CHAPTER FIVE

Policy Priorities for the Federal Budget

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Each year, Congress is required to pass a budget resolution that addresses the entirety of the federal budget: all spending and all taxes. The budget resolution is the only comprehensive document in which Congress lays out its vision for the nation and establishes policy goals for the following fiscal year and the years ahead.

The budget resolution does not carry the force of law, but it does set the stage for enabling Congress to follow through on its vision with separate legislation, especially budget reconciliation, which both allows a bill to bring current law into compliance with the resolution so that it can be fast-tracked in Congress and makes it filibuster-proof in the Senate.

With more than $22 trillion in national debt and annual deficits reaching trillion-dollar territory, Congress must leverage the budget resolution to address the key drivers of the government's financial problems: too much spending and an excessive and growing federal debt. The budget resolution presents a critical opportunity for Congress to set the reconciliation process in motion in 2019 to reduce federal spending.

Congress should put the budget on a path toward balance in order to:

- **Right-size** federal government activities and prioritize spending toward its highest uses,
- **Reduce** debt and enable economic growth to raise living standards for all Americans,
- **Secure** a low tax burden and an efficient tax system, and
- **Strengthen** America's national defense.

Congress should act to reform the major entitlement programs: Obamacare, Medicare, Medicaid, Social Security, and welfare. Congress should provide that America's veterans receive quality, timely, and affordable health care that is focused on the unique needs of service-related conditions.

To strengthen civil society, Congress should protect life and conscience and defend religious liberty. In reviving true federalism, Congress should leave matters of infrastructure, natural resource management, education, and welfare principally to states, localities, and the private sector.

Congress should also review Federal Reserve policy and restrain the central bank's discretion. Reducing harmful regulations will enable entrepreneurs and businesses to expand the economy and enhance opportunities for all Americans to achieve their version of the American Dream.

This chapter outlines the major policy objectives that should guide the congressional budget in achieving these goals.

STRONG NATIONAL DEFENSE

Congress should prioritize national security by funding critical defense needs and the rebuilding of military capabilities following years of defense cuts that hurt both capability and readiness. The Heritage

Foundation's *2019 Index of U.S. Military Strength* rates the U.S. military as "marginal" and the Marine Corps as "weak."[1]

The Bipartisan Budget Act of 2018 provided some necessary relief in fiscal year (FY) 2018 and FY 2019 from tight budget caps imposed on defense by the 2011 Budget Control Act. Rebuilding the military will require a significant funding increase for defense, sustained through time. Congress should preserve military capacity, increase readiness, and make investments in modernization. Congress should work with President Donald Trump to expand and strengthen the military and improve national security.

To meet these goals, funding for America's defense budget should be sustained and predictable and should match the mission we assign our military. A properly funded Department of Defense is not by itself enough to keep the U.S. safe, but an insufficient defense budget leads to a weak military and invites further provocations from America's enemies.

COMPETITIVE FEDERALISM

A highly centralized government is a poor fit for a country as large and diverse as America. Federalism should allow for 50 different models of governance suited to the particular needs of the nation's individual states. Within the confines of the Constitution, states should be free to enact policies that best serve the needs of their citizens. Properly understood, federalism serves not the states, but the American people who reside in the states. It also fosters competition among the states, creating incentives for them to enact policies that retain and attract people and businesses.

To revive true federalism, Congress should focus on its core constitutional responsibilities. Laws that go beyond the federal government's enumerated powers and improperly preempt state authority should be repealed. Congress should leave to the states any program that does not carry out a constitutional function of the federal government or that otherwise ought to be handled at the state level. As a general principle, the government closest to a problem should be the one addressing it.

Short of doing that, Congress should focus on reforming how it disburses federal dollars to the states in order to serve the American people more effectively. What this means will vary case by case. In certain areas, like transportation, Congress should give the states much more latitude in spending the federal dollars they receive than it now does. In other areas, like means-tested welfare or public housing, Congress should ensure that federal dollars do not undermine work, family, and community. As long as Congress is funding these programs, it is appropriate that it take steps to curb dependence on them (for example, through work requirements). The ultimate goal, of course, remains to have the state governments not only operate public assistance programs, but also pay for them with state revenues.

