Defunding the Left, Reducing Handouts to States, Eliminating Waste: Priority Appropriations Savings for Congress

David Ditch

Despite bringing on a colossal wave of inflation through excessive spending, the federal government continues to create and expand wasteful programs.

The appropriations process can help stop out-of-control spending from derailing the economy, but lawmakers must strongly make the case to the public.

Lawmakers should boldly defund the infrastructure of the Left, reduce handouts to state and local governments, and eliminate wasteful programs that benefit few.

The political culture of Washington, DC, can at times seem immune to budgetary responsibility. Programs that benefit small but well-connected constituencies are reliably created and expanded with minimal regard to public costs and benefits.1 “Must-pass” legislative packages are larded up with extra deficit spending. With reasoning that seems more in line with Alice in Wonderland than with reality, any Members of Congress who seek to slow the runaway spending train are the ones most likely to be derided as radical and irresponsible by the big-government establishment and much of the mainstream media.

Even the colossal wave of inflation in 2022—one which was heavily precipitated by excessive deficit spending—was not enough to prevent Congress and President Joe Biden from adding hundreds of billions
of dollars to short-term deficits and trillions of dollars to longer-term deficits.\(^2\) This makes it increasingly difficult for the Federal Reserve to combat inflation without resorting to punishingly high interest rates that would almost certainly cause a sharp recession and more bank failures.\(^3\)

The federal government is in dire financial straits, with long-term unfunded liabilities several times larger than the economy and few controls over the growth of spending.\(^4\) The appropriations process is a key venue for legislators to begin the task of preventing excessive federal spending from completely derailing the economy. Thankfully, with the change of majority control in the House following the 2022 election, conservatives were able to make spending and deficit reduction a top priority in the new legislative session.\(^5\)

While conservatives have approved rules governing budgetary and appropriations processes in the House that will make it easier to rein in wasteful and excessive spending, the Senate has shown no inclination to change its course.\(^6\) This means that a clash between the chambers about appropriations legislation is likely. It is vital for conservatives to make the case to their colleagues and the general public for a departure from the dysfunctional, deficit-increasing process that has characterized appropriations in recent years.

The previous historical norm for appropriations bills involved substantial deliberation and amendments on the floor in both chambers. Sadly, this has given way to closed-door dealmaking and the airdropping of enormous omnibus packages with minimal time for Member review, along with negligible room for amending.\(^7\) Fortunately, there is still time for Members to consider both broad savings themes and specific programmatic targets as the House and Senate draft and vote on legislation during the summer.

**Theme One: Defund the Infrastructure of the Left**

One of the overriding goals of progressivism is to concentrate the nation’s political, economic, and social power within the federal government. This vision relies on supposedly disinterested experts such as career bureaucrats and scientists to issue binding rules and guidance for the public.\(^8\)

The past three years have provided Americans with a wealth of examples about the folly and dangers of this mindset. The promotion of ineffective lockdowns and mandates in response to the COVID-19 pandemic caused unnecessary societal, personal, educational, and economic damage.\(^9\)

A largely unnoticed aspect of these fierce political and societal debates is that one side—the progressive Left—has secured hundreds of billions of dollars in annual federal subsidies for its projects and institutions.
While many Americans have a sense that the status quo is ideologically neutral, the truth is that continuing the status quo steadily empowers the Left with massive taxpayer funding. For example, both higher education and many K–12 school systems are increasingly in thrall to extreme ideologies concerning race, gender, history, and the rule of law. These systems receive a steady flow of federal funding through the appropriations process.

Reducing and reforming federal spending in areas captured by the far Left is justified on both moral (fairness) and fiscal grounds.

**Theme Two: Reduce Handouts to State and Local Governments**

The financial outlook of the federal government is dire: a gross debt of $31.5 trillion, unfunded liabilities of more than twice that amount, and projected deficits of well over $1 trillion per year in perpetuity.

