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May 2010

RSC FY 2011 Budget:
A Balanced Budget for America
H.Con.Res. 281

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RSC Budget Proposal: By the Numbers

(In billions of dollars)

Fiscal year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues	2,524	2,105	2,121	2,331	2,678	2,897	3,122	3,258	3,430	3,589	3,740	3,894	4,078
Outlays	2,983	3,518	3,410	3,397	3,237	3,237	3,324	3,433	3,563	3,658	3,758	3,884	4,015
Discretionary Spending	1,135	1,237	1,323	1,269	1,108	1,041	1,013	1,000	997	991	985	979	996
Mandatory Spending	1,595	2,096	1,881	1,895	1,850	1,868	1,931	2,001	2,091	2,158	2,235	2,342	2,442
Social Security	612	678	702	728	761	799	838	880	929	984	1,043	1,106	1,174
Medicare	385	425	456	460	470	480	490	510	530	552	574	597	622
Medicaid	201	253	242	225	228	231	235	238	241	244	248	251	255
Other	399	666	481	482	391	358	368	373	391	378	370	388	391
Net Interest	253	187	206	233	279	328	380	432	475	509	538	563	577
Deficit (-) or Surplus	(459)	(1,413)	(1,289)	(1,066)	(559)	(340)	(202)	(175)	(133)	(69)	(18)	***10***	***63***
Addendum: Discretionary Spending Budget Authority													
Total	1,219	1,391	1,145	1,092	933	933	933	933	933	933	933	933	955
Defense	666	659	693	708	616	632	648	666	684	701	719	736	754

Overview of the RSC Budget Proposal

A BALANCED BUDGET
Balance: The RSC budget plan will achieve *surpluses* in fiscal years 2019 and 2020. The RSC plan improves the budget outlook in *every* single year.
Less Debt: The RSC Budget would propose $6.4 trillion less debt than President Obama's budget.

TAX POLICY
The RSC budget accommodates making permanent the 2001 and 2003 tax cuts, and making permanent the AMT "patch," and includes *none* of the tax increases proposed by President Obama and congressional Democrats. The RSC budget's revenue figures also assume some policies are enacted that create new economic activity, and thus more revenue as scored by CBO (for example medical liability reform and the ability to purchase insurance across state lines).

DISCRETIONARY SPENDING POLICY
The RSC budget proposes that overall discretionary spending resources return to the FY 2008 levels that were in effect less than two years ago. Overall discretionary spending resources would be frozen at that level until the budget is balanced in 2019. Within this amount, the RSC budget assumes defense will be fully-funded (including the President's war funding requests).

Consequently, even as total discretionary spending remains flat, it will be necessary to decrease or eliminate spending for many non-security functions in order to fully fund defense and veterans spending. This plan contains a menu of discretionary spending options to that end.

It is possible that in the future the budget outlook will improve and it will be possible to reach balance by a date certain under a less restrictive discretionary spending policy. But the discretionary spending allocation must fit within what the American people can afford to send to Washington in taxes.

MANDATORY SPENDING POLICY
- Social Security: Makes NO changes to current law. Social Security spending increases from $612 billion in FY 2008 to $1.2 trillion in FY 2020.
- Medicare: Provides spending increases equivalent to economic growth (the 1995 Contract with America budget included a similar policy). Medicare spending *increases* from $385 billion in 2008 to $622 billion in 2020.
- Medicaid: Provides spending increases equivalent to inflation (the 1995 Contract with America budget included this proposal). Medicaid spending increases from $201 billion in FY 2008 to $255 billion in FY 2020.
- Wasteful, Unnecessary, or Lower-Priority Mandatory Spending: Requires each committee to find savings equal to one percent of total mandatory spending under its jurisdiction from activities that are determined to be wasteful, unnecessary, or lower-priority.
- Repeal Troubled Asset Relief Program (TARP): Prohibits further obligations under the Troubled Asset Relief Program (TARP), saving taxpayers $36 billion.
- Other Reforms Provided for: Provides for medical liability reform, allows the purchase of health care across state lines, opens ANWR to leasing, repeals Davis-Bacon, ends taxpayer funding presidential campaigns, reforms federal retiree benefits, reforms food stamp spending, and sells a small percentage of federal assets.

