibility of states, regional partnerships, and the private sector.

Federal funding should be eliminated or reduced to the minimum required by existing legal settlements. States could implement and expand user fees so that the people who are using a resource are the ones that benefit from its maintenance and protection.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$8.7**
SAVINGS IN MILLIONS[11]

# Eliminate the EPA's Environmental Education Program

The Environmental Education program provides financial, training, and curriculum support to schools, nonprofits, and local governments. Curriculum content should be set by parents and local school districts. A number of research studies have found that educational products produced by the agency are politicized and fail to emphasize scientific principles.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$1.6**
SAVINGS IN MILLIONS[12]

# Eliminate the EPA's Small Minority Business Assistance Program

The Small Minority Business Assistance program duplicates services available to all small businesses through the Small Business Ombudsman program for advocacy, regulatory analysis, technical and contracting assistance, and informational services. The EPA should not condition services or reward or deny contracts based on race or gender.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$6.5**
SAVINGS IN MILLIONS[13]

# Eliminate the EPA's Children and Other Sensitive Populations Coordination Program

The Children and Other Sensitive Populations Coordination program assists in regulations, risk assessments, policy implementation, and monitoring with a particular focus on the health of children. This program essentially duplicates work that the EPA already incorporates into research, risk assessments, and regulation related to at-risk populations as part of its mission to protect human health and the environment.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending. |

DISCRETIONARY

**$5.5**
SAVINGS IN MILLIONS[14]

# Eliminate the EPA's Trade and Governance Program

The EPA contributes policy advice to the U.S. Trade Representative "to ensure that agreements have strong environmental provisions."[15] There is a highly positive correlation between a country's environmental performance and its economic freedom, of which free trade is a critical component as demonstrated by The Heritage Foundation's annual *Index of Economic Freedom*. International environmental objectives should be considered and implemented independently, not as a part of trade negotiations. Too often, countries use poorly substantiated environmental concerns as an excuse to shirk their obligations under the World Trade Organization and the General Agreement on Tariffs and Trade.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.
- Jack Spencer, ed., *Environmental Conservation: Eight Principles of the American Conservation Ethic*, The Heritage Foundation, 2012.
- Ben Lieberman, "A Free Economy Is a Clean Economy: How Free Markets Improve the Environment," Chapter 4 in Terry Miller and Kim R. Holmes, *2011 Index of Economic Freedom* (Washington: The Heritage Foundation and Dow Jones & Company, Inc., 2011), pp. 53–60.

INT/ENV

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$0.3**
SAVINGS IN MILLIONS[16]

# Reduce the EPA's Civil Rights Program

The Civil Rights Program ensures compliance with civil rights and anti-discrimination laws in EPA employment opportunities, financial and technical assistance, and workforce complaint resolution.

Program funding should be reduced to eliminate state and local-level programs such as the State Empowerment Initiative, which should remain local priorities.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending but maintains state guidance |

DISCRETIONARY

**$9.5**
SAVINGS IN MILLIONS[17]

# Eliminate the EPA's Waste Minimization and Recycling Program

The waste minimization program intends to help companies find ways to improve efficiency and reuse waste products for productive purposes. The free market rewards efficiency without government intervention. Supply, demand, competition, and the powerful incentive for families and businesses to get the biggest bang for their buck all work together to drive down prices, get better performance, and provide greater efficiency.

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. EPA's efforts should focus on its core responsibilities under the Resource Conservation and Recovery Act to clean up federal remediation sites.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$2**
SAVINGS IN MILLIONS[18]

# Eliminate the EPA's Beach and Fish Programs

These programs provide information and guidance on the human health risks of local fish consumption and swimming. These are essentially local issues for which states, local governments, and businesses are better equipped to educate the public. In addition, these programs duplicate work done by the Food and Drug Administration and U.S. Department of Agriculture to inform consumers about seafood products.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$29.3**
SAVINGS IN MILLIONS[19]

# Reduce the EPA's Surface Water Protection Program

Funding for the Surface Water Protection program should be reduced to focus only on federal jurisdictional waters. While the federal role in protecting water is important, the Clean Water Act was never envisioned as a tool for the federal government to regulate almost every body of water. The Clean Water Act is clear that states, not the federal government, are supposed to play the leading role in water regulation. States should manage bodies of water like lakes, rivers, and streams that fall within their boundaries.

## ADDITIONAL READING

- Diane Katz, "An Environmental Policy Primer for the Next President," Heritage Foundation *Backgrounder* No. 3079, December 14, 2015.
- "Environmental Protection Agency," in The Heritage Foundation, *Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017*, Mandate for Leadership Series, 2016, pp. 94–98.
- Daren Bakst, "Three Key Reforms for Federal Water Policy," Heritage Foundation, *Issue Brief* No. 4633, November 23, 2016.

INT/ENV

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

MANDATORY (ONE-TIME)

**$21.6**
SAVINGS IN BILLIONS[20]

## Eliminate the Land and Water Conservation Fund

The LWCF, established by Congress in 1965 and part of the U.S. Department of the Interior, allows the federal government to use royalties from offshore energy development to buy private land and turn it into public parks and other public recreation areas. Of the $40.0 billion credited to the fund, less than half ($18.4 billion) has been spent, leaving a credit of $21.6 billion.[21] Congress should rescind the remaining balance, generating a one-time savings of $21.6 billion in FY 2020.

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 in practice the LWCF has chiefly funded federal objectives. The federal government cannot effectively manage the lands it already owns, and Congress should not enable further land acquisition.

### ADDITIONAL READING

- Nicolas D. Loris and Katie Tubb, "Permanent Reauthorization of Land and Water Conservation Fund Opens Door to Permanent Land Grabs," Heritage Foundation *Issue Brief* No. 4934, January 22, 2019.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$155**
SAVINGS IN MILLIONS[22]

## 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 an appropriation of approximately $153 million for FY 2018.[23] In its annual report for 2015, the agency reported that it had "awarded more than $5.6 billion for humanities projects through more than 64,000 grants" during the preceding 50 years.[24] These funds dwarf private giving.

Charitable donations to the arts, culture, and humanities topped $19.5 billion in 2017, demonstrating that the humanities are flourishing without federal funding.[25] Federal taxpayers should be free to contribute to the humanities in accordance with their own views and of their own volition.

Funding for cultural productions and activities relating to the humanities as carried out by the NEH is outside the proper scope of the federal government.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | |

DISCRETIONARY

**$155**
SAVINGS IN MILLIONS[26]

## 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 its annual report for 2015, the NEA reported that it had awarded more than $5 billion for the arts during the preceding 50 years.[27] Taxpayer assistance for the arts is neither necessary nor prudent.

The NEA received an appropriation of approximate $155 million in FY 2019.[28] However, private contributions to the arts and humanities vastly exceed the amount provided by the NEA. Charitable donations to the arts, culture, and humanities topped $19.5 billion in 2017, demonstrating that the arts are flourishing without federal funding.[29] Even that vast amount fails to account for ticket sales, private art purchases, and other ways in which Americans are consuming and supporting the arts.

In addition, federally funded arts programs are susceptible to cultural cronyism whereby special interests promoting a social agenda receive government favor to promote their causes.[30]

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."[31]

Funding for art productions and activities as is carried out by the NEA is outside the proper scope of the federal government.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | |

DISCRETIONARY

**$12**
SAVINGS IN MILLIONS[32]

# 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."[33]

In FY 2018, the Wilson Center received a $12 million appropriation from Congress.[34] About one-third of the center's budget comes from annual appropriations, with the remaining funds provided by private donations. There is a wide range of privately funded organizations that maintain programs that are very similar to the work of the Wilson Center.

The Wilson Center has a plan, readily available on its website, specifying 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."[35] The Wilson Center can thus clearly operate without federal funds.

Funding the operations of a general think tank that engages in independent research is outside the proper scope of the federal government.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | |

DISCRETIONARY

**$41.3**
SAVINGS IN MILLIONS[36]

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

The Kennedy Center opened in 1971 and serves as the National Center for the Performing Arts and the federal memorial to President John F. Kennedy.[37]

In FY 2018, Congress appropriated $40.5 million for the operation, restoration, and maintenance of the Kennedy Center.[38] Even assuming that the Kennedy Center is a national treasure, legislators should still ask whether using federal taxpayer money to support the arts, culture, and humanities is appropriate.

Charitable donations to the arts, culture, and humanities topped $19.5 billion in 2017, and even that large amount does not account for the personal spending of individuals every year on entertainment provided by arts institutions like the Kennedy Center.[39]

The Kennedy Center should be and can be fully funded by private donations and robust ticket sales. It does not need and should not receive tax dollars paid by Americans, many of whom 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, nor are these subsidies necessary, as the performing arts are thriving in the Washington, D.C., area—one of the wealthiest regions of the country.

Funding for the performing arts is outside the scope of constitutional federal government obligations.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at $40 million for FY 2020. |

## 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 specific and identifiable).[40] There is even concern that the EPA could determine where farming should be allowed.[41] This type of regulatory scheme could very well be used on a national level as well.[42]

**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.[43] 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.[44] In a 2013 case, *Mingo Logan Coal Co. v. EPA*, 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.[45] Fortunately, on June 26, 2018, the Trump Administration's EPA issued a memo explaining that the agency would prohibit such actions through new regulatory changes.[46] As of this writing, these new proposed regulations had not been published, but Congress should still use its power of the purse to ensure that retroactive vetoes do not occur.

**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, as of June 2018, 107 million people (one-third of the U.S. population) lived in "nonattainment areas" that have not met the 75 ppb ozone National Ambient Air Quality Standards set by EPA in 2008.[47] 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.[48] 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.[49]

**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 by leading to 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.[50]

**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.[51] Even 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 also 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.[52]

**Prohibit the use of the 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 ($CO_2$) 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 figure for the social cost of carbon. 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 $CO_2$ over its lifetime and inflict ***Y*** damage on the environment.[53] 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.[54]

**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 such a 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.[55]

**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 commonsense 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 egregious 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.[56] 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 such as unrelated air regulations developed under other sections of the CAA.[57]

## ENDNOTES

1. Savings of $89.5 million for FY 2020 are based on the FY 2019 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, March 2019, pp. 57 and 159, https://www.epa.gov/sites/production/files/2019-03/documents/fy-2020-congressional-justification-all-tabs.pdf (accessed March 26, 2019). Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
2. Savings of $17.0 million for FY 2020 are based on the FY 2019 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, pp. 66, 71, 220, and 225. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
3. Savings of $94.2 million for FY 2020 are based on the FY 2019 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 60. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
4. Savings of $17.1 million for FY 2020 are based on the FY 2019 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 1010. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
5. Savings of $17.6 million for FY 2020 are based on the FY 2019 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 126. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
6. Savings of $8.74 million for FY 2020 are based on the FY 2019 appropriations reported in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 176. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
7. United Nations Environment Programme, Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, *Report of the Eighty-First Meeting of the Executive Committee*, June 22, 2018, http://www.multilateralfund.org/81/English/1/8158.pdf (accessed March 26, 2019).
8. Savings of $12.8 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 182. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
9. Savings of $7.54 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, pp. 192 and 423. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
10. Savings of $413.59 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, pp. 197–208 and 259. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
11. Savings of $8.7 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 230. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
12. Savings of $1.6 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 242. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
13. Savings of $6.5 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 227. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
14. Savings of $5.5 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 257. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
15. Ibid., p. 237.
16. Savings of $0.3 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 272. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
17. Savings of $9.5 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 338. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
18. Savings of $2.0 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 365. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
19. Savings of $29.3 million for FY 2020 are based on the FY 2019 annualized spending level as found in U.S. Environmental Protection Agency, *United States Environmental Protection Agency Fiscal Year 2020 Justification of Appropriation Estimates for the Committee on Appropriations*, p. 376. Heritage experts assume that spending for FY 2019 remains constant in FY 2020.
20. Savings of $21.6 billion for FY 2020 equals the last reported remaining LWCF balance of $21.6 billion as found in Carol Hardy Vincent, "Land and Water Conservation Fund: Overview, History, and Issues," Congressional Research Service *Report for Members and Committees of Congress*, August 17, 2018, https://fas.org/sgp/crs/misc/RL33531.pdf (accessed March 26, 2019).

21. Ibid.
22. Estimated savings of $155 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, Public Law 116-6, 116th Cong., February 15, 2019, https://www.congress.gov/116/bills/hjres31/BILLS-116hjres31enr.pdf (accessed March 26, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020.
23. H.R. 244, 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 26, 2019).
24. National Endowment for the Humanities, *Annual Report 2015*, p. 2, https://www.neh.gov/sites/default/files/inline-files/neh_2015_annual_report_final.pdf (accessed March 26, 2019).
25. Charity Navigator, "Giving Statistics," https://www.neh.gov/sites/default/files/inline-files/neh_2015_annual_report_final.pdf (accessed March 26, 2019).
26. Savings of $155 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
27. National Endowment for the Arts, *2015 Annual Report*, p. 2, https://www.arts.gov/sites/default/files/2015%20Annual%20Report.pdf (accessed March 26, 2019).
28. Table 1, "Interior, Environment, and Related Agencies: FY2018–FY2019 Appropriations," in Carol Hardy Vincent, "Interior, Environment, and Related Agencies: Overview of FY2019 Appropriations," Congressional Research Service, updated January 30, 2019, p. 16, https://fas.org/sgp/crs/misc/R44934.pdf (accessed March 26, 2019).
29. Charity Navigator, "Giving Statistics."
30. 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 26, 2019).
31. Citizens Against Government Waste, *Prime Cuts Summary*, April 2015, p. 34, http://cagw.org/sites/default/files/PrimeCuts2015.pdf (accessed March 26, 2019).
32. Savings of $12 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
33. Woodrow Wilson International Center for Scholars, "About the Wilson Center," https://www.wilsoncenter.org/about-the-wilson-center (accessed March 27, 2019).
34. Table 1, "Interior, Environment, and Related Agencies: FY2018–FY2019 Appropriations," in Vincent, "Interior, Environment, and Related Agencies: Overview of FY2019 Appropriations," p. 16.
35. 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 (accessed March 26, 2019). Emphasis in original.
36. Savings of $41.3 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020. Savings include $24.49 million in operations and maintenance and $16.800 million in capital repair and restoration.
37. 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 (accessed March 26, 2019).
38. Table 1, "Interior, Environment, and Related Agencies: FY2018–FY2019 Appropriations," in Vincent, "Interior, Environment, and Related Agencies: Overview of FY2019 Appropriations," p. 16.
39. Charity Navigator, "Giving Statistics."
40. U.S. Environmental Protection Agency, "Polluted Runoff: Nonpoint Source (NPS) Pollution: Basic Information About Nonpoint Source (NPS) Pollution" last updated August 10, 2018, http://www.epa.gov/polluted-runoff-nonpoint-source-pollution/what-nonpoint-source (accessed March 26, 2019); U.S. Department of the Interior, 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 (accessed March 26, 2019).
41. 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 26, 2019), 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 26, 2019).
42. To learn more about this federal overreach, see Daren Bakst, "Eliminating and Reducing Regulatory Obstacles in Agriculture," Heritage Foundation *Backgrounder* No. 3135, June 28, 2016, https://www.heritage.org/government-regulation/report/eliminating-and-reducing-regulatory-obstacles-agriculture.
43. "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, Office of Compliance, *Managing Your Environmental Responsibilities: A Planning Guide for Construction and Development*, April 2005, p. 25, https://archive.epa.gov/compliance/resources/publications/assistance/sectors/web/pdf/myerguide.pdf (accessed March 26, 2019). See also the EPA regulations at 33 U.S. Code §323.2, http://www.law.cornell.edu/cfr/text/33/323.2 (accessed March 26, 2019). 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 26, 2019).
44. 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.