TRANSPARENT, ACCOUNTABLE GOVERNMENT

If citizens are to obtain the information they need to make informed decisions about how their government is discharging its core constitutional responsibilities, transparency is absolutely essential. Information regarding the conduct of public officials must be easily accessible and widely available to citizens, the media, and other stakeholders such as expert think tanks to enable constituents to hold their officials accountable for the conduct of the people's business. While the federal government must guard some activities and records for the sake of national security, ongoing law enforcement efforts, and the privacy of its personnel and the public, it should err on the side of disclosure.

Too often, agencies adhere to the letter but not the spirit of transparency-promoting laws like the Freedom of Information Act (FOIA). Career bureaucrats should not be free to determine for themselves what information they release and redact. As we have seen time and again, agencies are loathe to disclose information that they believe may embarrass them. Career bureaucrats' professional motivations run exactly counter to the goal of transparency. Political leadership in the executive and congressional oversight committees must actively review agency decisions about what documents to release and what to redact pursuant to FOIA requests from the public. Aggressive disciplinary steps should be taken against federal bureaucrats who overclassify internal records to shield themselves from accountability.

Not only should the federal government more dutifully provide documents when they are lawfully demanded, but it also has an affirmative duty to disclose certain information. Given the opacity and complexity of much of the executive bureaucracy, however, citizens, journalists, and other stakeholders might not know what questions to ask even if they were guaranteed a comprehensive answer. Moreover, publicly available data repositories are often woefully deficient. For instance, a recent report found that over half of the federal grant data on USASpending.gov was inaccurate, incomplete, or both.[2]

Lawmakers and the Trump Administration should shift the burden from the public to the state to share all of the information that citizens need to hold their elected officials accountable. Instead of waiting for FOIA requests, agencies should proactively disclose records and statistics that are not exempted or excluded from FOIA.

The federal government is a large and complex organization, vulnerable to mismanagement or undue influence. Congress and the Administration must establish proper checks and balances and maintain constant oversight both to ensure that federal officials and government agencies engage in effective and ethical operations that reflect statutory intent and to identify and correct any problems as soon as they arise. Transparency is essential to accountability.

STABLE MONEY

Many take for granted that the Federal Reserve has contributed positively to economic stabilization, but the U.S. has experienced severe economic turmoil in at least four different decades since the Fed was founded. Recessions have not become less frequent or shorter in duration, output has not become less volatile, and some of the worst U.S. economic crises have occurred on the Fed's watch.[3] Furthermore, the Fed's action during the 2008 financial crisis is only the most recent example of its long history of propping up failing firms;[4] throughout its history, the Fed has operated within a purely discretionary policy framework.

Congress should reduce the Fed's discretion in monetary policy and direct the central bank to implement rules-based policies that move the U.S. toward a truly competitive monetary system. Congress should also establish a formal commission to review the effectiveness of the Federal Reserve and require the Fed to implement a plan that combines shrinking the balance sheet with phasing out the payment of interest on excess reserves in no more time (approximately five years) than it took to implement its quantitative easing (QE) programs. In the meantime, Congress should immediately require the Fed to stop paying above-market rates on reserves.[5]

Failure to implement these changes will only allow the Fed to maintain its current operating framework indefinitely. This crisis-era framework allows the Fed to maintain an abnormally large footprint in credit markets, thus distorting prices and interest rates. Maintaining this framework will also make it very difficult for the Fed to regulate the economy's overall liquidity without allocating credit to specific groups.

LOW, EFFICIENT TAXATION

Federal taxes should exist to raise only the revenues necessary to fund the constitutionally prescribed duties of the federal government. Revenues should be collected in the least economically damaging manner. The Tax Cuts and Jobs Act worked to remedy the historical failures of the U.S. tax system on both fronts by lowering tax burdens and minimizing the economic distortions of the corporate income tax. Building on the successes of tax reform in 2017, future updates to the tax code should extend many of the changes permanently and address the system's continued complexity while further reducing the economic distortions caused by special tax privileges.

The U.S. tax code's complexity and structure harm economic growth. The 2017 tax reform began to address the most pressing problems, but much still needs to be done. The new lower tax rates and other changes in tax reform have already begun to increase productivity, job creation, and real wages. In the coming years, Congress should make the individual tax cuts permanent, expand the ability of businesses to fully expense their investments, and eliminate all special tax carve-outs. These changes will work to increase and solidify the economic gains from tax reform.