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Introduction

"We must not let our rulers load us with perpetual debt."

--Thomas Jefferson

"It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed."

--President Ronald Reagan

A Nation Founded on the Principle of Frugality

In 1790, the Washington Administration inherited a debt of $78 million from the cost of the American Revolution. While it is common for post-revolutionary governments to default on their debt burdens, Alexander Hamilton established American credit by funding the debt on a sustainable basis.

Even as the Federalists kept the national debt at a manageable level, the Republicans, led by Thomas Jefferson, argued that the debt was too high and sought to repay it. In 1798, Thomas Jefferson wrote:

> I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government to the genuine principles of its Constitution; I mean an additional article, taking from the federal government the power of borrowing.

President Thomas Jefferson would go on to reduce the debt in each year of his presidency. Jefferson's ultimate goal of paying down the debt was pushed back a few decades by the War of 1812 and then the Panic of 1819. But in 1834, Andrew Jackson succeeded in paying off the national debt entirely. The U.S. has the distinction of being the only nation in history to completely pay off its debt.[1]

While the U.S. did not stay debt-free for long, well into the twentieth century it was common for Congress to run a surplus. For example, the federal government ran a surplus for eleven straight years from 1920-1930. But since 1960, the federal government has run a deficit in 44 of the last 49 years (all of them except 1969, 1998-2001).

On January 2007, the new Democrat majority promised to keep the deficit under control by governing according to "pay-as-you-principles." On the second day of the new Democrat Majority, Representative Salazar (D-CO) made a statement on the House floor, variations of which would be heard often:

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[1] The Wall Street Journal, "A Short History of the National Debt," John Steele Gordon, February 18, 2009: http://online.wsj.com/article/SB123491373049303821.html.

> We believe it is time that we finally get our fiscal house in order. Today, we will restore the pay-as-you-go rules that were instrumental to the budget surpluses we experienced in the early 1990s. Pay-as-you-go budgeting with no new deficit spending is a key first step. This will reverse the budget deficits that are currently passing billions of dollars in debt to our children and our grandchildren.

Unfortunately, the deficits were not reversed. Instead, 40 months of Democrat control have witnessed a severe fiscal deterioration:

- **The National Debt:** has increased from $8.67 trillion to $12.6 trillion—an increase of ***$3.93*** trillion or ***45.3%***.

- **The Debt Limit:** has increased ***six times***. Since the Democrats took over Congress, the debt limit has increased from $8.965 trillion to $14.29 trillion—an increase of ***$5.33 trillion*** or ***59.4%***.

- **The Deficit:** has increased from $161 billion in the last budget before Democrats took control of the Congress (FY 2007) to $1.42 trillion in the most recent fiscal year (FY 2009)—an increase of ***$1.26 trillion*** or ***776%***. The FY 2010 deficit is projected to come in at another $1.5 trillion.

- **$10.5 Trillion Deterioration to Nation's Budget Outlook:** The same month Democrats took control of Congress (January 2007), CBO, under then CBO Director Peter Orszag, projected an $800 billion surplus over the ten-year period FY 2008-2017. Today, covering the same period—including the actual deficits from FY 2008 and FY 2009—as well as what the President proposes in his budget for fiscal years 2011 through 2017, **that $800 billion surplus turns into a $9.7 trillion deficit.** This is a $10.5 trillion worsening of the budget outlook in three years of Democrat control of the Congress.