In contrast, many state governments currently enjoy surpluses and are responding with a combination of tax cuts and spending increases. While in some cases these surpluses are the natural result of good economic policy and prudent budgeting, a significant factor nationally was the massive (and unnecessary) amount of federal funding sent to states between March 2020 and March 2021. This took place on top of an already massive apparatus of federal programs that transfer funds to state and local governments for a variety of purposes. According to the Congressional Budget Office, such transfers will reach $1.09 trillion by fiscal year (FY) 2032, a larger amount than during the pandemic year of 2021.

The concept of federalism—which, in the modern context, means devolving federal power and activity to the states to the greatest extent possible—is often neglected by federal policymakers. Given the juxtaposition of budget surpluses for states with looming bankruptcy for Uncle Sam, shrinking federal subsidies for state and local governments ought to be common sense even for legislators who are usually comfortable with large federal-to-state transfers.

In addition, those who have confidence in the quality of their state’s governance should be wary of “free” federal dollars interfering with state decisions through red tape. Even in policy areas that might seem removed from intense partisan and ideological debate, the presence of federal funding serves to empower the Left and reduce the importance of state elections. Federal impositions on states include mandates for union-based wages and work rules on government infrastructure projects (overriding
state right-to-work laws), special funding set-asides for niche progressive priorities, and sprawling new woke commandments from the Biden Administration under the guise of supposed civil rights protections.¹⁶

Increasing federal involvement in state and local government activity also makes it more difficult for the public to understand where tax dollars are going or how programs and projects are funded. Subsidizing state and local government activity in an opaque manner, especially with a large amount of deficit financing, can create an illusion that a huge amount of government activity flows from current levels of tax revenue. This plays into the hands of progressives, who make grandiose (and unrealistic) promises about how much more the government can do with “a little” more tax revenue.¹⁷

Some of the largest discretionary sources of these subsidies are programs for infrastructure, social services, and welfare.

**Theme Three: Eliminate Waste**

Determining whether a government agency, bureau, or program is “wasteful” is, in general, based on whether it fails to deliver sufficient public benefit in relation to its cost. Spend-happy legislators benefit from a lack of concrete metrics in most governmental activities that would enable the public to readily identify failures. However, that is not enough to disguise many examples of blatant waste throughout the federal government, including in areas that supposedly receive annual scrutiny through the appropriations process. Congress has a duty to always use taxpayer resources wisely, and that duty is magnified at a time of high deficits, high inflation, and a mountainous national debt.

**Using Themes to Identify Savings Targets.** The accumulation of federal agencies and programs, especially under Presidents Franklin Roosevelt and Lyndon Johnson, means that today broad swaths of federal activity are either obscured or taken for granted. However, legislators should recognize how many segments of the federal leviathan will wither under even modest scrutiny.

Applying the three themes outlined above, it becomes clear that appropriators can use a mixture of reductions, reforms, and eliminations to the non-defense discretionary portfolio to save tens of billions of dollars per year. This would reduce inflationary pressures in the near term, and if the changes are retained and built upon in the future, it would have a positive net effect on the nation’s fiscal trajectory.¹⁸
Big Education

The largest portion of the annual federal education spending goes toward K–12 public schools, although tuition subsidies for postsecondary education are not far behind.19

Defunding the Left. Public K–12 education and most college and university institutions are increasingly captured by hard-left academic dogma.20 Universities are awash with professors and departments that are open political activists, and campuses are beset by an array of diversity-obsessed bureaucrats.21 While some states are thankfully moving toward school choice and reforming higher education systems, thereby empowering parents to steer their children away from progressive indoctrination, federal funds reinforce the progressive public schooling status quo.22 Shrinking or phasing out the Department of Education would reduce a significant funding source for the institutional Left.

Handouts to Governments. Education was traditionally a concern for local and state governments until well into the 20th century. The creation of federal bureaus and programs to “assist” education has funded legions of administrative bureaucrats, including those at the local and state level who must coordinate with their federal overseers to ensure compliance with nationwide dictates. This exacerbates the problem of education spending going to the benefit of bureaucrats rather than students.