45. *Mingo Logan Coal Co. v. EPA*, 714 F.3d 608 (D.C. Cir. 2013), https://scholar.google.com/scholar_case?case=16285162805472090807&q=mingo+logan+coal+v.+epa+714+f.3d+608&hl=en&as_sdt=40000006&as_vis=1 (accessed March 26, 2019).
46. U.S. Environmental Protection Agency, "Section 404 of the Clean Water Act: Memo: Updating the EPA's Regulations Implementing Clean Water Act Section 404(c)." Environmental Protection Agency, last updated February 13, 2019, https://www.epa.gov/cwa-404/memo-updating-epas-regulations-implementing-clean-water-act-section-404c (accessed March 26, 2019).
47. James E. McCarthy and Kate C. Shouse, "Implementing EPA's 2015 Ozone Air Quality Standards," Congressional Research Service *Report for Members and Committees of Congress*, August 16, 2018, https://fas.org/sgp/crs/misc/R43092.pdf (accessed March 26, 2019).
48. 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 March 26, 2019).
49. Gordon and Katz, eds., *Environmental Policy Guide: 167 Recommendations for Environmental Policy Reform*.
50. Nicolas Loris, "Examining the Renewable Fuel Standard," testimony before the Subcommittee on the Interior and Subcommittee on Healthcare, Benefits, and Administrative Rules, Committee on Oversight and Government Reform, U.S. House of Representatives, March 17, 2016, https://www.heritage.org/testimony/examining-the-renewable-fuel-standard.
51. Nicolas D. Loris, "Four Big Problems with the Obama Administration's Climate Change Regulations," Heritage Foundation *Issue Brief* No. 4454, August 14, 2015, http://thf_media.s3.amazonaws.com/2015/pdf/IB4454.pdf.
52. David Kreutzer, Nicolas D. Loris, Katie Tubb, and Kevin Dayaratna, "The State of Climate Science: No Justification for Extreme Policies," Heritage Foundation *Backgrounder* No. 3119, April 16, 2016, https://www.heritage.org/environment/report/the-state-climate-science-no-justification-extreme-policies.
53. 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, https://docs.house.gov/meetings/SY/SY18/20170228/105632/HHRG-115-SY18-Wstate-DayaratnaK-20170228.pdf.
54. Nicolas Loris, "Transforming the Department of the Interior for the 21st Century," testimony before the Subcommittee on Oversight and Investigations, Committee on Natural Resources, U.S. House of Representatives, December 7, 2017, http://docs.house.gov/meetings/II/II15/20171207/106700/HHRG-115-II15-Wstate-LorisN-20171207.pdf.
55. Katie Tubb, "Why Trump's Upcoming Decision on Federal Lands Matters," Heritage Foundation *Commentary*, August 28, 2017, https://www.heritage.org/environment/commentary/why-trumps-upcoming-decision-federal-lands-matters.
56. Anne E. Smith, *An Evaluation of the PM2.5 Health Benefits Estimates in Regulatory Impact Analyses for Recent Air Regulations*, Final Report Prepared for the Utility Air Regulatory Group, NERA Economic Consulting, December 2011, http://www.nera.com/content/dam/nera/publications/archive2/PUB_RIA_Critique_Final_Report_1211.pdf (accessed March 26, 2019). 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 March 26, 2019).
57. See, for example, C. Boyden Gray, "EPA's Use of Co-Benefits," *Engage*, Vol. 16, Issue 2 (July 2015), pp. 31–33, https://fedsoc-cms-public.s3.amazonaws.com/update/pdf/9JP5LCu5cyJfBZG6qz0BvUfwJu7lLZO3bbePOiNh.pdf (accessed March 26, 2019), and *Murray Energy v. United Sates 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 March 26, 2019). Other CAA statutory sections arguably preclude consideration of criteria pollutants.

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

DISCRETIONARY

**$1.7**
SAVINGS IN BILLIONS[1]

# Eliminate the Job Corps

The Job Corps is an ineffective federal job-training program that should be eliminated. The National Job Corps Study, a randomized experiment that assessed the Job Corps' impact on participants compared to similar non-participants, 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 than employed members of the control group earned.

If the Job Corps truly improved the skills of its participants, it should have raised their hourly wages substantially. A $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 its costs.[2]

## 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.

LABOR/HHS

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Cuts funding and closes underperforming centers, along with focusing on older youth, but does not eliminate the program. |

DISCRETIONARY

**$3.2**
SAVINGS IN BILLIONS[3]

# Eliminate Workforce Innovation and Opportunity Act Job-Training Programs

Workforce Innovation and Opportunity Act Job-Training Programs are ineffective and should be eliminated. WIOA is very similar to its antecedent program, the Workforce Investment Act of 1998 (WIA). 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, the earnings of members of the full-WIA group were not statistically different from those of the core group. In the fifth quarter, the earnings of the full-WIA group were indistinguishable on average from those of the core group. Even though members of the full-WIA group were more likely to enroll in training and receive one-on-one assistance and other employment services, participation 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 areas of their training.

Given the vast similarities between WIOA and WIA, Mathematica's findings are equally applicable in assessing the WIOA program.

## 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*, Mathematica Policy Research, May 2016.

LABOR/HHS

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Cuts funding for three programs funded by WIOA: the Indian and Native American Program, Migrant and Seasonal Farmworker Training, and the Senior Community Service Employment Program. |

DISCRETIONARY

**$741**
SAVINGS IN MILLIONS[4]

# 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 that fails to improve participants' earning potential. The program is ineffective and should be eliminated.

A 2012 Mathematica Policy Research study statistically matched TAA participants with a comparison group of workers in the manufacturing sector and from the same local areas. Over the four years examined by the study, TAA participants earned a total of $35,133 less than their counterparts. Additionally, only 37 percent of TAA participants who received job training found employment in the areas of their training. A cost-benefit analysis found that the TAA's benefit to society was a negative $53,802 per participant.

## 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.
- Peter Z. Schochet, Ronald D'Amico, Jillian Berk, Sarah Dolfin, and Nathan Wozny, Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments, Social Policy Research Associates and Mathematica Policy Research, August 2012.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reforms the TAA but does not eliminate it. |

DISCRETIONARY

**$10.5**
SAVINGS IN MILLIONS[5]

# Eliminate Susan Harwood Training Grants

Since 1978, the Occupational Safety and Health Administration has provided Harwood grants to nonprofit organizations to provide safety training to workers. These training grants are ineffective and should be eliminated.

Despite existing for decades, there is no credible evidence that these training grants are effective. Moreover, the Department of Labor is measuring the wrong things to assess program impact. A case in point is the FY 2015 Department of Labor performance report that relies solely on the number of people trained to assess the grant program's performance.[6] The number of people trained provides no information by which to determine 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.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$123.4**
SAVINGS IN MILLIONS[7]

# 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 reduced workload, however, the NLRB's inflation-adjusted budget has increased by one-sixth since 1990. Reducing the NLRB's budget by 45 percent in FY 2020 would bring its spending in line with the previous funding levels for its caseload and save taxpayers $123 million in FY 2020.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | REJECTED | |

DISCRETIONARY

**$103.5**
SAVINGS IN MILLIONS[8]

## Eliminate the Office of Federal Contract Compliance Programs

The mission of the Office of Federal Contract Compliance Programs is to enforce equal employment opportunity laws as applied to federal contractors. By contrast, the Equal Employment Opportunity Commission enforces equal employment opportunity laws as applied to all public and private employers. A separate agency for federal contractors is redundant.

In 1965, President Lyndon Johnson signed Executive Order No. 11246, which prohibited federal contractors from discrimination based on race, color, religion, sex, or national origin. The OFCCP enforces these provisions. It also enforces the Vietnam Era Veterans' Readjustment Assistance Act of 1974 and Section 503 of the Rehabilitation Act of 1973, which, respectively, prevent discrimination against veterans and those with disabilities. The EEOC enforces civil rights laws against workplace discrimination by all employers, which includes discrimination based on age, disability, discrepancy in pay, genetic information, national origin, pregnancy, children, race or color, religion, or sex. The Veterans' Employment and Training Service enforces equal employment opportunity laws that prevent discrimination against veterans. Such redundancy renders the OFCCP unnecessary.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | REJECTED | |

DISCRETIONARY

**$13.8**
SAVINGS IN MILLIONS[9]

# Eliminate the Department of Labor's Women's Bureau

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 and hold more than half of the nation's management, professional, and related occupations. The future of the workforce looks just as bright for women, given that they earned more than half of the bachelor's degrees (57.2 percent); master's degrees (59.2 percent); and doctoral degrees (52.7 percent) in 2016.

Both Title VII of the 1964 Civil Rights Act and the Equal Pay Act of 1963 prohibit sex-based discrimination in the workplace. The Equal Employment Opportunity Commission enforces those civil rights laws to ensure that women enjoy equal opportunity in the workplace. The challenges facing female employees are the challenges facing workers as a whole. The Women's Bureau has served the purpose for which it was created in 1920 and has now become obsolete.

## ADDITIONAL READING

- Rachel Greszler, "'Pay Gap' Myth Ignores Women's Intentional Job Choices," Heritage Foundation *Commentary*, April 9, 2018.
- Rachel Greszler and James Sherk, "Equal Pay for Equal Work: Examining the Gender Gap," Heritage Foundation *Issue Brief* No. 4227, May 22, 2014.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Cuts spending for the bureau but does not eliminate it. |

DISCRETIONARY

**$59.8**
SAVINGS IN MILLIONS[10]

## Eliminate the Bureau of International Labor Affairs

The International Labor Affairs Bureau (ILAB) was established by President Harry Truman at the behest of U.S. trade unions. Its stated mission "is to promote a fair global playing field for workers in the United States and around the world by enforcing trade commitments, strengthening labor standards, and combating international child labor, forced labor, and human trafficking."[11] ILAB monitors the implementation of labor provisions of free trade agreements and provides 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.

Labor policies should have a minimal role in trade agreements, seeking only to protect such basic rights as freedom from forced labor and freedom of association. Trade agreements should not be used to pursue liberal policy agendas that impose unnecessary regulations on the labor market. The bureau that oversees the enforcement of labor in trade agreements should therefore be eliminated.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Cuts spending for the bureau but does not eliminate it. |

DISCRETIONARY

**$268**
SAVINGS IN MILLIONS[12]

# Federal Personnel Reform: Eliminate "Rest of U.S." Locality Pay

The Federal Employees Pay Comparability Act of 1990 created a new system that allowed for pay adjustments for federal employees who lived in high-cost areas. There are currently 53 General Schedule Locality Areas. Federal employees earn more than the base pay rate by having their salary increased according to the locality adjustment-increase percentage, which in 2019 is a maximum increase of 39.28 percent for federal workers in the San Francisco, California, locality.[13] For example, the base pay salary for a federal employee at GS grade 8, step 4 in 2018 was $43,679. If that employee were to live in Chicago, Illinois, the adjusted salary for that locality would be $55,678.

While most locality areas are centered on metropolitan areas, such as New York or Washington, D.C., an additional locality called "Rest of U.S." (RUS) exists to cover all federal employees that do not fall into one of the other 52 localities. By definition, areas that are in the RUS locality should not be more expensive to live in than the national average, yet the RUS receives a 15.37 percent increase above the base GS schedule, which means that instead of receiving base pay, RUS employees receive at least 15 percent more than the base GS schedule. In some places, RUS federal employees receive more than 30 percent higher pay than the local average.

## 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$376**
SAVINGS IN MILLIONS[14]

## Federal Personnel Reform: Tie Pay Increases to Truly Market-Based and Performance-Based Measures

The federal government's pay structure, which relies on a prescribed formula instead of performance, results in an inflated pay system that encourages mediocrity and fails to reward excellence. Heritage Foundation experts have estimated that the wages received by federal employees are 22 percent higher than those of similar workers in the private sector.[15]

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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Eliminates across-the-board pay raises in favor of performance-based pay increases. |

MIXED

**$46.7**
SAVINGS IN BILLIONS[16]

## 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 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 thrift savings plan retirement system, freeze their already-accrued Federal Employees Retirement System benefits and receive higher TSP contributions, or maintain their current retirement benefits with FERS plan reforms such as higher employee contributions. This would save taxpayers $206 billion over the next 10 years, make the government more competitive by reducing the share of compensation tied up in retirement benefits, and give workers both more control of their retirement and potentially larger paychecks.

### 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 |
| --- | --- | --- |
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Includes several changes to reduce the generosity of federal employee retirement benefits, primarily by reducing cost-of-living adjustments and increasing employee contributions to the retirement plan. |

MANDATORY

**$113**
SAVINGS IN MILLIONS[17]

# 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 give them a rough equivalent of Social Security benefits at a time when they are not yet eligible to receive Social Security.[18] This extra benefit in addition to the FERS, TSP, and regular Social Security benefits that federal retirees receive is both 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 $113 million in FY 2020 and $5.3 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$5.7**
SAVINGS IN BILLIONS[19]

# 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 total of 21 days of paid leave (excluding holidays).

Congress should bring the amount of paid leave provided 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$569**
SAVINGS IN MILLIONS[20]

# 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. Data published by the Congressional Budget Office in 2002 indicate that the accrual cost of retiree health coverage equaled 6.34 percent of pay.[21] Heritage Foundation experts estimated that eliminating this benefit for new hires would generate $32.5 billion in accrued taxpayer savings over the 2020–2029 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," CBO Paper, June 2002.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$0**
(NO SAVINGS)[22]

# 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.

## 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, Options for *Reducing the Deficit: 2019 to 2028*, December 2018.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$0**
(NO SAVINGS)[23]

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

The Pension Benefit Guarantee Corporation's multiemployer program faces a shortfall of between $54 billion and $101 billion because a significant portion of the roughly 1,400 multiemployer (private, union-run) pension plans that operate across the U.S. are massively underfunded and have promised $638 billion more than they have set aside to pay. The PBGC provides insurance against private pension losses, but its multiemployer program is 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 or even to bail out private pension plans directly. A private union pension bailout could cost hundreds of billions of dollars.

Congress should increase multiemployer PBGC premiums and add a variable-rate premium for 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 both to minimize pension losses within plans and to safeguard pensioners against inviable 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.

### ADDITIONAL READING

- Rachel Greszler, "Congress's Multiemployer Pension Committee Should Act Now: 12 Reforms to Protect Pensioners and Taxpayers," Heritage Foundation *Backgrounder* No. 3368, November 20, 2018.
- Rachel Greszler, "Why Government Loans to Private Union Pensions Would Be Bailouts—and Could Cost Taxpayers More than Cash Bailouts," Heritage Foundation *Backgrounder* 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 *Backgrounder* No. 3029, July 30, 2015.