The Unchosen Path

The conventional wisdom seems to be that, contrary to the wishes of the American people, the federal budget will continue to consume a larger and larger share of the family budget (via higher taxes), and that it will impose a large burden on future generations (via ever-increasing borrowing). A February 2009 Newsweek article entitled "We are All Socialists Now" summed up the conventional wisdom as follows:

> In many ways our economy already resembles a European one. As boomers age and spending grows, we will become even more French.

But the American people have never voted for a government that promised to increase the tax burden to European levels. They never voted for a government that promised to leave $104 trillion of unfunded liabilities on their children and grandchildren.

Consider, for example, the words of our current President:

> *"But we can't keep spending good money after bad."*--3/04/09

"As surely as our future depends on building a new energy economy, controlling healthcare costs and ensuring that our kids are once again the best educated in the world, it also depends on restoring a sense of responsibility and accountability to our federal budget."--4/18/09

"So much of our government was built to deal with different challenges from a different era… Too often, the result is wasteful spending, bloated programs, and inefficient results."--4/25/09

"This starts with the painstaking work of examining every program, every entitlement, every dollar of government spending and asking ourselves: Is this program really essential? Are taxpayers getting their money's worth?"--4/18/09

The RSC could not agree more. But the President's FY 2011 budget proposed:

- **$13.5 Trillion of New Debt:** The President's budget proposes to increase the national debt from today's level of $12.3 trillion to $25.8 trillion in FY 2020—an increase of $13.5 trillion or 109.8%. **The amount of *new* debt proposed by this budget is larger than the total amount of debt accumulated by the federal government from 1789 to today.**

- **A Tripling of the Public Debt:** The President's budget would triple the public debt (not including debts to government trust funds, such as Social Security) from $5.8 trillion in FY 2008 to $17.5 trillion in FY 2019.

- **Record Spending:** The President's budget proposes federal spending of 25.4% of GDP in 2010 and 25.1% of GDP in 2011, the two largest spending levels as a percentage of GDP in U.S. history, except for World War II (the third highest is last year's total of 24.7% of GDP). The budget then proposes to keep federal spending at a historically high level through the ten-year budget window. The lowest spending total is 22.8% of GDP in 2013, which is still higher than any spending level since 1985. Over the 2010-2020 period, the President's budget proposes an average spending level of 23.5% of GDP. Outside of World War II, federal spending has only been as high as the average proposed by this budget once in American history (1983, also 23.5% of GDP).

- **The Thirteen Highest Deficits in U.S. History:** In all, total proposed deficit spending amounts to more than $10 trillion over the period covered by the budget submission (FY 2010-FY 2020). The lowest deficit in the President's budget proposal is $706 billion in 2014. It proposes a deficit of slightly more than $1 trillion in 2020—which means that under this budget there is no effort to bring the deficit back to a more sustainable level even after the current recession, and the wars in Afghanistan and Iraq, are long over. If the deficit figures proposed by the President's budget are realized, all *thirteen* of the highest deficits in U.S. history will have occurred during the period covered by the President's budget request, FY 2010-2020, and the first two years of budgets under the Democrat Congress (FY 2008, FY 2009).

The Administration acknowledges that its budget submission will not work, so it has created a "Fiscal Responsibility" Commission to turn in the remaining portions of the FY 2011 budget ten months late. The goal of this commission: reduce the deficit to a mere *$552 billion* (higher than any deficit in U.S. history prior to FY 2009*)* within *five years.*

A Balanced Budget for America

The federal government encroaches on responsibilities that more properly belong to individuals, families, businesses, the non-profit sector, and state and local governments. In fact, almost no economic activity is untouched by the reach of the federal government. Consequently, it is difficult for the federal government to focus on its core responsibilities. And many federal programs actually do more harm than good. Meanwhile, the federal government's burden on the economy is becoming more and more unaffordable.

The RSC budget proposes a complete break with the last three years of reckless spending. It aims for a goal that is radical in Washington, and common sense everywhere else: a balanced budget by a date certain. No more passing the buck to future generations. The RSC budget does this by limiting federal spending, not by passing the bill to families and job creators in the form of higher taxes.