The Biden Administration’s radical Equity Action Plan for education, which calls for steering funding and contracts based on identity characteristics of the recipients or institution, is just one example of the consequences of giving the federal government power over education.23

Waste. The Department of Education has received over $2.5 trillion, adjusted for inflation, in combined discretionary appropriations since its founding in 1979.24 One might hope that such an enormous sum of money would produce meaningful results. However, there has been either negligible or negative progress on the educational outcomes of K–12 students and the affordability of colleges and universities.25 In typical big-government fashion, legislators have rewarded the repeated failures of the Department of Education with steady funding increases. Because spending and subsidies have failed to achieve core goals, Congress can rightly label the Department of Education as wasteful and implement cuts and eliminations.

Big Science

A large and rapidly growing amount of appropriated funding is directed toward scientific research and applied science. Examples include the
National Institutes of Health (NIH), the Centers for Disease Control and Prevention (CDC), the National Science Foundation, and portions of several cabinet-level and independent agencies.

**Defunding the Left.** The federal government funds tens of billions of dollars in research grants every year, largely given to colleges and universities. On top of this, the government provides excessive payments for “indirect costs” for overhead expenses, giving schools more resources to redirect in dubious directions, such as hiring diversity bureaucrats.26

In addition, the politicization of the CDC and NIH became increasingly obvious during the COVID-19 pandemic as they bent over backwards to support progressive demands such as mask and vaccine mandates and prolonged school closures. This took place despite a lack of consistent, concrete evidence that such measures would have a marked effect on reducing the transmission of the disease.27 When agencies are fundamentally incorrect when accuracy matters most and violate the public’s trust, they should face consequences—as opposed to receiving record-setting funding. Congress should rein in these bureaucracies by reducing their appropriations, rolling back decades of dramatic increases.

**Waste.** When the federal government provides funding to a university for a research project, there is an additional amount of “indirect cost” money to cover the university’s overhead expenses. However, the federal government provides much higher levels of indirect cost financing than other organizations, and certainly above what is warranted. Excessive payments mean that taxpayers are handing out more than necessary for specific research grants and are providing subsidies beyond the stated scope of the grants. This also provides an indirect subsidy to private grant-writing organizations such as the Gates Foundation, which typically provide little to no funding for overhead costs thanks to spillover from taxpayer-funded grants. Appropriators and authorizers have an obligation to address unfair overpayments through statutory reforms and spending limitations.28

It is also worth noting that congressionally earmarked funding for HIV/AIDS programs through the CDC and Health Resources and Services Administration have remained higher than funding for much more predominant causes of death for decades, and that such funding has steadily increased despite tremendous progress in treatments, a significant reduction in infection rates, and plummeting mortality from HIV/AIDS.29 It is time to end this preferential treatment and lower spending on HIV/AIDS programs.
Infrastructure

While infrastructure is traditionally an area with broad public support and relatively little controversy, this area disguises an astonishing amount of policy dysfunction that has accumulated during the course of decades within several federal agencies. Appropriated infrastructure programs include:

- The Department of Agriculture’s Rural Utilities Service;
- Local water infrastructure grants through the Environmental Protection Agency;
- The Army Corps of Engineers; and
- Airport grants; Amtrak; intercity rail grants; capital investment grants; national infrastructure investments; transit grants; and the Washington Metropolitan Area Transit Authority (WMATA), under the Department of Transportation.

**Defunding the Left.** Tens of billions of dollars per year in infrastructure spending are directed toward transportation modes that are preferred by progressives but account for vanishingly small shares of public usage, most prominently urban transit and intercity rail. Large public transit agencies have grossly inflated labor costs that benefit local unions, who in turn are a prominent cog in urban political machines. Infrastructure projects receiving federal funding are subject to an array of cost-increasing mandates such as the Davis–Bacon Act and project labor agreements that exist to give unionized contractors an advantage over non-union shops.