LABOR/HHS

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Improves funding of the Pension Benefit Guaranty Corporation's multiemployer program by requiring higher premiums for underfunded plans. |

MANDATORY

**$2.9**
SAVINGS IN BILLIONS[24]

# 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 reflect changes in the cost of living more accurately.

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 $2.9 billion in 2020, with savings growing rapidly over time to $44 billion in FY 2029.

## ADDITIONAL READING

- Romina Boccia and Rachel Greszler, "Social Security Benefits and the Impact of the Chained CPI," Heritage Foundation *Backgrounder* No. 2799, May 21, 2013.
- Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, December 2016.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$742**
SAVINGS IN MILLIONS[25]

# Improve Unemployment Insurance Program Integrity

The Unemployment Insurance (UI) program is a federal–state partnership that is intended to replace a portion of the lost earnings of unemployed persons. The Department of Labor estimates that $3.7 billion in overpayments was made in 2017, including $1 billion that is attributed to fraud.[26] Curtailing the amount that is wasted by fraud and overpayment could mean a reduction in state unemployment taxes.

In order to achieve this reduction, existing programs need to be improved. For instance, the Separation Information Data Exchange System (SIDES), which allows states to exchange information on the reasons for a claimant's separation from employment, should be expanded. Additionally, the Secretary of Labor should be empowered to develop sanctions and incentives that will encourage state performance.

## ADDITIONAL READING

- Salim Furth, "Cutting Unemployment Insurance Probably Does Create Jobs, But We Don't Know How Many Yet," National Review, The Corner, January 29, 2015.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

MANDATORY

**$531**
SAVINGS IN MILLIONS[27]

# Allow the SSA to Use Commercial Databases to Verify Real Property in the SSI Program

Allowing the Social Security Administration to use commercial databases to verify real property (land and buildings) in the Supplemental Security Income program would reduce improper payments. Real property can be a countable resource for determining SSI eligibility, and authorizing the SSA to use private commercial databases to determine ownership of real property would both lessen recipients' reporting burden and allow the SSA to determine an individual's eligibility for benefits automatically.

Enacting this proposal would still preserve all due process and appeal rights while reducing improper SSA payments.

## ADDITIONAL READING

- Romina Boccia, "Here are 5 New Signs Social Security Is Going Insolvent," Heritage Foundation *Commentary*, June 6, 2018.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

LABOR/HHS

MANDATORY

**$2.5**
SAVINGS IN BILLIONS[28]

# Increase the OASDI Overpayment Collection Threshold

When individuals improperly receive more than they were supposed to receive from Social Security, the program recoups those overpayments by withholding a small portion ($10) from the recipient's future monthly benefit checks. However, because the withholding is so low, many overpayments are never fully recouped. The current $10 amount was established in 1960, at which point $10 equaled 12 percent of the average retiree's benefit; today, $10 is less than 1 percent of the average retiree's benefit.

The minimum monthly withholding of $10 should be updated to 10 percent of benefits to reflect rising benefit levels as well as the need to restore the program's financial shortfalls. This change would also bring OASDI policy in line with the SSI program, which uses a 10 percent recovery rule.

## ADDITIONAL READING

- Romina Boccia, "Report: Nearly Half of Social Security Disability Beneficiaries Were Overpaid by Government," The Daily Signal, June 22, 2015.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

MANDATORY

**$20.3**
SAVINGS IN BILLIONS[29]

# 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 (FY2020)** | PARTIALLY INCLUDED | Requires valid-for-work Social Security number to claim the EITC or child tax credit. Requirement "extends to all filers and all qualifying children or dependents claimed on the tax return." |

DISCRETIONARY

**$2.4**
SAVINGS IN BILLIONS[30]

# Return Control of 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 would 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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reduces funding for rental assistance programs and "recognizes the need for greater contributions from State and local governments." |

MANDATORY

**$11.0**
SAVINGS IN BILLIONS[31]

## Eliminate Supplemental Security Income Benefits for Children

The original intent of Supplemental Security Income 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 benefits 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 |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$0**
(NO SAVINGS)[32]

# Strengthen Work Requirements in the Temporary Assistance for Needy Families Program

Today, the majority of work-eligible TANF recipients are idle, neither working nor preparing for work. This is partly because states are taking advantage of loopholes that allow them to fulfill the work requirement without actually having to move recipients into work activity, but the main reason 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 part-time workers.

State welfare bureaucracies have generally done little if anything to promote this employment, but they 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 (FY2020)** | INCLUDED | Requires that able-bodied, working-age TANF recipients participate in work or work activities in order to receive benefits. |

MANDATORY

**$1.8**
SAVINGS IN BILLIONS[33]

# Eliminate Funding for the Social Services Block Grant

The Social Services Block Grant is one of several welfare block grants created in the 1980s. Despite more than $180 billion in inflation-adjusted spending, the SSBG has never served as a vehicle of reform. The services offered through SSBG are ineffective because they are duplicative, poorly targeted, and not funded on the basis of measured performance outcomes.

States and localities are better positioned to address the needs of their target populations that are not already addressed by other federal means-tested programs. Policymakers should end the SSBG, devolve responsibility for its goals back to the states, and restore real federalism to the welfare system.

## ADDITIONAL READING

- Robert Rector and Vijay Menon, "Understanding the Hidden $1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounder* No. 3294, April 5, 2018.
- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$725**
SAVINGS IN MILLIONS[34]

# Eliminate Funding for the Community Services Block Grant

The Community Services Block Grant is one of several welfare block grants created in the 1980s. Despite more than $25 billion in inflation-adjusted spending, the CSBG has never served as a vehicle of reform. CSBG funds are poorly targeted and not directly linked to measured performance outcomes. States and localities are better positioned to address the needs of their target populations that are not already addressed by other federal means-tested programs. Policymakers should end the CSBG, devolve responsibility for its goals back to the states, and restore real federalism to the welfare system.

## ADDITIONAL READING

- Robert Rector and Vijay Menon, "Understanding the Hidden $1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounder* No. 3294, April 5, 2018.
- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$3.7**
SAVINGS IN BILLIONS[35]

# Eliminate Funding for the Low Income Home Energy Assistance Program

The Low Income Home Energy Assistance program is one of several welfare block grants created in the 1980s. Despite over $120 billion in inflation-adjusted spending, LIHEAP has never served as a vehicle of reform.

States and localities are better positioned to address the needs of their target populations that are not already addressed by other federal means-tested programs. In fact, state policy changes in recent decades have rendered LIHEAP unnecessary. Additionally, endemic fraud and abuse undermine the program's integrity. Policymakers should end LIHEAP, devolve responsibility for its goals back to the states, and restore real federalism to the welfare system.

## ADDITIONAL READING

- Robert Rector and Vijay Menon, "Understanding the Hidden $1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounder* No. 3294, April 5, 2018.
- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016.



| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$3.3**
SAVINGS IN BILLIONS[36]

# Eliminate the Community Development Block Grant

In the 1980s, President Ronald Reagan created the Community Development Block Grant along with several other welfare block grants. Operated by HUD, the CDBG was intended to provide housing assistance for low-income families, but its funds have often been funneled to high-income communities and to wasteful pork-barrel projects.

Despite nearly $200 billion in inflation-adjusted spending, there is little measurable evidence that this program works as intended. Policymakers should therefore end federal funding for the CDBG.

## ADDITIONAL READING

- Robert Rector and Vijay Menon, "Understanding the Hidden $1.1 Trillion Welfare System and How to Reform It," Heritage Foundation *Backgrounder* No. 3294, April 5, 2018.
- Patrick Louis Knudsen, "Tight Budget? Congress Can Save $42 Billion by Eliminating Bad Government Programs," Heritage Foundation *Backgrounder* No. 2837, August 29, 2013.
- Kathryn Nix and Emily Goff, "Community Development Block Grants: Waste the Continuing Resolution Should Cut," The Daily Signal, February 16, 2011.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

MANDATORY

**$440**
SAVINGS IN MILLIONS[37]

# Require Counting of Income from Ineligible Noncitizens When Calculating Food Stamp Benefits

Food stamp benefits are based on a household's "countable" income. The lower a household's countable income is, the higher its benefits will be. Although U.S. Department of Agriculture guidance says that "all of the ineligible non-citizens' resources are countable for SNAP purposes,"[38] not all states actually count these resources.

There is no reason why the income of a household member should not be counted when it comes to determining food stamp eligibility for the household, even if that member is ineligible for food stamps himself. Although food stamps are ostensibly limited to eligible recipients, they are used to purchase food for the entire household. Therefore, policymakers should require that the income of ineligible noncitizens be counted when determining household eligibility.

## ADDITIONAL READING

- Robert Rector and Katherine Bradley, "Reforming the Food Stamp Program," Heritage Foundation *Backgrounder* No. 2708, July 25, 2012.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Cuts spending by $32 million. |

DISCRETIONARY

**$1.0**
SAVINGS IN BILLIONS[39]

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

In addition to its questionable constitutional status as a federal government function, 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 the program's impact on 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 and child care programs. Congress should sunset the federal Head Start program over a period of 10 years to give states time to assume revenue responsibility, if necessary. Congress should begin by reducing Head Start funding by 10 percent in FY 2020. Ultimately, Head Start would be completely phased out by 2029.

### 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 *Backgrounder* No. 3040, August 6, 2015.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$8.8**
SAVINGS IN BILLIONS[40]

# 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. Competitive grant programs authorized under the Elementary and Secondary Education Act are ineffective and inappropriate at the federal level. They should be eliminated, and federal spending should be reduced to reflect remaining formula grant 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 federal education spending per pupil has more than doubled. The Every Student Succeeds Act alone authorizes dozens of competitive and formula grant programs, many of which are both redundant and ineffective. Federal education programs have failed to improve K–12 education nationally and have imposed 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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Cuts 29 programs, most of which are discretionary spending. |

DISCRETIONARY

–$1.2
INCREASE IN BILLIONS[41]

## 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, coupled with lower caps on student lending and elimination of loan forgiveness policies, could provide this needed flexibility for students. This proposal was included in the Higher Education Reform and Opportunity Act of 2017, introduced in the 115th Congress by former Representative Ron DeSantis (R–FL) and Senator Mike Lee (R–UT).[42]

### 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$2.3**
SAVINGS IN BILLIONS[43]

# 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 a considerable 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 and eliminate the PLUS Loan program.

Both graduate students and the parents of undergraduate students can borrow through the PLUS Loan program, which provides federal loans beyond the main federal lending programs. Ultimately, eliminating the PLUS Loan program will put downward pressure on tuition prices, discourage family-level debt, and create space for private lenders to enter the student loan market.

## 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$5.5**
SAVINGS IN BILLIONS[44]

## 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 and loan forgiveness. To drive down college costs and reduce taxpayer exposure to high levels of student debt, policymakers should place lower, 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 of 2017, introduced in the 115th Congress by former 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. Additionally, an annual lending cap of $7,500 would help to prevent excessive lending and put downward pressure on tuition prices.

### 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 |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | Expands eligibility for the Pell Grant program. |

MANDATORY

**$7.3**
SAVINGS IN BILLIONS[45]

## Eliminate the Mandatory Funding Add-On to Pell Grants

Pell Grants are currently funded by a convoluted combination of mandatory and discretionary funds. In the 2019–2020 academic year, students can receive a maximum amount of $5,135 under the discretionary component alone. However, the maximum amount can be increased by $1,060 to $6,195 through the Pell Grant funding add-on, authorized as mandatory funding. Congress should have the discretion to reevaluate the maximum funding for the Pell Grant program annually, which is not currently possible with the Pell add-on because it is included in mandatory spending.

### ADDITIONAL READING

- Mary Clare Amselem, "Soaring Student Debt Costs Us All," Heritage Foundation *Commentary*, August 18, 2017.
- David Ditch, "Congress Sees Hundreds of Millions in New Spending as an Afterthought," The Daily Signal, September 28, 2018.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Eliminates the in-school interest subsidy but does not remove the cap on interest rates. |

MANDATORY

**$700**
SAVINGS IN MILLIONS[46]

# Remove the Cap on Interest Rates for Student Loans

The federal direct loan program currently places congressionally determined caps on interest rates for student loans. While current interest rates operate below this cap, such a cap should not exist at all. It should be removed so that the market, not government, can influence loan interest rates. Students make better financial decisions about their academic futures when they are given all of the correct information about their loans and the possibilities for repayment. Interest rates often serve as a valuable tool in that decision-making process.

## ADDITIONAL READING

- 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 (FY2020)** | PARTIALLY INCLUDED | Eliminates the Public Service Loan Forgiveness program but offers more generous loan forgiveness terms for Stafford loans. |

DISCRETIONARY

**$370**
SAVINGS IN MILLIONS[47]

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

Americans are struggling under $1.5 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 student loan forgiveness will cost American taxpayers, the majority of whom do not hold bachelor's degrees, $108 billion over the next 10 years.[48]

Not only does loan forgiveness transfer large amounts of student debt onto the backs of taxpayers, but it also encourages excessive borrowing on the part of students, confident that after a certain number of years their loans will be eliminated. 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 (FY2020)** | PARTIALLY INCLUDED | Not addressed, although the Administration is taking steps to reform the rule. |

DISCRETIONARY

**$0**
(NO SAVINGS)[49]

# 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 might 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. It can do this by repealing the gainful employment regulations that took effect on July 1, 2015.

## 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 (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$1.2**
SAVINGS IN BILLIONS[50]

# Eliminate Funding for 21st Century Community Learning Centers

A 2017 Government Accountability Office review of the literature on the 21st Century Community Learning Centers Program (21st CCLC), which provides additional federal funding for after-school programs, found that none of the studies in its review produced "consistently better scores in either math or reading."[51] Research has also demonstrated that 21st CCLC participants are "no more likely to have higher academic achievement" than their non-participating peers and "more likely to engage in some negative behaviors."[52]

In addition to limited positive impacts on participants, funding after-school programs is outside the scope of the federal government. After-school programs should be locally funded or provided through private options.

## ADDITIONAL READING

- David B. Muhlhausen, "Trump's Responsible Decision to End an After-School Program that Harms Children," The Daily Signal, March 17, 2017.
- Lindsey M. Burke, Jude Schwalbach, and Jonathan Butcher, "Funding Education Savings Accounts for Military Families by Repurposing the 21st Century Community Learning Centers Program," Heritage Foundation *Issue Brief* No. 4930, December 20, 2018.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$190**
SAVINGS IN MILLIONS[53]

## Eliminate Comprehensive Literacy Development Grants

Congress should eliminate funding for the redundant and costly Comprehensive Literacy Development Grants. This program was authorized as part of the FY 2010 Consolidated Appropriations Act to advance reading skills for students from pre-school age through grade 12. These grants do not have a proven record of success to justify taxpayer spending, and federal agencies have yet to conduct any rigorous evaluations of the program. As the Department of Education has explained, "Evaluation activities primarily included surveys of teachers and school leaders to gauge perceptions of professional development activities.... A better situation would be to compare the performance of students in the SRCL program to a comparison group with students who have similar characteristics."[54]

Federal and local programs already exist to facilitate the development of childhood literacy. Such educational programs are better handled at the state and local levels and should be managed by the local leaders who understand local contexts and how to target such initiatives effectively. The federal government should not be funding and administering childhood literacy programs.