The RSC plan balances the budget with the following principles:

- ***Principle 1:*** Cut Congress First;
- ***Principle 2:*** Enact Economically Beneficial Savings;
- ***Principle 3:*** End Actively Harmful Spending;
- ***Principle 4:*** Reform the Federal Workforce;
- ***Principle 5:*** Eliminate Corporate Welfare;
- ***Principle 6:*** Build on the Success of Welfare Reform;
- ***Principle 7:*** Devolution to the States;
- ***Principle 8:*** Eliminate Wasteful or Ineffective Programs;
- ***Principle 9:*** Eliminate Duplicative Programs;
- ***Principle 10:*** Devolution to the Private- and Non-profit Sectors;
- ***Principle 11:*** Save Medicare from Bankruptcy;
- ***Principle 12:*** Repeal the Mistakes of the Past Three Years;
- ***Principle 13:*** Reduce Spending on Foreign Aid;
- ***Principle 14:*** Sell Federal Assets;
- ***Principle 15:*** Eliminate Special Payments for the DC Region; and
- ***Principle 16:*** Protect the Military Budget.

Principle 1: Cut Congress First

In the past two years, Congress has increased spending on itself by 18.4%. To balance the budget, Congress must lead by example and accept cuts to its own operations.

DISCRETIONARY SAVINGS

End Congress's Spending Spree on Itself: In FY 2009, Congress increased Legislative Branch spending by $432 million or 10.9%. Congress followed this increase with a $298 million or 6.8% increase in FY 2010. This is a cumulative $730 million or 18.4% increase on congressional operations in two years. Most Americans would not agree that Congress's work product has benefited from this higher spending. According to one recent poll, only 15% of Americans approve of the job Congress is doing, with 75% disapproving. *Politico* describes what some of this spending is for: "a $500,000 pilot program for senators to send out postcards about their town hall meetings, $30,000 for receptions for foreign dignitaries and $4 million for consultants…"[2] *This proposal would cut spending on Legislative Branch Operations by 25%, which would save $1.175 billion annually.*

Cut Congressional Staff by 10%: Congressional staff has increased by 5% since 1995. It is unclear what benefit taxpayers have received from more legislative branch staffers. The RSC budget proposal will lead to smaller government, which will necessitate both fewer executive branch employees and fewer legislative branch staffers. *This proposal would reduce Congressional staff by 10%, which by one estimate would save $1.7 billion over ten years.*[3] (These savings are inclusive to the savings proposal listed above).

Cut in Half Congressional Printing and Binding: Congress spends $94 million a year on printing and binding certain documents, such as the *Congressional Record*. While it is essential that these documents be made available to Congress and the wider public—the cheapest and most efficient way to access most of these documents is via the internet. Many copies of documents sent to congressional offices are promptly thrown away, since they can more easily be accessed on the internet as needed. *This proposal would cut in half spending for this purpose, at an annual savings of $47 million a year.* (These savings are inclusive to the first savings proposal listed above).

Eliminate Federal Funding for the Stennis Center: The Stennis Center was created "as a living tribute to the public service career of John C. Stennis who served in the United States Senate over 41 years."[4] Among other things, Senator John Stennis (D-MS) also has an aircraft carrier (one of two non-presidents to be so-honored) and a space center named after him. *This proposal would eliminate taxpayer support for the center,*

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[2] Manu Raju, "In Tight Times, Congress Boosts Its Own Budget," *Politico*, September 30, 2009, at http://www.politico.com/news/stories/0909/27732.html.

[3] Paul Weinstein Jr. and Katie McMinn Campbell, "Return to Fiscal Responsibility," Progressive Policy Institute (PPI), April 2007, at http://www.ppionline.org/documents/Fiscal_Responsibility_04302007.pdf.

[4] See here: http://www.stennis.gov/about/

at an annual savings of $430,000. (These savings are inclusive to the first savings proposal listed above).