**Handouts to Governments.** The private sector and state and local governments are responsible for the overwhelming majority of infrastructure construction and maintenance work. However, Washington uses grant programs to steer infrastructure decisions, especially by subsidizing marginal construction projects that burden state and local governments with long-term maintenance costs. Federal rules also make it harder for states and the private sector to finance infrastructure projects, producing a vicious cycle of dependance on federal grants. America would have better infrastructure without federal interference.

**Waste.** Congress uses infrastructure programs to finance a wide array of pork projects, including streetcars, “road diets” deliberately designed
to cause traffic congestion, lavish bike lockers at train stations, and multi-million-dollar environmental impact reports. Cost-conscious local governments would often balk at the cost for such projects, but “free” federal money allows boondoggles to move forward.

Excessive subsidies enable transit agencies, such as the wildly dysfunctional WMATA system in the nation’s capital, to operate as though preserving and expanding transit is the primary goal and serving the public is an afterthought. There should be zero tolerance for such profligate spending in today’s economic and fiscal environment. The value of federal infrastructure spending has eroded badly and is nowhere near the tremendous cost to current and future taxpayers.

Welfare and Social Services

While the bulk of means-tested, anti-poverty, and anti-hardship funding flows through mandatory spending programs such as Medicaid and food stamps, appropriators oversee tens of billions of dollars in discretionary welfare and social programs.

These include:

- The special supplemental nutrition program through the Department of Agriculture;

- The Administration for Children and Families, Administration for Community Living, Health Resources Administration, and Substance Abuse and Mental Health Services Administration through the Department of Health and Human Services; and

- Community planning and housing programs through the Department of Housing and Urban Development.

Defunding the Left. Seeking to have the federal government be the predominant force in providing essential goods and services to families and communities across the country is a long-standing policy goal of the progressive Left. The multitude of welfare programs and the total amount of support available to recipients discourage work and marriage. In addition, the growth of welfare and social programs during the past century has crowded out civil society groups such as religious and charitable organizations, trapped communities and families alike in dysfunction and dependence on government support, and empowered a vast network of bureaucrats at all levels of government.
Family planning funding under Title X of the Public Health Services Act has supported abortion providers such as Planned Parenthood for decades, which is a gross violation of the public's goodwill and decency. Tackling the federal welfare-and-social-spending industrial complex would be worthwhile even in the absence of budgetary effects—which would be substantial.

**Handouts to Governments.** Many of these programs are funded by Washington but administered at the state and local level. Similar to the way that welfare programs can trap families in dependency, enormous amounts of federal funding have created increasing dependency on Uncle Sam among state and local governments, which is antithetical to America’s founding principles.

**Waste.** The existence of dozens of welfare programs being administered by multiple federal agencies has resulted in tremendous amounts of duplication and fragmentation, and welfare programs are plagued by high levels of fraud and improper payments. While some programs would benefit from reform, Congress should eliminate others, such as the Low-Income Home Energy Assistance Program.

**Earmarks and the Community Development Fund**

Appropriators brought back earmark spending for FY 2022 appropriations following a decade-long ban of the practice. Although the process includes more publicly available information about who requested a given earmark and the supposed justification, the core historical flaws of the practice remain. The Community Development Fund (CDF), part of the Department of Housing and Urban Development, is a magnet for earmarks due to its nature as a *de facto* slush fund for local projects. The House Appropriations Committee has made earmark reforms for FY 2024, but unfortunately the Senate has not followed suit.

**Defunding the Left.** Many progressive Members use earmarks, in general, and the CDF, in particular, to direct taxpayer funds toward strongly ideological causes. Examples for FY 2023 included thinly disguised training in critical race theory for Rhode Island teachers, millions of dollars for LGBTQ activist organizations in the New York City area, and a trio of earmarks to highlight ethnic groups in Seattle.