### ADDITIONAL READING

- U.S. Department of Education, Office of Elementary and Secondary Education, EDTASS: Striving Readers Comprehensive Literacy (SRCL), *5.2—National Performance Report: 2014–15*, September 2016.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$840**
SAVINGS IN MILLIONS[55]

# Eliminate Federal Supplemental Educational Opportunity Grants

Federal Supplemental Educational Opportunity Grants offer additional needs-based assistance to undergraduate students to help them pay for college. Numerous federal aid programs already exist to help students finance their college education, including direct loan programs and the Pell Grant program for low-income students. Congress already spends upwards of $28 billion every year on the Pell Grant program, which in some circumstances can cover the entire cost of tuition at community colleges. Furthermore, the evidence suggests that excessive federal higher education subsidies lead to tuition inflation.

Federal higher education subsidies should be limited and well targeted. Congress should focus its policy priorities on limiting federal aid programs and eliminating redundant or ineffective programs in order to drive down college costs and restore private lending options for students. There is no evidence that Supplemental Educational Opportunity Grants have been successful in helping students to complete their degrees in a timely manner, and the program should be eliminated.

## ADDITIONAL READING

- Lindsey M. Burke, "Reauthorizing the Higher Education Act—Toward Policies that Increase Access and Lower Costs," Heritage Foundation *Backgrounder* No. 2941, August 19, 2014.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$360**
SAVINGS IN MILLIONS[56]

# Eliminate GEAR UP

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) is a costly program that exists ostensibly to increase the number of low-income students enrolled in college and help these students navigate the pathway from high school to higher education. The federal government should not be providing funds under the premise that higher education is the sole option for students after high school. Many students would be better served by short-term career-centered programs. GEAR UP adds to already high levels of higher education spending, and there is little evidence that it has met its goal of increasing college readiness for disadvantaged students.

Additionally, it is not the proper role of the federal government to provide taxpayer dollars to create a pipeline from high school to college. GEAR UP should be eliminated, and its functions should instead be handled privately or at the state and local levels, where policymakers are better equipped to increase college preparedness within their school districts.

## ADDITIONAL READING

- Lindsey M. Burke, "Advancing School Choice and Restoring State and Local Control of Education Through A-PLUS," Heritage Foundation *Issue Brief* No. 4679, April 5, 2017.
- 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 (FY2020)** | INCLUDED | |

DISCRETIONARY

**$1.2**
SAVINGS IN BILLIONS[57]

# Eliminate Student Support and Academic Enrichment Grants

Student Support and Academic Enrichment Grants, authorized under the Every Student Succeeds Act of 2015, are awarded to school districts that already receive Title I funds. According to the Department of Education, the program exists to "(1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students."[58] Ultimately, however, these grants are unlikely to spark meaningful reform in school districts and are outside the scope of the federal government.

Such goals are extremely broad and difficult to quantify, and they do not justify federal involvement. States and localities already dedicate resources to improving school environments and the use of technology. Student Support and Academic Enrichment Grants should be cut from the federal budget.

## ADDITIONAL READING

- Lindsey M. Burke, "Advancing School Choice and Restoring State and Local Control of Education Through A-PLUS," Heritage Foundation *Issue Brief* No. 4679, April 5, 2017.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$2.1**
SAVINGS IN BILLIONS[59]

# Eliminate Supporting Effective Instruction State Grants

Supporting Effective Instruction (SEI) state grants are used primarily for class-size reduction and professional development. According to the Trump Administration's FY 2020 budget proposal, "SEI grants are poorly targeted and funds are spread too thinly to have a meaningful impact on student outcomes."[60] There is little if any return on investment from teacher professional development programs, and as Stanford economist Eric Hanushek has documented, the empirical evidence "gives no indication that general reductions in class size will yield any average improvement in student achievement."[61]

Taxpayer dollars should be directed toward constitutionally sound programs with demonstrated evidence of success. Because the heavy taxpayer investment in SEI grants does not meet that standard, this program should be eliminated.

## ADDITIONAL READING

- Eric A. Hanushek, "The Evidence on Class Size," Chapter 7 in *Earning and Learning: How Schools Matter*, ed. Susan E. Mayer and Paul E. Peterson (Washington: Brookings Institution Press, and New York: Russell Sage Foundation, 1999), pp. 131–168.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$318**
SAVINGS IN MILLIONS[62]

# Eliminate Competitive Teaching Grant Programs

Policymakers should eliminate the four competitive teaching grant programs: Supporting Effective Educator Development (SEED); Teacher and School Leader Incentive Grants (TSLIG); and Teacher Quality Partnerships (TQP). All of these programs aim generally to improve teacher quality and differ only slightly in their stated purposes. States and localities all across the country, on the other hand, differ significantly with respect to their hiring needs in public schools.

Distributing grants to these localities to assist them in recruiting high-quality teachers is not properly a function of the federal government. Instead, local policymakers and school leaders should focus their efforts on instituting merit pay and removing outdated policies like "last in first out" to recruit and retain the most qualified public school teachers. The federal government should not use limited taxpayer dollars to supplement state efforts.

## ADDITIONAL READING

- Lindsey M. Burke, "Advancing School Choice and Restoring State and Local Control of Education Through A-PLUS," Heritage Foundation *Issue Brief* No. 4679, April 5, 2017.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$445**
SAVINGS IN MILLIONS[63]

## 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 the number of media sources for accessing news and broadcasting is much greater. The CPB has already been appropriated $445 million per year in advance federal funding through FY 2021.[64] The President's FY 2019 budget called for rescinding all but $15 million of that amount.

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 its member stations receive only 4 percent of their overall funding from federal, state, and local governments.[65]

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

- Mike Gonzalez, "Stop Forcing Taxpayers to Fund Public Broadcasting," Heritage Foundation *Commentary*, November 6, 2017.
- Emily Goff, "Why Big Bird's Federal Subsidies Need to Go," The Daily Signal, October 14, 2012.
- BDO, "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 |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$787**
SAVINGS IN MILLIONS[66]

# Eliminate the Corporation for National and Community Service

The CNCS is a federal agency created to promote public service and support the institutions of civil society. 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 2017, according to the Charities Aid Foundation, 158 million Americans donated money to charity, and 102 million spent time volunteering.[67] Moreover, the CNCS is not using a significant portion of its current federal funding. The FY 2019 Defense and Labor/Health and Human Services appropriation bill rescinded $150 million in unobligated balances from the National Service Trust, which had been created to cover interest on qualified student loans while individuals serve in AmeriCorps.

The CNCS should be eliminated. 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 deprives individuals of this choice and forces taxpayers to subsidize particular charities chosen by the government. 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 Louis Knudsen, “Tight Budget? Congress Can Save $42 Billion by Eliminating Bad Government Programs,” Heritage Foundation *Backgrounder* No. 2837, August 29, 2013.

LABOR/HHS

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President’s Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$242**
SAVINGS IN MILLIONS[68]

# 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 2019, Congress appropriated $242 million for the agency. A primary focus of the institute's activity is its Grants to States program, which "annually provides population-based grants to each state's library administrative agency."[69] The agency also administers smaller grants such as the Laura Bush 21st Century Librarian Program, which funds librarian workforce development, and Museums for America, which strive to enhance the ability of museums to serve the public. 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 R. Larsen, "Federal Funds and State Fiscal Independence," Heritage Foundation *Backgrounder* No. 2136, May 15, 2008.
- Patrick Louis 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 (FY2020)** | INCLUDED | |

LABOR/HHS

DISCRETIONARY

**$208.7**
SAVINGS IN MILLIONS[70]

# Cut the Annual Smithsonian Institution Subsidy by 20 Percent and Cap It at That Amount

The Smithsonian Institution was founded through a donation by James Smithson in 1846. It was established for the purpose of increasing and diffusing knowledge. With 19 museums and galleries, nine research centers, and the National Zoo, the Smithsonian is the world's largest museum and research complex.

The Smithsonian Institution is one of the world's best-known museums. Trust funds, government grants and contracts, and private donations accounted for an estimated 30 percent of its budget in 2018. Between FY 2017 and FY 2018, the Smithsonian's appropriation increased by $180 million, with all but $2 million of the new funding used for the National Air and Space Museum's multi-year revitalization and other facilities projects.

Both public and private institutions often engage in widespread fundraising activities to fund capital projects. The Smithsonian Institution should continue to use its name recognition to expand its private donor base to pay for new projects and recurring expenses instead of asking taxpayers to do so.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$65**
SAVINGS IN MILLIONS[71]

# 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.[72] Moreover, 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.[73]

The Trump Administration has taken steps to correct the previous Administration's actions that undermined the rule of law by rescinding the Obama Administration's gender identity[74] and sexual assault[75] school policies. In addition, the OCR budget should be cut significantly so that schools can make policies that will best serve *all* members of their communities.

## 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 |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Increases funding to $125 million from the FY 2019 level of $107 million. |

MANDATORY

**$115.9**
SAVINGS IN BILLIONS[76]

# Reform Medical Liability for Federal Health Programs

The current medical liability system does not work for patients or providers. Nor does it promote high-quality, evidence-based care. Providers practice with a threat of potentially frivolous lawsuits, and injured patients often do not receive just compensation for their injuries.

This proposal would reform medical liability and reduce defensive medicine by implementing a set of provisions to reduce the number of high-dollar awards, limit liability, reduce provider burden, promote evidence-based practices, and strengthen the physician–patient relationship. These requirements would apply to any individual who brings a health care lawsuit and who used medical services for which Medicaid, Medicare, and other federal health programs paid, either in whole or in part, including a person who asserts or claims a right to legal or equitable contribution, indemnity, or subrogation arising out of a health care liability claim or action and any person on whose behalf such a claim is asserted or such an action is brought, whether deceased, incompetent, or a minor.

Specifically, the proposal includes placing a cap on non-economic damage awards of $250,000 (increasing with inflation over time); specifying a three-year statute of limitations; allowing courts to modify attorney's fee arrangements; allowing evidence of a claimant's payments from other sources, such as workers' compensation and auto insurance, to be introduced at trial; creating a safe harbor for clinicians who follow evidence-based clinical practice guidelines; and authorizing the Secretary of Health and Human Services to create expert panels and administrative health care tribunals to review medical liability cases.



| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | Caps non-monetary damages at $250,000, adds a statute of limitations, and includes additional reforms. |

MANDATORY

**$0**
(NO SAVINGS)[77]

# 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 without 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 it. This policy would stop the "state gaming" of reimbursement and bring greater transparency to the financing of Medicaid.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$1.4**
SAVINGS IN BILLIONS[78]

## Consolidate and Reform the Financing of Graduate Medical Education Programs

Graduate Medical Education (GME) programs provide federal funding to help train physicians. The largest porting of this funding is channeled to teaching institutions in the form of increased Medicare payments. This federal structure ignores geographic disparities, is unresponsive to workforce needs, and lacks accountability and oversight.

Congress should reform the GME program by consolidating GME financing in a single discretionary funding source, shift management responsibilities to the states, and require that funding follow the trainee and not be linked to the teaching institutions.

### ADDITIONAL READING

- John S. O'Shea, "Reforming Graduate Medical Education in the U.S.," Heritage Foundation *Backgrounder* No. 2983, December 29, 2014.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Broadly consistent with recommendation. |

MANDATORY

**$0**
(NO SAVINGS)[79]

# Modify Payments to Hospitals for Uncompensated Care in Medicare and Medicaid

The federal government through Medicare and Medicaid provides hospitals with supplemental payments to offset the costs of treating indigent, uninsured patients. The current system of payments to hospitals through uncompensated care payments in Medicare and disproportionate-share payments (DSH) in Medicaid is poorly targeted, insufficiently accountable, and in need of reform.

Under this proposal, both the Medicare and Medicaid formulas for hospital supplemental payments would be consolidated and transferred out of Medicare and Medicaid into a discretionary funding mechanism based on actual hospital claims rather than the current formulas. This reform would bring greater transparency and accountability to the distribution of these payments.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Broadly consistent with recommendation. |

## POLICY RIDERS

**Strengthen the TANF Program's work requirements.** The majority of work-eligible TANF recipients (54.3 percent across the states in FY 2017) are neither working nor preparing for work.[80] This is partly because states take 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 even though the other 50 percent of the caseload may be completely idle, 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 they 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.[81]

**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.[82] 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, including plans offered by religious organizations, religious schools, and even churches, must include coverage of elective abortions. Complaints to the U.S. Department of Health and Human Services about the state's mandate were dismissed by the Office for Civil Rights after nearly two years of investigation.[83] 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 like 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.[84]

## ENDNOTES

1. Savings of $1.719 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019, Public Law 115-245, 115th Cong., September 28, 2018, https://www.congress.gov/search?q=%7B%22source%22:%22legislation%22,%22search%22:%22cite:PL115-245%22%7D (accessed April 6, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020.
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 April 6, 2019). Contract report submitted to U.S. Department of Labor, Employment and Training Division, Office of Policy and Research.
3. Estimated savings of $3.250 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019, which specifies $3.503 billion for activities including the WIOA, the Second Chance Act of 2007, and the Apprenticeship Act. Of this total, the act specifies $160 million to expand opportunities for apprenticeship programs and lists $93 million for ex-offender activities as authorized under both the WIOA and the Second Chance Act. Estimated savings exclude these $160 million and $93 million amounts. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
4. Estimated savings of $741 million for FY 2020 are based on the FY 2019 full-year spending level as reported in U.S. Department of Labor, *FY 2020 Department of Labor Budget in Brief*, pp. 13 and 14, https://www.dol.gov/sites/dolgov/files/general/budget/2020/FY2020BIB.pdf (accessed April 6, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020.
5. Estimated savings of $10.5 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
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 6, 2019).
7. Estimated savings of $123 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. This proposal would reduce spending by 45 percent, or $123 million of the appropriated $274 million. Heritage experts assume that FY 2019 spending remains constant in FY 2020. Reducing the NLRB's budget by 45 percent in FY 2020 would bring its spending in line with previous funding levels for its caseload. This would save taxpayers $123 million in FY 2020. The NLRB's projected FY 2019 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 its FY 2020 spending down to $151 million.
8. Estimated savings of $103.5 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
9. Estimated savings of $13.8 million for FY 2020 are based on the FY 2019 full-year spending level as reported in U.S. Department of Labor, *FY 2020 Department of Labor Budget in Brief*, p. 36. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
10. Estimated savings of $59.8 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
11. U.S. Department of Labor, Bureau of International Labor Affairs, "Mission," https://www.dol.gov/agencies/ilab/about-us (accessed April 7, 2019).
12. Estimated savings of $268 million for FY 2020 are based on a GeneralSchedule.org statistic showing that 37,033 federal employees live in areas designated "Rest of U.S." and that the average salary for employees in these areas is $54,297. The 15.37 percent "Rest of U.S." adjustment means that the average salary is $7,234 above the base salary for these areas. Thus, eliminating the "Rest of U.S." locality pay and reverting those areas back to the base GS scale would result in $268 million in savings for FY 2020. GeneralSchedule.org, "Rest of U.S. General Schedule Payscale," https://www.generalschedule.org/localities/rest-of-us (accessed April 6, 2019).
13. FederalPay.org, "General Schedule (GS) Locality Pay Map," 2019, https://www.federalpay.org/gs/locality (accessed April 6, 2019).
14. Estimated savings of $376 million for FY 2020 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 *Backgrounder* No. 3139, July 27, 2016, https://www.heritage.org/jobs-and-labor/report/why-it-time-reform-compensation-federal-employees#_ftn3. Savings for FY 2020 have been updated to reflect the most recent, June 2018 federal employment data available from FedScope (fedscope.opm.gov) and to reflect implementation in 2020 as opposed to 2017 as assumed in the original Heritage Foundation report and figures. FY 2020 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 2020–2029 period would equal $27.287 billion. This 10-year figure includes effects that interact with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.