Earmark Moratorium: The number of earmarks has increased ten-fold since 1996. According to Taxpayers for Common Sense (TCS), in FY 2010, Congress spent $15.9 billion on 9,499 earmarks.[5] The current earmark process causes Congress to base funding decisions on political considerations such as seniority, what committee a Member sits on, or even political vulnerability. Consequently, many earmarks represent very poor uses of taxpayer money. The following are recent examples of earmarks: $2 million for the Rangel Center for Public Service (an earmark sponsored by Charlie Rangel, for whom the center is named), $231,000 for "minority and small business development and procurement opportunities" at an airport that does not exist, and $100,000 for a fake prison museum. *This proposal would enact a moratorium on earmarks (pending reforms to the broken process), saving $15.9 billion annually.*

MANDATORY SAVINGS

Prevent Automatic Congressional Pay Increase to Comport with 27th Amendment: The current salary for a Member of Congress or Senator is $174,000. Under current law, Members of Congress automatically receive a cost-of-living-adjustment (COLA) meant to reflect inflation—though this increase can be, and sometimes is (as it was for 2010), suspended by congressional action. Congress has reduced Member salaries on some occasions: 1874, 1932, and 1933. As families tighten their belts, and this budget asks the same of other functions of the government, so should Members of Congress. *This proposal would prevent automatic pay increases for Members in the current Congress and thus comport with the 27th Amendment of the Constitution.*

Principle 2: Enact Economically Beneficial Savings

The federal government is running the highest deficits in U.S. history, and the economy is going through what may well be the worst economic downturn since the Great Depression. The RSC budget proposes to reverse some examples of government policies that are both economically hurtful and fiscally irresponsible.

MANDATORY SAVINGS

Medical Liability Reform: According to CBO, enacting medical liability reform would *save taxpayers $54 billion over ten years*. This budget plan assumes enactment of such legislation.

Freedom to Purchase Health Insurance Across State Lines: According to CBO, allowing individuals to purchase insurance across state lines would save taxpayers *$7.4 billion over ten years*. This budget plan assumes enactment of such legislation.

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[5] Taxpayers for Common Sense (TCS), see here: http://taxpayer.net/search_by_category.php?action=view&proj_id=3192&category=Earmarks&type=Project

Open Arctic Coastal Plain to Energy Production: Opening up this region to leasing would save more than *$3 billion over ten years* (and far more outside of the budget window). More importantly, this would lead to more domestic energy production, cutting the burden of energy costs on American families.

Principle 3: End Actively Harmful Spending

Despite our severe fiscal challenges, Congress spends money on numerous programs that do more harm than good. The following programs are either economically harmful, use taxpayer money in a manner that most Americans find morally objectionable, empower liberal special interest groups, or lead to violations of basic liberties.

DISCRETIONARY SAVINGS

Repeal the Davis-Bacon Act: The Davis-Bacon Act of 1931 requires the federal government to pay above market rates on federally funded or federally assisted construction jobs. In other words, the Davis-Bacon Act requires taxpayers to pay *more* for a project than it would cost absent the law. Further, the law destroys jobs by increasing the cost of employing workers, and also destroys opportunities for minorities, small firms, and less-skilled workers.

Though vigorously defended by liberal special interest groups such as labor unions, neo-liberal Mickey Kaus points out that the law "needlessly inflates the cost to taxpayers every time a progressive liberal government tries to build something." For example, the Davis-Bacon Act has bogged down a $5 billion weatherization program in red tape. The goal of the program is to weatherize 593,000 homes by March 2012. But through the end of last year, just 9,100 homes had actually been weatherized. This means that the program is just 1.5% toward completing its stated objective. The cause of the delay? Congress subjected the program to Davis-Bacon regulations, which in turn meant that the Department of Labor had to determine prevailing wage rates for weatherization projects in more than *3,000* counties before the money could be used for its intended purpose.[6]

This proposal would repeal the Davis-Bacon Act which, according to one analysis, would save $11.4 billion in FY 2010 alone.[7] Representatives Steve King (R-IA) and Connie Mack (R-FL) have introduced legislation (H.R. 2900) to this effect.