Future tax reforms should further lower tax rates on all Americans and work to establish a consumption tax base rather than the hybrid income–consumption tax base that the current system uses. Universal Savings Accounts (USAs) are one important step toward the goal of eliminating the bias against saving and investment. USAs are retirement-style savings accounts for all-purpose savings. Future reforms should also make the U.S. tax system more transparent and less complex so that taxpayers understand how much they are paying every year to fund the federal government.

REGULATORY REFORM

Federal spending constitutes only one part of the burden that Washington imposes on Americans. Regulations impose crushing costs on the U.S. economy and restrict individual freedom. The Trump

Administration is taking important steps to rein in agencies' rulemaking, but Congress must do much more to eliminate unnecessary regulation.

The Trump Administration has made significant progress in containing the growth in new regulations pursued by previous Administrations. After 22 months in office, it has issued 65 percent fewer "economically significant" rules—those with costs to the private sector that exceed $100 million a year—than the Obama Administration issued and 51 percent fewer than the Bush Administration issued. The White House is also pursuing rollbacks of the Obama Administration's costliest and most unwarranted rules. But regulatory repeal is a laborious process that may take years—especially given the never-ending legal challenges pursued by proponents of regulation.

Congress could do a great deal more to advance reform, including eliminating funding for regulatory programs that lack actual statutory authority or those that have failed to achieve their intended results. Lawmakers should also institute expiration dates for the funding of regulatory initiatives to reduce the cumulative burden of regulation.

The 50-member staff of the Office of Information and Regulatory Affairs who review agency rulemaking is badly outnumbered by the hundreds of thousands of regulators who labor daily to craft rules. Congress should expand the resources of the office to improve regulatory oversight in addition to asserting more of its own authority over runaway regulation.

TRADE FREEDOM

The ability to trade freely with others is the foundation of America's modern economic system, which provides historically unprecedented opportunities for individuals to achieve greater economic independence and prosperity. According to data in The Heritage Foundation's annual *Index of Economic Freedom*, countries with low trade barriers are more prosperous than those that restrict trade.[6] Open trade fuels vibrant competition, innovation, and economies of scale, allowing individuals, families, and businesses to take advantage of lower prices and increased choice.

U.S. trade agreements with 20 countries around the world reduce most taxes on imports from these countries to zero. Negotiations for the United States–Mexico–Canada Agreement (USMCA), which is meant to replace the existing North American Free Trade Agreement (NAFTA), were completed in late 2018. The USMCA maintains tariff-free treatment for scores of goods and services in North America while also bringing much-needed modernizations for the 21st century. However, the benefits of free trade found in the USMCA must not be undermined in the agreement's implementing legislation. Of key concern are any efforts to strengthen or expand commitments made in the chapters regarding labor and the environment. A worsening of these aspects of the USMCA would be unacceptable. As the legislation is being finalized by the Administration, the U.S. commitment to free trade should be strengthened.

Nearly half of U.S. imports are intermediate goods (goods that are components used in making other goods), and U.S. manufacturers rely on these imported inputs to create American jobs and compete in the global marketplace. The government should encourage manufacturing by eliminating all taxes on imports of intermediate goods. In 2018, through executive action, the U.S. imposed new tariffs on roughly 12 percent of its total imports, including imports of such intermediate goods as steel and aluminum. These tariffs should be removed immediately, as restrictions aimed at providing protection or benefit to one industry or producer often have serious negative impacts on other domestic producers in addition to harming U.S. consumers.

NO PENSION BAILOUTS

Bailouts incentivize risky and even reckless actions by shielding individuals from the consequences of their actions. Currently, policymakers face pressure to bail out private union pension plans (so-called multiemployer pensions) to avoid major pension losses for workers and retirees.

Collectively, about 1,400 union pension plans have promised their members $638 billion more than they have set aside to pay them. The union officials and employer representatives overseeing the plans do not want to face the hard reality of having to cut benefits and increase contributions so that their plans can survive (and some plans simply cannot survive) or of having their plans fail and the Pension Benefit Guaranty Corporation (PBGC) step in to pay what it can of insured benefits. Although it is not fair that unions and employers promised benefits to workers and failed to make good on those promises, it would be even less fair to force hardworking taxpayers to pay for their broken promises. Moreover, doing so would set the precedent that federal taxpayers will stand behind other broken pension promises, including nearly $6 trillion worth of state and local pension plans' unfunded commitments.