15. James Sherk, "Inflated Federal Pay: How Americans Are Overtaxed to Overpay the Civil Service," Heritage Foundation *Center for Data Analysis Report* No. CDA10-05, July 7, 2010, http://www.heritage.org/research/reports/2010/07/inflated-federal-pay-how-americans-are-overtaxed-to-overpay-the-civil-service.
16. Estimated savings of $46.701 billion for FY 2020 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 2020 have been updated to reflect the most recent, June 2018 federal employment data available from FedScope (fedscope.opm.gov) and to reflect implementation in 2020 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 2020 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 2020 savings include $13.802 billion in accrual-based discretionary savings from permanent changes and $32.898 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 2020–2029 period would equal $206.253 billion. This 10-year figure includes effects that interact with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.
17. Estimated savings of $113 million for FY 2020 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 April 6, 2019), and Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, December 2018, p. 310, https://www.cbo.gov/system/files?file=2018-12/54667-budgetoptions.pdf (accessed April 6, 2019). The most recent 2018 report does not include annual savings estimates, so Heritage analysts applied the overall increase in reported savings of 13 percent (from a total of $4.7 billion in the 2016 report to $5.3 billion in the 2018 report) to each year's previously reported savings. Savings would grow over time, amounting to $5.3 billion over 10 years. All $113 million in savings represents mandatory spending.
18. Reg Jones, "The Special Retirement Supplement," FEDweek, January 22, 2018, http://www.fedweek.com/reg-jones-experts-view/special-retirement-supplement/ (accessed April 6, 2019).
19. Estimated savings of $5.732 billion for FY 2020 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 2020 have been updated to reflect the most recent, June 2018 federal employment data available from FedScope (fedscope.opm.gov) and to reflect implementation in 2020 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 $71.554 billion over the 2020–2029 period. This 10-year figure includes effects that interact with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.
20. Estimated savings of $569 million for FY 2020 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 received. 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 April 6, 2019). We apply this value to current statistics (June 2018) on the number and wages of federal employees. Total savings over the 2020–2029 period would equal $32.53 billion. This 10-year figure includes effects that interact with other Heritage Foundation experts' proposals to bring federal personnel compensation in line with private-sector compensation.
21. Authors' calculations establish the 6.34 percent of pay cost by comparing the average salary of $54,656 in 2002 to the estimated $3,475 accrual cost of FEHB benefits as reported in Congressional Budget Office, "The President's Proposal to Accrue Retirement Costs for Federal Employees."
22. This proposal has no estimated savings for FY 2020 but 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 April 6, 2019).
23. This proposal has no savings in FY 2020 because the PBGC is not a taxpayer-financed entity, and additional funds would be used to improve the solvency of the PBGC and multiemployer pension plans as opposed to reducing taxpayer costs. However, this would increase 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.
24. Estimated savings of $2.9 billion in FY 2020 come from Congressional Budget Office, *Options for Reducing the Deficit: 2019–2028*, p. 115.
25. Estimated savings of $742 million for FY 2020 are based on a 20 percent reduction in the total overpayment level of $3.708 billion as reported in U.S. Department of Labor, *Benefit Accuracy Measurement State Data Summary: Improper Payment Information Act Performance Year 2017*, p. 10, https://oui.doleta.gov/unemploy/bam/2017/IPIA_2017_Benefit_Accuracy_Measurement_Annual_Report.pdf (accessed April 6, 2019). Heritage experts assume that the 2017 overpayment level remains constant through FY 2020. All $742 million represents mandatory savings.
26. Ibid. "This report is designed to provide information gathered by the BAM [Benefit Accuracy Measurement] program for Improper Payment Information Act (IPIA) performance year (PY) 2017." Ibid., p. 1.

27. Estimated savings of $531 million in FY 2020 are based on a Social Security Administration estimate of overpayments in the SSI program that includes $3.542 billion due to "Inability to Access Data." Heritage estimates that this proposal would reduce those overpayments by 15 percent in the first year, resulting in $531 million in savings in FY 2020. Heritage experts assume that FY 2017 overpayments remain constant through FY 2020. See Social Security Administration, "Reducing Improper Payments: Major Causes of SSI Improper Payments: Improper Payment Root Cause Category Matrix for FY 2017," https://www.ssa.gov/improperpayments/SSI_majorCauses.html (accessed April 6, 2019). All $531 million represents mandatory savings.
28. Estimated savings of $2.5 billion for FY 2020 come from The Heritage Foundation's Social Security Model. Savings are based on an average overpayment rate of 0.44 percent, which is equal to the average overpayment rate for FY 2013–FY 2017 as found in Social Security Administration, "Reducing Improper Payments: Major Causes of SSI Improper Payments: Improper Payment Root Cause Category Matrix for FY 2017." All $2.5 billion represents mandatory savings.
29. Estimated savings of $20.26 billion for FY 2020 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 2020 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 in 2020. 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 April 6, 2019), 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 April 6, 2019). 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 2020. 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 2020. All $20.26 billion in savings represents mandatory spending.
30. Estimated savings of $2.360 billion in FY 2020 are based on net projected spending of $47.209 billion for FY 2020 (including $47.601 billion in discretionary spending and a net offsetting revenue of $392 million from mandatory HUD spending categories) as reported in Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed April 6, 2019). We propose a 10-year, phased-in elimination of federal housing programs excluding those for low-income disabled and elderly populations. According to the CBO, approximately 50 percent of housing assistance goes to elderly and disabled recipients. 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 April 6, 2019). Thus, savings of $2.360 billion for FY 2020 are based on reducing half of HUD's budget by 10 percent.
31. Estimated savings of $11 billion in FY 2020 come from Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, p. 95. The option to "eliminate Supplemental Security Benefits for Disabled Children" includes $1 billion in discretionary spending and $10 billion in mandatory spending in FY 2020, assuming that the option takes effect at the beginning of FY 2020 (October 2019).
32. 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.
33. Savings of $1.77 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
34. Savings of $725 million for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 39, https://www.whitehouse.gov/wp-content/uploads/2019/03/msar-fy2020.pdf (accessed April 7, 2019).
35. Savings of $3.690 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
36. Savings of $3.3 billion for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 50.
37. Estimated savings of $440 million for FY 2020 are based on an unpublished preliminary score from the Congressional Budget Office. The $440 million represents the first year of implementation. Over subsequent years, the savings would grow, eventually approaching $1 billion per year in the 10th year. All $440 million represents mandatory savings.
38. U.S. Department of Agriculture, Food and Nutrition Service, Supplemental Nutrition Assistance Program, Guidance on Non-Citizen Eligibility, June 2011, p. 47, https://fns-prod.azureedge.net/sites/default/files/snap/Non-Citizen_Guidance_063011.pdf (accessed April 7, 2019).
39. Estimated savings of $1.006 billion for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2020 spending remains constant at FY 2019 levels. Savings equal 10 percent of the estimated FY 2020 spending level based on a 10-year phaseout of the program.

40. Estimated savings of $8.836 billion for FY 2020 are based on FY 2019 grant levels under the Every Student Succeeds Act as reported in U.S. Department of Education, "Department of Education Fiscal Year 2019 Congressional Action," October 9, 2018, https://www2.ed.gov/about/overview/budget/budget19/19action.pdf (accessed April 7, 2019). 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 ($7.042 billion) and a 10 percent reduction in Title I and Title VII spending ($1.794 billion).
41. Estimated savings of –$1.2 billion (in other words, an additional cost of $1.2 billion) for FY 2020 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.
42. H.R. 4274, Higher Education Reform and Opportunity Act of 2017, 115th Cong., introduced November 7, 2017, https://www.congress.gov/bill/115th-congress/house-bill/4274/all-info (accessed April 8, 2019), and S. 2228, Higher Education Reform and Opportunity Act of 2017, 115th Cong., introduced December 13, 2017, https://www.congress.gov/bill/115th-congress/senate-bill/2228 (accessed April 8, 2019).
43. Estimated savings of $2.3 billion for FY 2020 are based on Heritage experts' estimates as reported in Hall and Reim, "Time to Reform Higher Education Financing and Accreditation."
44. Estimated savings of $5.5 billion for FY 2020 are based on Heritage experts' estimates as reported in Hall and Reim, "Time to Reform Higher Education Financing and Accreditation."
45. Estimated savings of $7.291 billion for FY 2020 are based on the CBO's most recent January 2019 baseline spending projections for mandatory student financial assistance as reported in Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed April 6, 2019). All $7.291 billion represents mandatory savings.
46. Estimated savings of $700 million for FY 2020 come from Congressional Budget Office, Options for Reducing the Deficit: 2019–2028, p. 115. Heritage uses the "fair-value method" of accounting as this is a more accurate method. All $700 million in savings represents mandatory spending.
47. Estimated savings of $370 million for FY 2020 are based on Congressional Budget Office, "Proposals for Education—CBO's Estimate of the President's Fiscal Year 2019 Budget," https://www.cbo.gov/system/files?file=115th-congress-2017-2018/dataandtechnicalinformation/53901-education.pdf (accessed April 7, 2019). The CBO includes $370 million in FY 2019 savings from "Eliminat[ing] Public Service Loan Forgiveness." It also assumes that FY 2019 is the first year of implementation, so Heritage experts apply the FY 2019 savings level to FY 2020. 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.)
48. Congressional Budget Office, "H.R. 4508, Promoting Real Opportunity, Success, and Prosperity Through Education Reform Act, as Ordered Reported by the House Committee on Education and the Workforce on December 13, 2017," Cost Estimate, February 6, 2018, pp. 7 and 17, https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr4508.pdf (accessed April 8, 2019).
49. 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.
50. Estimated savings of $1.2 billion for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 20.
51. U.S. Government Accountability Office, K–12 Education: Education Needs to Improve Oversight of Its 21st Century Program, GAO-17-400, April 2017, p. 17, https://www.gao.gov/assets/690/684314.pdf (accessed April 8, 2019).
52. U.S. Department of Education, Institute of Education Sciences, National Center for Educational Evaluation and Regional Assistance, When Schools Stay Open Late: The National Evaluation of the 21st Century Community Learning Centers Program: Final Report, April 2005, p. xii, https://www2.ed.gov/rschstat/eval/other/cclcfinalreport/cclcfinal.pdf (accessed April 8, 2019).
53. Estimated savings of $190 million for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 21.
54. U.S. Department of Education, Office of Elementary and Secondary Education, EDTASS: Striving Readers Comprehensive Literacy (SRCL), *5.2—National Performance Report: 2014–15*, September 2016, p. ix, https://www2.ed.gov/programs/strivingreaders-literacy/performance.html (accessed April 7, 2019).
55. Estimated savings of $840 million for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 22.
56. Estimated savings of $360 million for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 25.
57. Estimated savings of $1.17 billion for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 31.
58. U.S. Department of Education, Student Support and Academic Enrichment Program, "Program Description," https://www2.ed.gov/programs/ssae/index.html (accessed April 9, 2019).

59. Estimated savings of $2.056 billion for FY 2020 are based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 32.
60. Ibid.
61. Erik A. Hanushek, "The Evidence on Class Size," Chapter 7 in *Earning and Learning: How Schools Matter*, ed. Susan E. Mayer and Paul E. Peterson (Washington: Brookings Institution Press, and New York: Russell Sage Foundation, 1999), p. 132, http://hanushek.stanford.edu/sites/default/files/publications/Hanushek%201999%20EvidenceonCLassSize.pdf (accessed April 7, 2019).
62. Estimated savings of $318 million for FY 2020 include $118 million from eliminating the Supporting Effective Educator Development and Teacher Quality Partnerships, based on Office of Management and Budget, *Fiscal Year 2020 Budget of the U.S. Government: Major Savings and Reforms*, p. 33, and $200 million from eliminating Teacher and School Leader Incentive Grants, for which $200 million is requested in U.S. Department of Education, *Innovation and Improvement, Fiscal Year 2020 Budget Request*, p. F-7, https://www2.ed.gov/about/overview/budget/budget20/justifications/f-ii.pdf (accessed April 7, 2019).
63. Estimated savings of $445 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant for FY 2020.
64. Corporation for Public Broadcasting, *Corporation for Public Broadcasting Appropriation Request and Justification FY 2019 and FY 2021*, p. 2, https://www.cpb.org/files/appropriation/justification-FY19-and-FY21.pdf (accessed April 7, 2019).
65. Chart, "Public Radio Station Revenues (FY 2017)," in National Public Radio, "Public Radio Finances: Member Station Revenues," http://www.npr.org/about-npr/178660742/public-radio-finances (accessed April 7, 2019).
66. Estimated savings of $786.7 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
67. Charities Aid Foundation, *CAF World Giving Index 2018*, October 2018, pp. 18 and 22, https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi2018_report_webnopw_2379a_261018.pdf?sfvrsn=c28e9140_4 (accessed April 7, 2019).
68. Estimated savings of $242 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
69. Institute of Museum and Library Services, "Transforming Communities: Institute of Museum and Library Services Strategic Plan 2018–2022," January 2018, p. 9, https://www.imls.gov/sites/default/files/publications/documents/imls-strategic-plan-2018-2022.pdf (accessed April 7, 2019).
70. Estimated savings of $208.7 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019. Heritage experts assume that FY 2019 spending is reduced by 20 percent.
71. Estimated savings of $65 million for FY 2020 are based on the CBO's most recent January 2019 baseline spending projections as reported in Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed April 6, 2019). The CBO projects $130 million in spending for FY 2020, and this proposal reduces that amount by 50 percent.
72. 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/.
73. 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.
74. 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/.
75. 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/.
76. Estimated savings of $115.864 billion for FY 2020 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model, as estimated in 2018 for FY 2019. Heritage experts assume that FY 2020 savings remain the same as estimated for FY 2019. All $115.864 billion in savings represents mandatory spending.
77. Estimated savings of $0 in FY 2020 are based on estimates from Heritage Foundation staff using the Heritage Center for Data Analysis Health Model. Although this policy does not generate savings in FY 2020, it would result in an estimated $409.9 billion in total mandatory savings over the FY 2020–FY 2029 period, and these savings are included in the recommended mandatory entitlement spending levels.
78. Estimated savings of $1.4 billion for FY 2020 are based on a CBO score of a policy that would consolidate and reduce federal payments for graduate medical education at teaching hospitals. Policies of establishing a discretionary grant program with growth limited either to estimates from the CPI-U or to estimates from the CPI-U minus one percentage point would produce $1.4 billion in savings in FY 2020. See Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, p. 86. All $1.4 billion represents mandatory savings. The CBO estimates 10-year savings totaling $34 billion–$39.5 billion.
79. Estimated savings of $0 in FY 2020 are based on U.S. Department of Health and Human Services, *Putting America's Health First: FY 2020 President's Budget for HHS*, p. 86, https://www.hhs.gov/sites/default/files/fy-2020-budget-in-brief.pdf (accessed April 7, 2019).