Eliminate "Community Development" Programs: In FY 2010, Congress spent nearly $4.5 billion on various "community development" programs (under the umbrella of the Community Development Fund), including: the Community Development Block Grant (CDBG), the Economic Development Initiative, and the Sustainable Communities Initiative. All of this spending falls under the category of state, local, or non-governmental responsibilities. The Sustainable Communities Initiative, which is a

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[6] Jonathan Karl, "Report: Stimulus Weatherization Program Bogged Down by Red Tap," ABCNews.com, February 17, 2010, at http://abcnews.go.com/print?id=9780935

[7] James Sherk, "Davis Bacon Suspension Would Fund 160,000 New Construction Jobs," The Heritage Foundation, January 27, 2010, at http://www.heritage.org/research/labor/wm2782.cfm.

partnership of the Departments of Housing and Urban Development and Transportation, is intended to have the federal government get involved in local land use planning decisions. Transportation Secretary LaHood has explained that the initiative is "a way to coerce people out of their cars," even though most Americans want transportation policies that focus on improving roads. This program is an example of the loss of focus in federal transportation policy which has caused congestion to more than double since the early 1980s, even as federal transportation spending has doubled in the last decade. *The proposal would eliminate this program and all programs under the Community Development Fund at an annual savings of $4.45 billion.*

Defund the Legal Services Corporation: The Legal Services Corporation (LSC) was created by Congress in 1974. The program is intended to provide free legal assistance to the poor in civil, non-criminal matters. Instead of focusing on this core mission, the LSC has assisted lawyers and groups engaged in lobbying, advocacy of political causes, and litigation against the federal government. Senator Phil Gramm explained his opposition to the program in 1995 as follows: "They're being advocates for the existing welfare bureaucracy, and while they may have a right to do it, they don't have a right to do it with taxpayers' money." A recent *Washington Times* analysis also points out many examples of wasteful Legal Services Corporation spending: "…a decorative natural-stone wall, no-bid contracts for consultants, alcohol for a congressional party and more than 100 casino hotel rooms that were never occupied…" In previous years, according to the same analysis, taxpayer dollars have been used by this program on "limousines, first-class airfare, and $14 Death by Chocolate pastries for its executives." The program has not been authorized since 1980. Services currently provided by the LSC are duplicated by state and local governments, bar associations, and private organizations. *This proposal would eliminate taxpayer support of the Legal Services Corporation at an annual savings of $420 million.*

Eliminate Taxpayer-Subsidized Union Activities: Federal law allows federal employees to use *official* time for union activities, including collective bargaining and arbitration of grievances. Recent increases in union activity have led to a less efficient federal workforce. The Office of Personnel Management (OPM) conducted an extensive survey of 61 executive agencies and departments for FY 2008 and reported that nearly 3 million official time hours were used for union activities in FY 2008. *This proposal would prohibit federal employees from using official time to collectively bargain on behalf of a union, which would save an estimated $250 million annually.*[8] Representative Phil Gingrey (R-GA) has introduced legislation (H.R. 3251) to this effect.

Defund Planned Parenthood: According to the most recent estimate available, the abortion provider Planned Parenthood received $305.3 million of taxpayer money.[9] *This proposal would eliminate all taxpayer money dedicated to Planned Parenthood, at an annual savings of $305.3 million.*

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[8] Citizens Against Government Waste (CAGW), July 8, 2009, see here: http://www.cagw.org/government-affairs/letters-to-officials/2009/ccagw-asks-house-to-support-5.html

[9] Kathryn Jean Lopez, "The Greening of Planned Parenthood," *National Review*, June 23, 2008, at http://article.nationalreview.com/361425/the-greening-of-planned-parenthood/kathryn-jean-lopez.