Instead of bailouts, policymakers should provide solutions that would minimize losses on existing unfunded pension promises and prevent unions and employers from making promises they cannot keep. Necessary changes include eliminating multiemployer pension plans' separate set of rules and instead requiring them to follow the same rules that single-employer pensions must follow; allowing pension plans to minimize losses by reducing benefits before plans become insolvent; and maintaining the PBGC's insured benefits through higher fixed and variable premiums as well as stakeholder fees. These actions would minimize pension losses while relieving taxpayers of the burden of having to pay for and further subsidize private-sector broken pension promises.

COMPETITIVE CIVIL SERVICE COMPENSATION

Unlike private businesses that pay workers based on their productivity, the federal government pays workers based on a rigid schedule that is shielded from many market forces. Consequently, federal employees as a whole receive significantly higher total compensation than similar private-sector employees receive, but they also suffer from the consequences of working in an environment that fails either to reward hard work and success properly or to penalize laziness and failures.

The federal government is at a competitive disadvantage when it comes to attracting highly skilled workers because it fails to tie pay effectively to productivity. Moreover, excessive civil service protections prevent federal managers from firing—or even stopping performance-based pay increases for—underperforming, idle, and even recalcitrant employees.

Congress should reform the federal employment system, including everything from pay and benefits to personnel policies and labor–management relations, to make it operate more as the private sector operates. This would provide federal employees with a more competitive compensation package, including greater choice and potentially higher pay. It would also improve morale and save taxpayers an estimated $339 billion in excessive federal personnel costs over the next 10 years.[7]

FREER ACCESS TO NATURAL RESOURCES AND LESS ENERGY REGULATION

With the abundance of resources beneath U.S. soil, America is quite literally the land of opportunity. America has an abundance of natural resources, including plentiful reserves of coal, natural gas, uranium, and oil, but federal ownership and control of vast tracts of America's land has blocked natural resource development and resulted in poor land management.

Congress desperately needs to address burdensome regulations on the energy industry that fail to produce any meaningful environmental benefits. Too many regulations are written on the premise that any amount of risk is too much. Regulatory agencies commonly underestimate or ignore costs, exaggerate environmental benefits, and push constitutional boundaries. Agencies increase the stringency of existing regulations that produce minimal if any environmental benefits. They also use the regulatory process to micromanage customer choices, from the energy efficiency of microwaves to fuel efficiency mandates. Empowering individuals, as well as state and local governments, will yield better economic and environmental outcomes.

NO CRONYISM AND CORPORATE WELFARE IN ENERGY MARKETS

Over the years, Congress has implemented numerous policies to subsidize the production or consumption of one energy source over another, including through direct cash grants, special tax treatment, taxpayer-backed loans and loan guarantees, socialized risk through insurance programs, mandates to produce biofuels, tariffs, and energy sales at below-market costs. Whatever shape such favoritism takes, the results are always the same: The government delivers benefits to a small, select group and spreads the costs among families and businesses. Government handouts take choices away from consumers and distort the flow of investments.

The government's picking of winners and losers does more harm to energy innovation than good. Instead of relying on a process that rewards competition, taxpayer subsidies prevent a company from innovating to make a technology cost-competitive. Subsidies also promote dependence on preferential treatment from the government and encourage programs that are meant to last only a few years to become permanent fixtures because of the special interests that benefit from them. Congress should eliminate preferential treatment for every energy source and technology and let competition and consumer choice drive energy innovation forward.

HEALTH CARE REFORM

Americans continue to worry about their health care. Premiums continue to rise, provider networks have narrowed, and choices have dwindled. As a result, millions of Americans have been driven out of the insurance market. At the end of 2017, enrollment in the individual market was at its lowest since before Obamacare. The number of unsubsidized people in the individual market has shrunk by more than a third, from 11.8 million in 2013 to 7.7 million in 2017.[8] On top of that decline, more insurers left the Obamacare exchange market in 2018, leaving more than half of all counties with only one insurer.[9]

The Administration has taken several actions to offer states and individuals much-needed relief from the harmful effects of Obamacare. Heritage research found that states that took advantage of one such action were able to reduce premiums by as much as 38 percent.[10] These early results are promising, but more needs to be done.