80. Table 6C, "Work-Eligible Individuals with Hours of Participation by Work Activity as a Percent of the Total Number of Work-Eligible Individuals, Monthly Average, Fiscal Year 2017," in U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, "Work Participation Rates—Fiscal Year 2017, Temporary Assistance for Needy Families (TANF) and Separate State Programs–Maintenance of Effort (SSP–MOE) Work Participation Rates and Engagement in Work Activities, Fiscal Year (FY) 2017," published June 26, 2018, https://www.acf.hhs.gov/sites/default/files/ofa/wpr2017table06c.pdf (accessed April 7, 2019).
81. For additional detail, see Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation *Issue Brief* No. 4520, February 24, 2016, http://thf-reports.s3.amazonaws.com/2016/IB4520.pdf, and Rachel Sheffield, "Welfare Reform and Upward Mobility Act Can Restart Welfare Reform," Heritage Foundation No. 4619, October 28, 2016, http://thf-reports.s3.amazonaws.com/2016/IB4619.pdf.
82. 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.
83. 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 7, 2019).
84. 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; 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; 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 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 April 7, 2019).

# Legislative Branch

DISCRETIONARY

**$1.4**
SAVINGS IN MILLIONS[1]

# 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 and can fulfill the Center's goals. The Young Leaders Program at The Heritage Foundation is just one example. Past budgets and appropriations bills have called for elimination of the Stennis Center, and Congress should act on this modest recommendation now.

## ADDITIONAL READING

- Justin Bogie, Frederico Bartels, Nicolas D. Loris, and Katie Tubb, "Appropriations 'Mini-bus' Makes Progress in Some Areas, Misses the Mark in Others," Heritage Foundation *Issue Brief* No. 4740, July 25, 2017.



| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$94.3**
SAVINGS IN MILLIONS[2]

# Eliminate Funding for Congressional Subsidies for the Affordable Care Act's Health Insurance Exchange

Under Section 1312 (d)(3)(D) of the Affordable Care Act (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.[3] This change meant that Members and staff not only would no longer benefit from their employer coverage, but also would no longer receive the employer contribution toward the cost of their health insurance. On August 7, 2013, the Office of Personnel Management (OPM) reversed this change, ruling that Members of Congress and staff—even though they are no longer enrolled in the FEHBP—could continue to receive the employer contribution for coverage in the exchange. The Obama 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.[4]

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 taxpayer subsidy.

## ADDITIONAL READING

- Robert E. Moffit, "How Congress Mysteriously Became a 'Small Business' for Obamacare Subsidies," The Daily Signal, May 11, 2016.
- Robert E. Moffit, "Congress and Obamacare: A Big Double Standard," The Daily Signal, November 17, 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.

LEG. BRANCH

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

## ENDNOTES

1. Estimated savings of $1.4 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019, Public Law 115-245, 115th Cong., September 28, 2018, https://www.congress.gov/bill/115th-congress/house-bill/6157?q=%7B%22search%22%3A%5B%22pl+115-245%22%5D%7D&r=1 (accessed March 13, 2019), and H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019, Public Law 115-244, 115th Cong., September 21, 2018, https://www.congress.gov/bill/115th-congress/house-bill/5895/text (accessed March 13, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020. Savings include $430,000 in direct spending and up to $1 million in transfers from Navy operations and maintenance.
2. Savings of $94.3 million for FY 2020 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, February 15, 2019, https://www.healthinsurance.org/dc-state-health-insurance-exchange/ (accessed March 13, 2019). LegiStorm reports that the average age of congressional staff is 31 in the House and 32 in the Senate. LegiStorm, "Congress by the Numbers: 116th Congress (2019–2021)," https://www.legistorm.com/congress_by_numbers/index/by/senate.html (accessed March 12, 2019). The D.C. Health Insurance Exchange provides average premium costs for 2019. D.C. Government, Department of Insurance, Securities and Banking, "Sample 2019 Approved Premiums Compared to 2018," September 17, 2018, https://disb.dc.gov/publication/sample-2019-approved-premiums-compared-2018 (accessed March 13, 2019). For individuals, Heritage experts use the reported premium cost of $3,938 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. No average family premiums are reported for the small-business exchange, so Heritage experts use the average gold family premium of $18,920 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 FEHBP 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 2020.
3. Edmund 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 Moffit, "Congress and Obamacare: A Big Double Standard," The Daily Signal, November 17, 2013, https://www.dailysignal.com/2013/11/17/congress-and-obamacare-a-big-double-standard/.
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

MANDATORY

**$2**
SAVINGS IN MILLIONS[1]

# Cap GI Bill Flight Training Benefits

The Department of Veterans Affairs provides educational benefits to veterans under the GI Bill. Veterans can choose to attend public or private universities, and the VA pays the school for tuition and fees. To prevent abuse of the program, the benefit value is capped for private institutions ($22,805 for the 2017–2018 academic year), and for public universities, the limit is the in-state tuition cost.

Typically, in-state public tuition is less than the private university cap. However, tuition for programs in flight training at public schools can exceed the private tuition value limit. While there is nothing objectionable about veterans studying flight training, there is also no reason for the federal government to provide a larger subsidy for one subject (flight training) at one type of school than it provides for other subjects at other types of schools.

This option would place a cap on the subsidy for public school flight training tuition equal to the cap on private school tuition. According to the Congressional Budget Office, this would save $2 million in the first year and $137 million over 10 years.[2]



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

MIXED

**$7.9**
SAVINGS IN BILLIONS[3]

## End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8

The Department of Veterans Affairs 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.[4] 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 assigned 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.

According to the Congressional Budget Office, almost 90 percent of enrollees in PGs 7 and 8 had other health care coverage in 2017.[5] The Department of Veterans Affairs 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 (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$1.0**
SAVINGS IN BILLIONS[6]

## Put a 10-Year Time Limit on Initial Applications for Disability Compensation for Veterans

Currently, military veterans may file for service-related disability benefits no matter how long ago their service ended. First-time applicants at or close to retirement age may file for and receive benefits even if they left the military decades ago. Such applicants represent a significant portion of new enrollees. As of 2012, 43 percent of first-time disability recipients were over the age of 55 despite average tours of duty ending by age 30.

Allowing for long-term effects of service injuries to manifest themselves is necessary and proper. However, after a certain point, this policy runs the risk of causing the military disability system to cover conditions that were primarily the result of post-service activity or the natural aging process.

Conditions such as tinnitus and moderate hearing loss are present in many disability applications. It is impossible to distinguish between hearing damage caused by proximity to gunfire and explosions in the military and hearing damage caused by aging, work environment, and leisure activity post-service. Similarly, determining the primary cause of musculoskeletal conditions can be nearly impossible after enough time has passed.

Offering veterans a 10-year window to apply for disability compensation would provide sufficient time for long-term effects from service to become apparent while also reducing the potential for dubious claims. Such a reform would be in line with changes implemented in the United Kingdom and would save $1 billion in FY 2020 and $19 billion between FY 2020 and FY 2029.

### ADDITIONAL READING

- Congressional Budget Office, *Veterans' Disability Compensation: Trends and Policy Options*, August 2014.



| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$9.0**
SAVINGS IN BILLIONS[7]

# 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.[8] In FY 2013, 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.[9]

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 veterans' disability payments offset retirement pay would reduce excessive benefits and save taxpayers $9 billion in FY 2020 and $139 billion between FY 2020 and FY 2029.

## 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.

MILCONVA

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

MANDATORY

**$2.4**
SAVINGS IN BILLIONS[9]

## 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.[11] This proposal would end veterans' disability compensation for these non-service-related conditions and save $2.4 billion in FY 2020 and $25.7 billion from FY 2020 to FY 2029.

### 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 (FY2020)** | NOT ADDRESSED | |

## ENDNOTES

1. Estimated savings of $2.0 million for FY 2020 are based on estimates from Congressional Budget Office, "H.R. 5449, Navy SEAL Chief Petty Officer William 'Bill' Mulder (Ret.) Transition Improvement Act of 2018, As Ordered Reported by the House Committee on Veterans' Affairs on July 12, 2018," *Cost Estimate*, July 19, 2018, https://www.cbo.gov/system/files/2018-07/hr5649.pdf (accessed March 16, 2019). All $2.0 million represents mandatory savings. Heritage experts assume that the FY 2019 savings and spending levels will apply for FY 2020 because they represent the first year of full implementation of the policy.
2. Ibid.
3. Estimated savings of $7.9 billion for FY 2020 are based on estimates from Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, December 2018, p. 186, https://www.cbo.gov/system/files?file=2018-12/54667-budgetoptions.pdf (accessed March 13, 2019). The option to "End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8" includes $10.7 billion in discretionary savings and $2.8 billion in increased mandatory spending in FY 2020, for a net savings of $7.9 billion.
4. 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 March 16, 2019).
5. Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, p. 187.
6. Estimated savings of $1.0 billion for FY 2020 are based on estimates from Congressional Budget Office, *Veterans' Disability Compensation: Trends and Policy Options*, August 2014, p. 3, https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45615-VADisability_2.pdf (accessed March 16, 2019). All $1.0 billion represents mandatory savings. The option to limit initial applications to within 10 years provides an estimated $19 billion in savings over 10 years. Because savings could accumulate over time, we estimate that $1 billion of the total $19 billion would occur within the first year of implementation in FY 2020.
7. Estimated savings of $9.0 billion for FY 2020 are based on estimates from Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, p. 34, https://www.cbo.gov/system/files?file=2018-09/52142-budgetoptions2.pdf (accessed March 17, 2019). All $9.0 billion represents mandatory savings. The option to "eliminate Concurrent Receipt of Retirement Pay and Disability Compensation for Disabled Veterans" includes $9 billion in mandatory spending in FY 2020. Heritage experts assume that the FY 2018 savings level will apply for FY 2020 (as opposed to the estimated $15 billion level for FY 2020) because it represents the first year of full implementation of the policy.
8. Congressional Budget Office, *Options for Reducing the Deficit: 2017 to 2026*, p. 34.
9. 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, p. 4, http://www.gao.gov/assets/670/666267.pdf (accessed March 16, 2019).
10. Estimated savings of $2.4 billion for FY 2020 are based on estimates from Congressional Budget Office, *Options for Reducing the Deficit: 2019 to 2028*, p. 107. All $2.4 billion represents mandatory savings.
11. U.S. General Accounting Office, *VA Benefits: Law Allows Compensation for Disabilities Unrelated to Military Service*, GAO/HRD-89-60, July 1989, https://www.gao.gov/assets/150/147926.pdf (accessed March 16, 2019).

# Multiple Subcommittees

DISCRETIONARY

**$177.2**
SAVINGS IN MILLIONS[1]

# 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 unions while on the clock as federal employees. 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 $177 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 (FY2020)** | NOT ADDRESSED | |

MULTIPLE

DISCRETIONARY

**$9.0**
SAVINGS IN BILLIONS[2]

## Repeal the Davis–Bacon Act

The Davis–Bacon Act requires federally financed construction projects to pay "prevailing wages." In theory, these wages 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. This would save 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 (FY2020)** | NOT ADDRESSED | |

MULTIPLE

DISCRETIONARY

**$0**
(NO SAVINGS)[3]

# Extend FCC Spectrum Auction Authority

One of the Federal Communications Commission's primary functions is the assigning of licenses for frequencies on the electromagnetic spectrum. Originally, recipients of these licenses were selected based on an administrative hearing. That may have sufficed when most applicants were seeking radio or television broadcast licenses, but it was not well suited to the licensing of cellphone networks. Not only did the hearings' slow pace conflict with the needs of the fast-growing industry, but the hearings could not predict which applicant would best serve consumers. Nor did it matter, since most licenses were resold soon after they were assigned.

The idea of auctioning spectrum can be traced back to Nobel-prize winner Ronald Coase, who suggested spectrum auctions as early as 1958.[4] It was not until 1993, however, that Congress authorized the FCC to use them. In the 25 years that followed, auctions have served efficiently to get spectrum to those that value it the most. That in turn made the wireless revolution possible, fundamentally improving how Americans live. As a side benefit, over $114 billion in revenue has been generated for the U.S. Treasury.

The original authorization for auctions was to expire in 1998, but Congress extended this date several times, first to 2007, then to 2011, and again to 2012. Current FCC authority, as provided by the Spectrum Pipeline Act, expires in 2022 (or 2025 for specified spectrum, including 30 MHz of spectrum now used by government agencies). After that date, absent congressional action, the FCC's auction authority will expire. To prevent this from happening, the FCC and the Trump Administration have urged Congress to direct the FCC to auction additional spectrum by 2028 and extend FCC auction authority to 2028.

Congress should go farther, however. Auctions are a success story and have become an integral part of the policy infrastructure. The FCC should be given permanent auction authority exercisable in regard to any spectrum, subject only to a finding that an auction would be beneficial to consumers.

## ADDITIONAL READING

- James L. Gattuso, "Raising Revenues with the Auction Option for the Telecommunications Spectrum," Heritage Foundation *Issue Bulletin* No. 147, May 11, 1989.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

MULTIPLE

## POLICY RIDERS

**Eliminate 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 a government contract 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."[5] 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.[6]

**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.

**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),[7] as well as in compliance with the standards of the Information Quality Act (44 U.S. Code § 3516).[8] 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."[9] However, the OMB 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.[10] 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.[11] 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. The only seizures of property that should be allowed are seizures of property that itself is legitimately blighted, such as property that poses a concrete harm to health and safety. 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).[12]

## ENDNOTES

1. Estimated savings of $177 million for FY 2020 are based on U.S. Office of Personnel Management, *Official Time Usage in the Federal Government: Fiscal Year 2016*, May 2018, https://www.opm.gov/policy-data-oversight/labor-management-relations/reports-on-official-time/reports/2016-official-time-usage-in-the-federal-government.pdf (accessed March 13, 2019). The OPM estimated the cost of official time in FY 2016 at $177.2 million. Absent more recent data, Heritage experts assume the same figure of $177.2 million for FY 2020. 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 March 13, 2019). 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 $9.040 billion for FY 2020 were calculated by comparing current public construction spending of $313.6 billion annually as found in press release, "Monthly Construction Spending, January 2019," U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, March 13, 2019, https://www.census.gov/construction/c30/pdf/release.pdf (accessed March 13, 2019), 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/BHIStudies/PrevWage08/DavisBaconPrevWage080207Final.pdf (accessed March 15, 2019). "Using data from the Congressional Budget Office, we estimate that 32% of total public construction spending is subject to the DBA." Ibid., p. 6. According to the CBO, as noted, public construction spending as of January 2019 totaled $313.6 billion, 32 percent of which is $100.352 billion. In the absence of Davis–Bacon's 9.9 percent increase in costs, that spending would cost only $91.312 billion, a difference of $9.040 billion. Heritage experts assume that the FY 2019 public construction costs remain constant in FY 2020 and that federal taxpayers capture all of the value of the savings from eliminating Davis–Bacon.
3. Because the FCC currently holds spectrum auction authority through FY 2025, this proposal would not generate any new sale proceeds, some of which go toward deficit reduction, until FY 2026. Proceeds from auctions are highly variable and depend on the type of spectrum being auctioned and the number of licenses available. From 2013–2017, the FCC held seven spectrum auctions with average proceeds of $8.95 billion per auction. Federal Communication Commission, *Spectrum Auctions: Fiscal Year 2018*, https://www.fcc.gov/sites/default/files/spectrum-auctions-program-2018.pdf (accessed March 15, 2019).
4. R. H. Coase, "The Federal Communications Commission," *Journal of Law and Economics*, Vol. II (October 1959), pp. 1–40.
5. *Obergefell v. Hodges*, 576 U.S. ____ (2015), https://www.supremecourt.gov/opinions/14pdf/14-556_3204.pdf (accessed May 14, 2018).
6. 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.
7. 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/secrecy/R42983.pdf (accessed March 15, 2019), and Center for Regulatory Effectiveness, "President Signs Data Access Law (P.L. 105-277," http://www.thecre.com/ombpapers/PL105-277.htm (accessed March 15, 2019).
8. 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 March 15, 2019).
9. H.R. 4577, Consolidated Appropriations Act, 2001, Public Law 106–554, 106th Cong., December 21, 2000, § 515, https://www.congress.gov/bill/106th-congress/house-bill/4577/text (accessed March 15, 2019).
10. 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.
11. *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).
12. 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.