Eliminate Local Aid for Heritage Area Grants and Statutory Aid: National Heritage Are grants, and the statutory aid program, are both National Park Service (NPS) programs intended to provide seed money for non-federal sites (of historical, cultural, or recreational value, etc.) operated by state or local agencies. Despite the stated purpose of the program, Congress routinely extends taxpayers subsidies beyond the original sunset date. These designations lead to restrictive federal zoning and land-use planning that can restrict how residential and commercial property owners utilize their private property without any notice or warning. Additionally, National Heritage Area designations are not awarded on a competitive basis, but instead by congressional designation. Both the Bush and Obama Administrations have proposed to eliminate funding for the National Park Service statutory aid program. For both programs, the National Park Services has stated that the programs are "secondary to the primary mission of the National Park Service."[10] *This proposal would eliminate local aid for Heritage Area grants and statutory aid at an annual savings of $23.7 million.*

MANDATORY SAVINGS

End the Presidential Election Campaign Fund: This program provides matching funds to candidates during the presidential primaries, money for political conventions, and funding for qualifying third party candidates. In short, it provides taxpayer subsidies to political candidates. The program was created in the 1970s in an attempt to reduce the influence of money in campaigns, and to reduce the amount of time candidates need to spending on fundraising. By any analysis, it has failed to accomplish these objectives. The program is also objectionable since it imposes limits on political speech—which disadvantage candidates without name recognition or the ability to self-fund—since participation in the program places strict limits on spending by the participating candidate. *The RSC budget would eliminate all funding for the Presidential Election Fund, which would save taxpayers $775 million over ten years.* Representative Tom Cole (R-OK) has introduced legislation (H.R. 2993) to this effect.

Principle 4: Reform the Federal Workforce

Increasingly, there are two workforces in this country: **a)** *The private-sector:* High unemployment rates, job insecurity, and stagnating wages **b)** *The public-sector:* A booming job market, strong job security, and wages that on average far exceed that of the private-sector. A recent Kiplinger's article on career advice led off the list of best careers by recommending federal employment:

> The federal government will be the largest source of new jobs, with 300,000 hires expected within the next two years. And those jobs will not be just in Washington, D.C., but all over the U.S. and

[10] CBO: Budget Options, Volume 2 (August 2009), Option 300-15, at http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

> across the world. Federal job security and benefits are nonpareil, and salaries are more competitive than is widely believed.[11]

A Top-Heavy Federal Bureaucracy: According to a study by Paul C. Light of the Brookings Institution, the number of federal executive titles has been growing rapidly: from 17 in 1960, to 33 in 1992, to 64 this year. One example of growth of higher-level positions in the federal bureaucracy: until 1981, none of the Department Secretaries had a chief-of-staff. Today, they almost all do. Light argues that the expansion of government management layers harms the flow of information within the bureaucracy, which means that taxpayers may be spending more money for less productivity. While the federal government has increased its layers of bureaucracy, the trend in the private-sector has been to *reduce* management layers (in order to improve the flow of information).[12]

Lack of Accountability: The State Department currently has 30,000 employees, yet only *7* have been fired in the last two decades for poor performance. Chris Edwards, in *Downsizing Government*, notes that the State Department has made the following errors recently:

> Yet that agency has had numerous high-profile cases of mismanagement, including cases of mishandling secret document, extreme sloppiness in handing out visitor visas before 9/11, and letting Russian spies bug a meeting room down the hall from the secretary's office during the Clinton Administration.