Congress should take the next step and put in place a new framework: a framework that would provide states with the statutory flexibility and resources needed to lower premiums and increase choices for their citizens. The Health Care Choices Proposal, signed by nearly 100 national and state leaders, outlines a plan that, based on independent analysis, could reduce premiums by as much as 32 percent.[11]

The proposal would make several important changes to revive the individual and small-group markets to give Americans better health care choices at lower cost. These changes include lifting several federal mandates off of the states while protecting access for those with preexisting conditions, replacing the federal Obamacare funding structure for insurance subsidies and Medicaid expansion with a combined block grant to the states, and allowing individuals to apply any assistance they receive to a plan of their choice, not the government's choice.

From there, Congress and the states must tackle the other aspects of the health care system that are driving up the cost of health care for Americans. Specifically, Congress and the states should focus on spurring innovation by removing the statutory and regulatory barriers that impede choice and competition. Policy reforms would include removing state-level certificate of needs rules that keep out competitors, equalizing the tax treatment of health insurance to give individuals the ability to buy and own their health care without being disadvantaged, and expanding the scope of health savings accounts to make their application more flexible.[12] In addition, Congress and the states should advance reforms to modernize and improve Medicare and Medicaid to meet the looming demographic, structural, and fiscal challenges.

SUSTAINABLE SOCIAL SECURITY

Social Security's Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) programs provide a false sense of security by promising more in benefits than they can pay, and they charge workers more in payroll taxes than they would have to pay to receive the same benefits from the private sector. Combined, these programs cost more than $1 trillion in 2019—about one-quarter of the federal budget—to provide benefits to 63 million beneficiaries. OASDI's combined unfunded obligation over the 75-year horizon tops $16 trillion.

Within Social Security's retirement program, lawmakers should gradually and predictably increase the early and full retirement ages to account for increases in life expectancy and then index both to longevity. Across both the OASI and DI programs, policymakers should transition to a flat antipoverty benefit focused on individuals who need it most and immediately replace the current cost-of-living adjustment with the more accurate chained consumer price index. Individuals should be empowered to own and control more of their own retirement resources.

WELFARE REFORM

The current U.S. welfare system has failed the poor. It directly undermines human well-being, promotes dysfunctional behavior, and is extremely costly. Total federal and state government spending on dozens of different federal means-tested welfare programs now reaches $1.1 trillion annually.[13] However, most policymakers, along with the American public, are not aware of the full cost of welfare. Congress should include in its annual budget an estimate of total current welfare spending as well as 10-year projections.

There is dignity and value in work, in supporting oneself and one's dependents. Welfare reform should encourage work, a proven formula for reducing dependence and controlling costs. The food stamp program, one of the largest of the government welfare programs, would be a good place to start: Able-bodied adults receiving food stamps should be required to work, prepare for work, or look for work as a condition of receiving assistance. The U.S. Department of Agriculture has taken a good first step toward achieving this goal. Additionally, the work requirements of the Temporary Assistance for Needy Families (TANF) program, put in place by the 1996 welfare reform, are much too weak today and should be strengthened.

The vast majority of welfare spending is federal, even when administration of the program occurs at the state level. Because states are not fiscally responsible for welfare programs, they have little incentive to curb dependence or rein in costs. States should gradually assume greater revenue responsibility for welfare programs by paying for and administering the programs with state resources. A good first step would be the gradual return to the states of fiscal responsibility for all subsidized housing programs for the nonelderly.

The most important reform leaders should seek is to strengthen marriage. The absence of marriage directly reduces human well-being, yet the welfare system penalizes marriage. Policymakers should eliminate marriage penalties in the current welfare system. A place to begin would be with the earned income tax credit (EITC). By reducing widespread fraud in the EITC, policymakers could not only restore integrity to the EITC program and reap large savings, but also use a portion of those savings to eliminate marriage penalties in the rest of the welfare system.