# State, Foreign Operations, and Related Programs

DISCRETIONARY

**$10**
SAVINGS IN MILLIONS[1]

# End Funding for the United Nations Intergovernmental Panel on Climate Change and the U.N. Framework Convention on Climate Change

The IPCC was established in 1988 "to provide policymakers with regular scientific assessments concerning climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation strategies. It has 195 member states."[2] The organization's studies[3] have been subject to bias, politicization, and selective data. The IPCC has also been instrumental in confining global-warming research and debate to a narrow, politically correct perspective, claiming that man-made greenhouse gas emissions are the primary drivers of catastrophic, accelerating global warming. IPCC data and analysis should not be relied upon or disseminated unless they first meet the standards that Congress has set in the Information Quality Act.

Current law prohibits the transfer of U.S. funds to international organizations that grant full membership to the Palestinian territories.[4] On December 18, 2015, the Palestinian Authority deposited its instrument of accession to the UNFCCC. In accordance with Article 23(2) of the treaty, the PA officially became the 197th party to the UNFCCC on March 17, 2016.[5] As was the case when the Palestinians joined the United Nations Educational, Scientific, and Cultural Organization (UNESCO),[6] this should have triggered a U.S. law prohibiting any future U.S. funding for the UNFCCC. The Obama Administration, however, continued funding based on the argument that the UNFCCC is a treaty, not an international organization.

In fact, the UNFCCC is a treaty-based international organization, and the Framework Convention is the founding legal document upon which the organization and its structure are based. As with UNESCO, the U.S. should enforce this law for the UNFCCC and any other organization that grants full membership to the Palestinian territories.

## 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.
- David Kreutzer, "If IPCC Sea Level Numbers Aren't Bad Enough, Try Tripling Them," The Daily Signal, July 22, 2011.
- Brett D. Schaefer and Nicolas D. Loris, "U.S. Should Put U.N. Climate Conferences on Ice," Heritage Foundation *Issue Brief* No. 3794, December 6, 2012.
- Nicolas D. Loris, Brett D. Schaefer, and Steven Groves, "The U.S. Should Withdraw from the United Nations Framework Convention on Climate Change," Heritage Foundation *Backgrounder* No. 3130, June 9, 2016.
- Brett D. Schaefer and James Phillips, "Provocative Palestinian U.N. Actions Require Strong U.S. Response," Heritage Foundation *Issue Brief* No. 4329, January 12, 2015.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

DISCRETIONARY

**$80**
SAVINGS IN MILLIONS[7]

# 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 January 2013 UNDP Evaluation Office report found that the organization spent over $8 billion on anti-poverty 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, poverty reduction is accorded top priority. However, by the time it reaches the country level, the focus on poverty reduction often becomes diluted.... Many of [the UNDP's] activities have only remote connections with poverty, if at all.[8]

Moreover, UNDP aid meant to assist suffering populations in many authoritarian countries can inadvertently help perpetuate their suffering. In the past, the UNDP has funded inappropriate activities in Iran, North Korea, Venezuela, and Zimbabwe.[9] The U.S. has ample options for financing antipoverty programs, either bilaterally through U.S. assistance programs or multilaterally through the World Bank or regional development banks, and need not pursue these efforts through a flawed organization like the UNDP.

## ADDITIONAL READING

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

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

SFOPS

DISCRETIONARY

**$32.5**
SAVINGS IN MILLIONS[10]

# 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.[11] In 2009, President Barack Obama announced that he would restore funding, and the U.S. has since sent tens of millions of taxpayer dollars to the UNFPA. In FY 2017, the U.S.-provided allocation was $5.8 million.[12]

In a January 23, 2017, 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."[13] In April 2017, the Trump Administration announced that it would withhold $32.5 million in funding from the UNFPA.[14]

## 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 |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Shifts spending to Family Planning and Reproductive Health. |

SFOPS

DISCRETIONARY

**$193**
SAVINGS IN MILLIONS[15]

# Enforce the 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 27.8912 percent in 2019.[16] 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."[17] As noted, Congress should continue to enforce the cap 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 |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$359**
SAVINGS IN MILLIONS[18]

# End 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. While UNHCR may classify multiple generations as refugees, they qualify based on the criteria outlined in the 1951 Convention as it currently exists, not on their relationship to the original refugees.

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.

In August 2018, the Trump Administration announced that "the United States will not make additional contributions to UNRWA."[19] Congress should work with the Administration to shift responsibility for recent Palestinian refugees to the UNHCR, provide funding to governments that are hosting Palestinians to facilitate integration, and demand 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 |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | Not addressed, although the Administration has halted U.S. payments to UNRWA, and the budget does not contain a funding request for UNRWA. |

SFOPS

DISCRETIONARY

**$140**
SAVINGS IN MILLIONS[20]

## 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 creation 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.[21]

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.[22] The GEF has allocated funds to help countries meet their respective Paris Protocol climate targets, including paying for green energy projects and "climate friendly" livestock initiatives.[23] 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), pp. 57–67.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

SFOPS

DISCRETIONARY

**$1.5**
SAVINGS IN MILLIONS[24]

# Partially Withhold Assessed U.S. Payments to the Organisation for Economic Co-operation and Development (OECD)

The OECD's mission "is to promote policies that will improve the economic and social well-being of people around the world."[25] In one area, however, the OECD has reliably promoted policies antithetical to that goal: higher taxes. Tax-related work by the OECD's Centre for Tax Policy and Administration and other OECD directorates (for example, on carbon taxes) has focused almost entirely on studies that buttress political arguments for higher taxes and implementation of more intrusive ways to collect them. This focus is driven by high-tax European members of the OECD intent on promoting policies condemning international tax avoidance and evasion in order to prevent the flight of taxes needed to support their generous welfare programs. The ultimate goal of its "Base Erosion and Profit Shifting (BEPS)" Project and a proposed Protocol amending the Multilateral Convention on Mutual Assistance in Tax Matters is to centralize and harmonize global tax rules and increase effective tax rates on international firms.

Numerous economic studies show that tax competition benefits developed and developing economies alike, creating what Nobel-laureate economist Gary Becker calls "a race to the top rather than the bottom by limiting the ability of powerful and voracious groups and politicians in each nation to impose their will at the expense of the vast majority."[26] As Milton Friedman noted, tax competition is a "liberalizing force in the world economy" that "forces governments to be more fiscally responsible."[27]

The United States should continue to withhold $1.5 million of its assessed annual payment to the OECD as long as the OECD continues to support only tax studies that urge OECD members to increase taxes and implement more intrusive tax collection methods. This partial hold could be lifted if and when the OECD undertakes to conduct an equal amount of research on ways to cut government spending, reduce taxation, and make bureaucracies smaller and more efficient.

## ADDITIONAL READING

- James M. Roberts and Adam N. Michel, "Trump Cut America's Taxes: Now He Should Defund OECD Efforts to Raise Them," Heritage Foundation *Issue Brief* No. 4861, May 29, 2018.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | NOT ADDRESSED | |

SFOPS

DISCRETIONARY

**$79.5**
SAVINGS IN MILLIONS[28]

## Eliminate the U.S. Trade and Development Agency

Created in 1961, the USTDA asserts that it "helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies." Through pilot projects, technical assistance, and other programs, it "links U.S. businesses to export opportunities by funding project preparation and partnership building activities that develop sustainable infrastructure and foster economic growth in partner countries."[29] 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. To the extent that the agency continues to have a viable mission, that mission can be achieved by State Department Economic and Commercial Officers using existing budgetary resources.

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 a government is a dollar not available to buy U.S. exports or invest in the private sector of the U.S. economy.[30]

### 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 (FY2020)** | INCLUDED | |

SFOPS

DISCRETIONARY

**$1.0**
SAVINGS IN BILLIONS[31]

# Overhaul U.S. Development 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, but 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; and advancing U.S. diplomatic and security priorities.

## 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.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Consolidates economic assistance programs into the Economic Support and Development Fund (ESDF) and various humanitarian assistance accounts into the new International Humanitarian Assistance (IHA) account. |

DISCRETIONARY

**$750**
SAVINGS IN MILLIONS[32]

## Eliminate the State Department's Assistance for Europe, Eurasia and Central Asia (AEECA) Account

The State Department's AEECA account was established after the Cold War in the early 1990s to assist former Warsaw Pact countries in Central and Eastern Europe and the newly independent states of the former Soviet Union in their transition from Communism to market-based democracy.

Thirty years of funding the attainment of that goal is enough.

Most of the AEECA countries have successfully made the transition and are able to afford to hire their own technical advisors for any additional help they need, and the relatively few that remain trapped in authoritarian socialist systems will not benefit from additional funding by American tax-payers at this point. Any additional U.S. assistance to the AEECA countries should be funded through Economic Support Funds.

### 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.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

SFOPS

DISCRETIONARY

**$52.5**
SAVINGS IN MILLIONS[33]

# Eliminate the African Development Foundation and the Inter-American Foundation

The African Development Foundation has been providing relatively small grants to promote economic growth in sub-Saharan Africa since 1984. The Inter-American Foundation has been doing similar work in Latin America since 1969.

These small U.S. agencies are wasteful in the sense that there is no need for them to be stand-alone operations with their own administrative staffs and overhead.

Their objectives can and should be achieved by the Millennium Challenge Corporation or by the U.S.-funded multilateral development banks that these agencies were established to complement (the African Development Bank and Inter-American Development Bank).

## 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.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | Provides a small appropriation to facilitate closeout and merger with USAID. |

DISCRETIONARY

**$160**
SAVINGS IN MILLIONS[34]

# Close the 15 Smallest USAID Overseas Missions

Facing ongoing federal budget deficits, the United States can no longer afford the luxury of maintaining the extensive foreign aid presence that is reflected by the existence of approximately 100 overseas USAID missions. In some cases, these missions are located in countries that are not critical to the achievement of short-term to medium-term U.S. foreign policy objectives. In other cases, other Western donor nations have more extensive programs in those countries, and there is no need for USAID to duplicate their efforts.

This cut should be seen as a first step toward a comprehensive overhaul of all U.S. assistance programs, which need updated concepts and priorities, elimination of duplication and waste, and transformation to address changing global circumstances. Because fundamental reform has languished far too long, many U.S. foreign aid programs can no longer help countries in need or serve U.S. interests effectively.

## 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.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | 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,[35] 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. In FY 2017, the U.S. Department of State reported that total contributions to the International Organizations totaled $12.124 billion.[36] However, 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.[37] 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."[38]

**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 a 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 $10 million in FY 2020 are based on recommended contributions in Report No. 115-282, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2019*, Committee on Appropriations, U.S. Senate, 115th Cong., 2nd Sess., June 21, 2018, p. 70, https://www.congress.gov/115/crpt/srpt282/CRPT-115srpt282.pdf (accessed March 28, 2019). Heritage experts assume that spending holds steady through FY 2020.
2. Press release, "Summary for Policymakers of IPCC Special Report on Global Warming of 1.50 C. Approved by Governments," Intergovernmental Panel on Climate Change, October 8, 2018, https://www.ipcc.ch/site/assets/uploads/2018/11/pr_181008_P48_spm_en.pdf (accessed March 28, 2019).
3. Intergovernmental Panel on Climate Change, "The Intergovernmental Panel on Climate Change: Reports," https://www.ipcc.ch/ (accessed March 28, 2019).
4. "The United States shall not make any voluntary or assessed contribution: (1) to any affiliated organization of the United Nations which grants full membership as a state to any organization or group that does not have the internationally recognized attributes of statehood, or (2) to the United Nations, if the United Nations grants full membership as a state in the United Nations to any organization or group that does not have the internationally recognized attributes of statehood, during any period in which such membership is effective." 22 U.S. Code § 287e, https://www.law.cornell.edu/uscode/text/22/287e (accessed March 28, 2019).
5. Announcement, "State of Palestine Joins Convention," United Nations Climate Change, March 15, 2016, https://unfccc.int/news/state-of-palestine-joins-convention (accessed March 28, 2019).
6. This prohibition led the U.S. to withhold funding from UNESCO from 2011 when UNESCO granted the Palestinians full membership through 2018. The U.S. withdrew from UNESCO at the end of 2018.
7. Savings of $80 million in FY 2020 are based on recommended contributions in Senate Report No. 115-281, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2019*, p. 70. Heritage experts assume that spending holds steady through FY 2020.
8. United Nations Development Programme, Evaluation Office, *Evaluation of UNDP Contribution to Poverty Reduction*, January 2013, pp. vii and xiv, https://papersmart.unmeetings.org/media2/2357248/evaluation_of_undp_contribution_to_poverty_reduction.pdf (accessed March 28, 2019).
9. 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/.
10. Estimated savings of $32.5 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, Public Law 116-9, 116th Cong., February 15, 2019, https://www.congress.gov/bill/116th-congress/house-joint-resolution/31 (accessed March 28, 2019). Heritage experts assume that FY 2019 spending remains constant in FY 2020.
11. 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 March 28, 2019). "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 March 28, 2019).
12. U.S. Department of State, *United States Contributions to International Organizations: Sixty-Sixth Annual Report to the Congress, Fiscal Year 2017*, p. 13, https://www.state.gov/documents/organization/287307.pdf (accessed March 28, 2019).
13. 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 March 28, 2019).
14. 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 March 28, 2019).
15. Estimated savings of $193 million for FY 2020 are based on reducing the U.S. share of funding from 27.8912 percent to 25 percent. The approved U.N. Peacekeeping budget was $6.691 billion for July 1, 2018, to June 30, 2019, as found in United Nations General Assembly, "Approved Resources for Peacekeeping Operations for the Period from 1 July 2018 to 30 June 2019," A/C.5/72/25, 72nd Sess., Fifth Committee Agenda, Item 149, July 5, 2018, http://undocs.org/A/c.5/72/25 (accessed March 28, 2019). Heritage experts assume that this spending level holds steady through FY 2020. The projected shares come from Addendum to Report of the Secretary-General, "Implementation of General Assembly Resolutions 55/235 and 55/236," A/73/350/Add.1, 73rd Sess., Agenda Item 149, December 24, 2018, http://undocs.org/en/A/73/350/Add.1 (accessed March 28, 2019).
16. The U.S. peacekeeping assessment is established in three-year sets, the most recent being for 2019–2021. The specific assessment can fluctuate within each three-year scale and also when new scales are adopted using updated economic data. For instance, the U.S. peacekeeping assessment is 27.8912 percent for 2019 and 27.8908 percent for 2020 and 2021. In addition, the U.N. peacekeeping budget can change significantly as new missions are established or existing missions are expanded, contracted, or closed.
17. 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 March 28, 2019).
18. Estimated savings of $359 million for FY 2020 are based on contributions by the United States in FY 2017 as reported in U.S. Department of State, *United States Contributions to International Organizations: Sixty-Sixth Annual Report to the Congress, Fiscal Year 2017*, p. 12.