**Handouts to Governments.** For non-defense spending, the overwhelming majority of earmarks and the entirety of CDF funding are directed toward niche projects that ought to be the responsibility of local governments or civil society groups. Examples for FY 2023 included $2.5 million
for “carbon neutral” government buildings in Ann Arbor, Michigan; a $4.46 million pond excavation in Maine; and $3 million for a library in the high-wealth city of Stamford, Connecticut.  

Waste. Earmarks and the CDF are an invitation for Members to fund dubious projects that would have no chance of occurring if the funds had to come from the locality in question. Examples for FY 2023 included the island of St. George, Alaska, receiving $5.5 million in two earmarks despite having a population of just 67 people; a solar array in low-sunlight King County, Washington; and $3.6 million for a hiking trail in Georgia named after Michelle Obama.

“Green” Programs

Environmental conservation and remedying toxic pollution are legitimate public concerns. However, federal programs for energy and the environment too often stray into subsidizing projects beloved by progressives that provide minimal real-world benefits.

Defunding the Left. The Department of Energy has spent decades attempting to steer the energy sector in a direction preferred by the Left through a combination of subsidization and regulation, favoring energy sources such as wind and solar over more practical and reliable ones such as nuclear and natural gas. This has led to vast market distortions without having a measurable effect on the climate-relevant emissions. Worse, many key components for batteries, wind turbines, and solar panels are made in China, which means U.S. taxpayers are subsidizing the highly polluting Chinese economy while impoverishing our own.

The Office of Electricity and the Office of Energy Efficiency and Renewable Energy deserve particular scrutiny from appropriators.

Handouts to Governments. State and local governments receive billions of dollars in grants each year for local projects of questionable environmental effect or highly concentrated local value. This includes purchasing electric buses at a time of extremely low bus ridership and spending millions of dollars on water infrastructure projects in tiny villages.

Waste. While funding much of the Green New Deal agenda is wasteful, one of the most dysfunctional environmental programs is the Environmental Protection Agency’s Superfund. Created in 1980 to address environmental contamination and hazardous waste, the program was poorly designed and has not been properly reformed. This causes the program to cost taxpayers billions of dollars per year while also producing a shockingly small amount of cleanup progress. Appropriators enable this dysfunction by providing robust funding regardless of performance.
Federal Employee Compensation

Federal employees receive a significant compensation premium relative to comparable private-sector workers, primarily due to poorly designed retirement benefits. Providing excessive compensation to federal employees costs taxpayers tens of billions of dollars per year. While it is extremely difficult to directly address this through appropriations legislation, appropriators should work with authorizing committees on this issue to reduce operational budgets for federal agencies and force them to rein in excessive labor costs.

Foreign Aid and International Organization Contributions

While this does not account for as large a portion of federal spending as some might think, appropriators do commit many billions of taxpayer dollars per year to the State Department’s foreign aid programs and the U.S. Agency for International Development (USAID).

Defunding the Left. Foreign aid has become an appendage of the progressive movement, exporting overseas a radical woke agenda of gender ideology, abortion, and climate fanaticism, which also benefits Communist China’s global ambitions. Billions of dollars in humanitarian assistance are being diverted to America’s enemies such as the Afghan Taliban.

International organizations receiving U.S. federal funding promote a variety of progressive causes. The Organization for Economic Co-operation and Development pushes high taxes and stifling tax-collection regimes. The United Nations supports climate change radicalism across the globe and dysfunction in Palestine. Many nongovernmental organizations that fund abortions receive U.S. support under the Biden Administration. Americans should not be forced to fund the Left’s attempt to impose its agenda on the world.

Waste. Foreign aid programs are riddled with duplication, and, in some cases (such as the massive Assistance for Europe, Eurasia, and Central Asia section of USAID), have outlived their original purpose. Congress should tightly link foreign aid to core strategic priorities since excessive or wasteful international handouts weaken America by adding to the national debt.