EDUCATION CHOICE

In the years since 1965, when President Lyndon B. Johnson signed the Elementary and Secondary Education Act (ESEA) into law as the keystone education component of his War on Poverty, the federal government, which accounts for 8.5 percent of all K–12 education spending, has appropriated some $2 trillion in an effort to improve the educational outcomes of American students.[14] Despite a more than doubling of inflation-adjusted federal per-pupil expenditures since that time, only slightly more than one-third of children in grade 4 and grade 8 are proficient in reading—a figure effectively unchanged since the early 1970s.[15] Moreover, achievement gaps among students persist, and graduation rates for disadvantaged students are stagnant.[16]

These lackluster outcomes—and in some cases declines—in academic performance are further evidence that ever-increasing government spending is not the key to improving education. Education dollars and decision-making should be situated as close to the student as possible.

In order to shift education functions from the federal government to state and local leaders, Congress should limit federal intervention in education. It can begin by eliminating ineffective and duplicative programs and offering relief to states and schools through reforms in the Academic Partnerships Lead Us to Success (A-PLUS) Act. As appropriate, Congress should also work to establish education choice options for federally connected students, including children from military families, those residing in Washington, D.C., and Native American children attending Bureau of Indian Education schools.

Specifically, Congress should establish education savings accounts (ESAs) for children from military families, enabling them to choose schools and education options that meet their individual learning needs. Congress should also establish ESAs for Native American children attending Bureau of Indian Education schools, which are some of the poorest-performing schools in the country, and children in Washington, D.C., which is under the jurisdiction of Congress.

HIGHER EDUCATION REFORM

When tax credits and deductions are included, total aid for higher education, including nonfederal sources, exceeds $250 billion annually.[17] Federal aid alone accounts for more than $150 billion annually.[18] Federal higher education subsidies have increased substantially over the past decade.[19]

The number of students who borrow money through federal student loans has increased by 115 percent, from 5.9 million students during the 2002–2003 academic year to some 12.7 million today. At the same time, Pell Grant funding has more than doubled in real terms, and the number of recipients has nearly doubled.[20] As federal subsidies have increased, so have college costs. Since 1980, tuition and fees at public and private universities have grown at least twice as fast as the rate of inflation.[21] Some 60 percent of bachelor's degree holders leave school with more than $26,000 in student loan debt, and cumulative student loan debt now exceeds $1.5 trillion.[22]

To increase access to and affordability of higher education, policymakers should limit federal subsidies and spending, which have contributed to increases in costs. Congress should eliminate the federal PLUS loan program, ending the practice of lending to parents on behalf of their undergraduate students (which encourages family-level debt) as well as the practice of lending to graduate students. Finally, policymakers should significantly reform accreditation, including by decoupling federal financing from the ossified accreditation system.

WORKER FREEDOM

America's workers benefit the most from a strong economy that creates job opportunities and boosts wages. Attempts to raise wages artificially through increases in the minimum wage or occupational licensing regimes do more harm than good by restricting competition and keeping the most vulnerable workers out of the labor market. Mandates that dictate the composition of workers' compensation between benefits and cash wages reduce worker freedom, opportunity, and wages. Lawmakers should focus on policies that empower workers to succeed in a growing economy and free them from union coercion and federal mandates.

The gig economy and greater possibilities for independent contractors to find work are empowering workers to select their own work schedules and tasks. Technology has made it possible for workers to attain almost complete workplace flexibility. Congress should clarify the test for independent contractor status under the Fair Labor Standards Act, the National Labor Relations Act, and the tax code. Congress should make it clear that the central elements of the test are the "control over work," "investment," and "independent business judgment" factors.

Congress should also fully equalize the tax treatment of benefits, such as for health coverage and retirement, between self-employed workers and workers who have employers. This should include ensuring that the tax code is neutral both with respect to how an individual obtains health coverage (whether directly or through an employer or an association) and with respect to an individual's choice of plan design (such as a health maintenance organization, a preferred-provider organization, a high-deductible plan, or another arrangement).

Federal job training programs are duplicative and have a record of failure. The most effective job training is carried out in the private sector. The federal government should eliminate defunct federal job training programs and keep taxes and regulations on business and employment low to enable workers and their employers to invest in their futures.