19. Heather Nauert, Press Statement, "On U.S. Assistance to UNRWA," U.S. Department of State, August 31, 2018, https://www.state.gov/r/pa/prs/ps/2018/08/285648.htm (accessed March 28, 2019).
20. Estimated savings of $140 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
21. See, for example, Global Environment Facility, "About Us," https://www.thegef.org/about-us (accessed March 28, 2019, and Global Environment Facility, "Conventions," https://www.thegef.org/partners/conventions (accessed March 28, 2019).
22. 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 (accessed March 28, 2019).
23. Global Environment Facility, "Projects," https://www.thegef.org/projects (accessed March 28, 2019).
24. Calculation based on the following information provided to Heritage analysts by the OECD on February 4, 2019: "In 2016, the assessed contributions from the United States were 20.5 percent of the OECD's core (i.e. assessed) budget. Of the total core contributions budget that year, a total of 3.2 percent—EUR 6.3M from all countries combined—was dedicated to the organization's work on taxation." USD $1.5 million is approximately equal to €6.3 million.
25. Organisation for Economic Co-operation and Development, "About the OECD: Our Mission," https://www.oecd.org/about/ (accessed March 28, 2019).
26. Chris Edwards and Daniel J. Mitchell, *Global Tax Revolution: The Rise of Tax Competition and the Battle to Defend It* (Washington: Cato Institute, 2008), p. 148.
27. Ibid.
28. Estimated savings of $79.5 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
29. U.S. Trade and Development Agency, "Our Mission," http://www.ustda.gov/about/mission (accessed March 28, 2016).
30. Bryan Riley and Anthony B. Kim, "Freedom to Trade: A Guide for Policymakers," Heritage Foundation *Backgrounder* No. 3064, October 20, 2015, http://thf-reports.s3.amazonaws.com/2015/BG3064.pdf.
31. Estimated savings of $1 billion for FY 2020 are based on proposed reforms reported in 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, https://www.heritage.org/sites/default/files/2017-09/BG3247.pdf. Although a comprehensive overhaul would generate substantial savings, we include only a portion of those savings that can easily be estimated. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
32. Estimated savings of $750 million for FY 2020 are based on proposed reforms reported in Roberts and Schaefer, "An Overhaul of America's Foreign Assistance Programs Is Long Overdue." Heritage experts assume that FY 2019 spending remains constant in FY 2020.
33. Estimated savings of $52.5 million for FY 2020 are based on proposed reforms reported in Roberts and Schaefer, "An Overhaul of America's Foreign Assistance Programs Is Long Overdue." Heritage experts assume that FY 2019 spending remains constant in FY 2020.
34. Estimated savings of $160 million for FY 2020 represents a calculation of the cost of operating the 15 smallest USAID mission around the world, which is 15 percent of the approximately $1.070 billion FY 2018 budget for Program Development and Oversight as reported in U.S. Agency for International Development, *Agency Financial Report: Fiscal Year 2018*, p. 33, https://www.usaid.gov/sites/default/files/documents/1868/USAIDFY2018AFR_508R.pdf (accessed March 28, 2019).
35. S. 1635, Department of State Authorities Act, Fiscal Year 2017, Public Law 114-323, 114th Cong., December 16, 2016, https://www.congress.gov/bill/114th-congress/senate-bill/1635/text (accessed March 28, 2019).
36. U.S. Department of State, *United States Contributions to International Organizations: Sixty-Sixth Annual Report to the Congress, Fiscal Year 2017*, p. 5.
37. 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.
38. Office of Management and Budget, Fiscal Year 2019 Budget of the U.S. Government, p. 84, https://www.whitehouse.gov/wp-content/uploads/2018/02/budget-fy2019.pdf (accessed March 28, 2019).

# Transportation, Housing and Urban Development, and Related Agencies

MIXED

**$317**
SAVINGS IN MILLIONS[1]

# Eliminate the Transportation Department's 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 faster than inflation by orders of magnitude since 1996 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $50 million from FY 2019 levels for the discretionary portion of EAS. |

DISCRETIONARY

**$162**
SAVINGS IN MILLIONS[2]

# 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 "development and stimulation of indigenous arts and crafts of the region."[3] 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.

## 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 |
|---|---|---|
| **President's Budget (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$150**
SAVINGS IN MILLIONS[4]

## Eliminate Subsidies for the Washington Metropolitan Area Transit Authority

The WMATA is Washington, D.C.'s local transit authority and 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 fallen every year since 2009, including a decline of 13 percent from 2016 to 2017.

Ridership and safety issues come to the fore as Metro's financial picture looks increasingly grim. The agency's budget projection for 2020 shows that fares and parking fees cover only 21 percent of costs, requiring 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 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 few consequences. 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 (FY2020)** | REJECTED | Maintains funding at FY 2019 levels. |

DISCRETIONARY

**$397**
SAVINGS IN MILLIONS[5]

# 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 2018, it received grants totaling more than $1.9 billion.

Amtrak is characterized by an unsustainable financial situation and management that, because it is 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 2020 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 |
|---|---|---|
| **President's Budget (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $1 billion from FY 2019 levels. |

DISCRETIONARY

**$815**
SAVINGS IN MILLIONS[6]

# Close Down the Transportation Department's 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 that benefit 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.

## 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending. |

DISCRETIONARY

**$2.6**
SAVINGS IN BILLIONS[7]

# Eliminate the Transportation Department's 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 instead of devoting their resources to the proper maintenance of existing infrastructure.

Criteria for eligible projects include "congestion relief," "environmental benefits," and "economic development effects" but (tellingly) no longer include "operating efficiencies."[8] 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 of these expensive rail projects tend to divert 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 the private sector to manage and fund transit systems where they are truly effective.

## 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $1.048 billion from FY 2019 levels. |

DISCRETIONARY

**$36**
SAVINGS IN MILLIONS[9]

# Privatize the Transportation Department's 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," 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 (FY2020)** | REJECTED | Reduces spending by $12 million from FY 2019 levels; no privatization. |

DISCRETIONARY

**$900**
SAVINGS IN MILLIONS[10]

# 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 to fund 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 (FY2020)** | REJECTED | More than doubles spending compared to levels. |

MANDATORY

**$3.5**
SAVINGS IN BILLIONS[11]

# Eliminate the Transportation Department's 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 and 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 and have the greatest need for capital investment, yet 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.

## 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $1 billion from FY 2019 levels. |

MANDATORY

**$1.98**
SAVINGS IN BILLIONS[12]

# Phase Out the Transportation Department's 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, however, 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 give localities 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.

## 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 (FY2020)** | PARTIALLY INCLUDED | Reduces spending by $1.064 billion from FY 2019 levels. |

MANDATORY

**$273**
SAVINGS IN MILLIONS[13]

## Eliminate Allocations to the Housing Trust Fund and Capital Magnet Fund

Allocations to the Housing Trust Fund (administered by HUD's Assistant Secretary for Community Planning and Development) and Capital Magnet Fund (administered by the Treasury Department's Community Development Financial Institutions Fund) ultimately benefit favored housing developments and services desired by special interests. Accountability, transparency, and efficiency also pose significant concerns. These affordable housing funds are unnecessary, enrich the politically connected at taxpayer expense, and expand the government's harmful interference in the housing market.

Furthermore, the approval process ensures that politically connected entities are enriched at taxpayer expense. Even if funds flowed directly from the government to recipients, this would be a concern. The manner in which these programs operate compounds the problem. The federal government transmits the funds through intermediaries (including state governments) to the ultimate recipients, reducing transparency and accountability in the process. Often, those recipients are real estate developers or investment property owners.

Affordability concerns are best addressed by reforming local land use regulations, eliminating rent control, and making it easier for landlords to evict non-paying tenants. Ending contributions to these funds as well as the fees levied to support these funds would save $273 million in FY 2020.

### ADDITIONAL READING

- Norbert J. Michel and John L. Ligon, "GSE Reform: Trust Funds or Slush Funds?" Heritage Foundation *Backgrounder* No. 4080, November 7, 2013.

| PROPOSAL | STATUS | EXPLANATION |
|---|---|---|
| **President's Budget (FY2020)** | INCLUDED | |

DISCRETIONARY

**$1.6**
SAVINGS IN BILLIONS[14]

# Eliminate the Home Equity Conversion Mortgage Program

A homeowner can arrange with a lender to receive a set amount of monthly revenue over an extended period of time through a reverse mortgage based on the equity in the house. Each month, the cash flow from the lender to the homeowner, along with the interest payable, is simply added to the mortgage owed on the homes. Many retirees use this method to supplement other retirement income. This allows even retirees with minimal liquid assets to live comfortably without being forced to downsize.

In a traditional mortgage, home equity grows as the value of the home increases and principal is paid down. With a reverse mortgage, the opposite occurs: Home equity typically shrinks as interest payable and principal balance grow in excess of property appreciation. Because reverse mortgages are often issued on properties with a substantial level of equity, these loans are far less risky than standard high loan-to-value mortgages.

The Federal Housing Authority within HUD operates a Home Equity Conversion Mortgage Program (HECM) that guarantees reverse mortgages issued by private lenders. The CBO estimates savings of up to $6.9 billion over 10 years by making loans directly to borrowers rather than guaranteeing those issued by private lenders.[15] A better option is to discontinue the HECM program altogether, providing neither reverse mortgage loans nor guarantees. The private sector is well equipped to service the reverse mortgage market in a way that would enable retirees to remain in their homes while drawing down on equity.

| PROPOSAL | STATUS | EXPLANATION |
| --- | --- | --- |
| **President's Budget (FY2020)** | INCLUDED | |

## 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 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 modes of transportation. 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, to provide a clear picture of the shortcomings of current practice.

## ENDNOTES

1. Estimated savings of $317 million for FY 2020 are based on $175 million in discretionary savings, based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, Public Law 116-6, 116th Cong., February 15, 2019, https://www.congress.gov/bill/116th-congress/house-joint-resolution/31 (accessed March 12, 2019), and $142 million in mandatory savings for FY 2020, based on the CBO's most recent January 2019 baseline spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019, https://www.cbo.gov/about/products/budget-economic-data#9 (accessed April 1, 2019). The mandatory savings include payments to the Essential Air Service and Rural Airport Improvement Fund for FY 2020. The discretionary savings estimates are based on FY 2019 enacted levels, and Heritage experts assume that FY 2019 spending remains constant in FY 2020.
2. Estimated savings of $162 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019, and H.R. 5895, Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019, Public Law 115-244, 115th Cong., September 21, 2018, https://www.congress.gov/search?q=%7B%22source%22:%22legislation%22,%22search%22:%22cite:PL115-244%22%7D (accessed March 14, 2019). Savings include $155 million appropriated for the Appalachian Regional Commission, as well as half of the $8 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 2019 spending remains constant in FY 2020.
3. United States Code, Title 40, Subtitle IV, "Appalachian Regional Development," https://www.arc.gov/about/USCodeTitle40SubtitleIV.asp (accessed March 14, 2019).
4. Estimated savings of $150 million for FY 2020 are based on the FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
5. Estimated savings of $397 million for FY 2020 are based on the CBO's most recent January 2019 baseline spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019. Savings include $139 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 $663 million in total FY 2020 funding for the Northeast Corridor and National Network. Savings also include $258 million in reduced capital grants, representing a 20 percent reduction in the projected level of $1.29 billion.
6. Heritage experts do not include any savings from repealing the Jones Act. Estimated savings of $815 million for FY 2020 are based on the total FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. 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 2019 spending remains constant in FY 2020.
7. Estimated savings of $2.553 billion for FY 2020 are based on the total FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
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 14, 2018).
9. Estimated savings of $36 million for FY 2020 are based on the total FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
10. Estimated savings of $900 million for FY 2020 are based on the total FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020.
11. Estimated savings of $3.5 billion for FY 2020 are based on the total FY 2019 appropriated level for "Grants-In-Aid for Airports" as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020. All $3.5 billion in savings represents mandatory spending.
12. Estimated savings of $1.98 billion for FY 2020 are based on the total FY 2019 appropriated level as specified in H.J.Res. 31, Consolidated Appropriations Act, 2019. Heritage experts assume that FY 2019 spending remains constant in FY 2020. Savings represent a 20 percent reduction in the total appropriations of $9.9 billion for FY 2019 based on a five-year phaseout beginning in 2020. All $1.98 billion in savings represents mandatory spending.
13. Estimated savings of $273 million for FY 2020 are based on the CBO's January 2019 spending projections. See Congressional Budget Office, "The Budget and Economic Outlook: 2019 to 2029: Budget and Economic Data: Spending Projections, by Budget Account," January 2019. All $273 million in savings represents mandatory spending.
14. Estimated net present value savings of $1.6 billion for FY 2020 are based on incurring new liabilities into the future and previous years' Department of Housing and Urban Development estimated shortfalls in the Home Equity Conversion Mortgage Program. HUD estimates that from 2009–2017, losses to HECM guaranteed mortgages exceeded revenues by $14.2 billion. See Pinnacle Actuarial Resources, *Fiscal Year 2017 Independent Actuarial Review of the Mutual Mortgage Insurance Fund: Cash Flow Net Present Value from Home Equity Conversion Mortgage Insurance-In-Force*, November 10, 2017, https://www.hud.gov/sites/dfiles/Housing/documents/ActuarialMMIFHECM2017.pdf (accessed March 14, 2019).
15. Appendix, "Option A-9, Convert the Home Equity Conversion Mortgage Program Into a Direct Loan Program," in Congressional Budget Office, *Options for Reducing the Deficit: 2019–2028*, December 2018, p. 311, https://www.cbo.gov/system/files?file=2018-12/54667-budgetoptions.pdf (accessed March 14, 2019). The CBO notes that HECM program savings are uncertain and depend on numerous variables. The CBO scores the program as generating profits in some years but does not take into account new liabilities spread out over the lifetime of the program.