Jobs and Job-Training Programs

The Department of Labor’s Employment and Training Administration funds Job Corps and many job-training programs, which appeals to the strong work
The ethic of the American public but has a decades-long track record of failure. In addition, the multitude of job-training programs suffers from tremendous overlap and neglect, as legislators are eager to create new “pro-jobs” programs without considering ones that already exist. According to an analysis by the Government Accountability Office, as of 2019 there were 43 different employment and training programs spread across nine federal agencies.

Defunding the Left. The idea that the government is well-suited to creating and enabling jobs was one of the core conceits of the New Deal, which failed to end the Great Depression but succeeded in creating programs and agencies that have burdened the economy for the past 90 years. Conservatives who believe that businesses are the source of economic growth and job creation should be eager to move on from federal failures.

Waste. Federal programs seeking to create or facilitate jobs consistently cost several times the median annual wage per job created, which is economically destructive. Such appropriations were a bad idea when federal finances were reasonably healthy and are catastrophically wrong-headed in today’s environment.

Arts and Broadcasting Organizations

The National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), the Corporation for Public Broadcasting (CPB), and the John F. Kennedy Center for the Performing Arts are not prominent parts of the federal budget. However, Congress should not be dismissive about the misuse of “only” hundreds of millions of taxpayer dollars.

Defunding the Left. It should be no surprise that government-funded art and media organizations consistently come with a left-wing tilt, in addition to producing art of questionable value. The NEA has a long and sordid history of funding artists that are aggressively at odds with core American values: The programming of the Kennedy Center, NEA, and NEH reflects the cultural agenda of the coastal elite, and National Public Radio (which receives partial funding from the CPB) is famously progressive.

Waste. The existence of federal subsidies for progressive artists and media are not just unfair to non-progressive taxpayers, but also entirely unnecessary. The CPB was created at a time when the media landscape was relatively limited; today, Americans have more media at their fingertips than they could possibly consume over several lifetimes. Artists, authors, musicians, and other cultural creators have more opportunity to spread their messages (and earn a living) than at any time or place in human history. There is no justification for continuing to waste taxpayer resources in this manner.
Conclusion

With the insolvency of politically sensitive programs such as Social Security and Medicare looming, the current session of Congress must, at an absolute minimum, address the egregious examples of federal waste and ideological capture detailed in this report.

Previous generations of American leaders were tasked with creating the nation, defending the union, and protecting the free world from communist powers. Surely today’s leaders can muster the courage to address the Community Development Fund, the Washington Metropolitan Area Transit Authority, and the John F. Kennedy Center for the Performing Arts without flinching and surrendering in the wake of predictable special interest and media critiques.

David Ditch is Senior Policy Analyst for Budget Policy in the Grover M. Hermann Center for the Federal Budget at The Heritage Foundation.
Endnotes

1. The concept of concentrated benefits and dispersed costs, popularized by economist Mancur Olson in *The Logic of Collective Action* explains why niche government programs can be easy to start and difficult to end. America's size, both in population and geography, makes it especially vulnerable to this problem. Mancur Olson, *The Logic of Collective Action* (Cambridge, MA: Harvard University Press, 1971).


18. Lowering non-defense discretionary spending can reduce the federal debt-to-gross-domestic-product ratio compared to projected levels over the course of decades. However, debt would still grow faster than the economy without significant reforms to mandatory programs such as Social Security and Medicare.


23. Ditch, Gonzalez, von Spakovsky, and Dwinnell, “President Biden’s ‘Equity Action Plans’ Reveal Radical, Divisive Agenda.”


27. Dayaratna and Badger, “COVID-19: A Statistical Analysis of Data from Throughout the Pandemic and Recommendations for Moving On.”


32. Ditch, “Road to Nowhere: How Biden and Congress Detour Highway Funds.”


42. Ditch, “Earmark Spending: Bad Fruit from Rotten Trees.”


44. Ditch, “Earmark Spending: Bad Fruit from Rotten Trees.”

45. Ibid.

46. Ibid.


49. Ditch, “Earmark Spending: Bad Fruit from Rotten Trees.”