VITAL INFRASTRUCTURE

Federal funding accounts for about one-quarter of public spending on transportation infrastructure. Expansions of the federal role over the past half-century have crowded out other sources of funding and have caused the efficiency, accountability, and fiscal responsibility of infrastructure spending to diminish. These expansive top-down decisions have led to a misallocation of resources and poor incentives in public spending.

In surface transportation, lawmakers have repeatedly diverted Highway Trust Fund money to nonhighway projects. This has contributed to overspending from the Highway Trust Fund, which has led in turn to extensive general fund bailouts. Grant programs administered at the federal level further create perverse incentives for states and localities to build new, unnecessary projects while badly needed maintenance of vital infrastructure goes unfunded. In aviation, federal airport improvement grants and prohibitive regulations siphon resources from the most important airports and distribute them to those of far less significance. The Federal Aviation Administration's Air Traffic Control system continues to be run like a bureaucracy instead of a high-tech business. America's waterways infrastructure likewise suffers from an outmoded federal funding and management paradigm that has left it with an expanding backlog of work projects.

To invest more effectively in vital infrastructure that will improve both geographic and economic mobility, the federal role in funding should be limited to a small group of issues that are of strictly national importance. This will leave the vast majority of funding decisions to states, localities, and the private sector, which can set priorities more effectively, identify and meet specific needs, and be more accountable to the public. Removing the federal middleman from infrastructure decisions will empower states, localities, and the private sector to build the infrastructure that best suits people's needs while restoring accountability to a system that is currently mired in federal mismanagement.

Excessive and redundant regulations adversely affect both private-sector and public-sector infrastructure investment. Instead of creating jobs by actually building infrastructure, a company has to hire more lawyers and compliance officers to navigate complex, unclear regulatory schemes and fend off legal challenges to development. Costly regulatory processes particularly squeeze out smaller companies from competing for projects because they cannot afford to have large sums of capital tied up in regulatory limbo. Reforming or repealing government-imposed obstacles will stretch public money on infrastructure further and unshackle private investment tied up by burdensome regulations.

PROTECTION OF LIFE AND CONSCIENCE

Ever since the Supreme Court's 1973 decisions in *Roe v. Wade* and *Doe v. Bolton*,[23] which created a right to abortion on demand, the pro-life movement has worked tirelessly to reorient the hearts and minds of an entire generation toward the dignity and worth of every existing individual—born and unborn. But despite major pro-life victories over the past four and a half decades, the challenges to life and conscience that inevitably stem from sanctioned abortion on demand persist.

Policymakers should return to a deeper respect for foundational American principles by protecting the freedom of conscience of individuals, medical providers, and taxpayers and ensuring the basic rights of liberty and life for everyone, including those still in the womb.

There is long-standing, broad consensus that federal taxpayer funds should not be used for elective abortions or for health insurance that includes coverage for elective abortions. Policymakers should close the patchwork of federal prohibitions on abortion funding by making policies such as the annually reenacted Hyde amendment, which generally prohibits the use of certain federal funds for abortion and abortion coverage, permanent across federal law and by enacting permanent prohibitions on the use of taxpayer funding to perform or promote abortions overseas through foreign aid funds.

American taxpayers should not be forced to subsidize the abortion industry. Policymakers should end taxpayer funding for Planned Parenthood Federation of America affiliates and all other abortion providers and redirect funding to centers that provide health care for women without entanglement in on-demand abortion. Policymakers should also enact permanent conscience protections for individuals, families, employers, and insurers to ensure that they are not forced to offer, provide, or pay for coverage that violates their conscience.

DEFENSE OF RELIGIOUS LIBERTY

The freedom to earn a living, care for the orphans, heal the sick, and serve the community in ways that are consistent with one's beliefs is essential to maintaining a just and free society, but this freedom has suffered erosion in recent years. The right of Americans and institutions to exercise their religious beliefs is not confined to the private sphere and is protected from government burden and discrimination in public life.

America must return to a more reasonable and historically accurate understanding of religious liberty, upholding religious and moral conscience as an essential support for healthy republican government and human flourishing. Policymakers should enact policies that protect from discrimination those who believe that we are born male and female and that marriage is the union of one man and one woman. Congress should enact laws to prevent the government from discriminating with regard to contracts, grants, licensing, accreditation, or the award or maintenance of tax-exempt status against any person or group on the basis of these beliefs.

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