This is in stark contrast to the accountability mechanisms in the private-sector. For example, 37% of CEOs depart from their jobs because they have been fired. Overall, the "involuntary separations" rate in the federal workforce is one-fourth the private-sector rate. According to one survey, 23% of federal workers think that their co-workers are not up to par. But the process for firing a federal employee is very difficult, and can last more than 18 months.[13]

Federal Pay Increasing: During the current economic downturn, while far too many workers in the private-sector have faced either unemployment or the risk of unemployment, federal worker pay has increased. The number of federal employees earning more than $100,000 a year—and this excludes any accounting of bonuses or overtime pay—has increased from 14% to 19% of the federal workforce. During the current recession, the Department of Transportation has gone from having one employee with a salary in excess of $170,000 to 1,690 such employees. On average, federal pay (not including more generous benefits than their private-sector peers) is $71,206 while

[11] Marty Nemko, "13 Careers for the Next Decade," Kiplinger, February 2, 2010, http://finance.yahoo.com/career-work/article/108712/13-careers-for-the-next-decade?mod=career-salary_negotiation.

[12] Washington Post, "Agencies Getting Heavier on Top," Christopher Lee, July 23, 2004: http://www.washingtonpost.com/wp-dyn/articles/A7590-2004Jul22.html.

[13] Edwards, Chris, Downsizing the Federal Government, p. 75-76.

private-sector pay is $40,331.[14] One explanation for this pay disparity is that 52% of all union members are now employed by the government.[15]

DISCRETIONARY SAVINGS

Cut Federal Travel Budget in Half: The federal government's annual travel budget is $15 billion. As the Progressive Policy Institute (PPI) notes, "one of the first things companies cut when faced with faced with budget problems is travel." The federal government needs to follow this example.[16] *This proposal would cut the federal travel budget in half, at an annual savings of $7.5 billion annually.*

End Abuse of Flight Upgrades for Federal Employees: According to the General Accountability Office (GAO), in a one year period, federal agencies wasted $146 million on "unauthorized" or "unjustified" business- or first-class flight upgrades.[17] *This proposal would require federal agencies to prevent unauthorized flight upgrades, with annual savings of $146 million (This savings is included in the above savings total).*

Trim Vehicle Budget by 20%: According to PPI, the federal government owns more than 500,000 vehicles which cost taxpayers more than $3 billion to operate.[18] *This proposal would trim the federal government's vehicle budget by 20%, at an estimated annual savings of $600 million.*

Suspend Federal Office Space Acquisition: In recent years, the federal government has spent more than $1 billion on federal office space acquisition.[19] Further expenses in this area will be unnecessary under this budget, since the federal workforce will shrink instead of expand. *This proposal would eliminate spending for federal acquisition of new office space, at an estimated annual savings of $1 billion.*

Ending the Prohibition on "Competitive Sourcing" of Government Services: Under current policies, the federal government pays more than needed for many services. Approximately half of all federal workers provide services that are nongovernmental in nature, and are in fact also provided in the marketplace. Congress currently prohibits these services from being contracted out to the lowest bid in the marketplace, even though, in many cases, significant savings would result. Consequently, Congress is purposely overpaying for many services without any benefit in return. The FY 2003

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[14] Washington Post, "For feds, more get 6-figure salaries," Dennis Cauchon, December 11, 2009: http://www.usatoday.com/news/washington/2009-12-10-federal-pay-salaries_N.htm.
[15] James Sherk, "Majority of Union Members Now Work for the Government," The Heritage Foundation, January 22, 2010, at http://www.heritage.org/Research/Reports/2010/01/Majority-of-Union-Members-Now-Work-for-the-Government.
[16] Paul Weinstein Jr. and Katie McMinn Campbell, "Return to Fiscal Responsibility," Progressive Policy Institute (PPI), April 2007, at http://www.ppionline.org/documents/Fiscal_Responsibility_04302007.pdf.
[17] Hope Yen, "Flying high on tax dollars: Federal employees spent unjustified $146 million, says report," *The Seattle Times*, October 3, 2007, at http://seattletimes.nwsource.com/html/travel/2003922144_webgovtravelwaste03.html.
[18] Paul Weinstein Jr. and Katie McMinn Campbell, "Return to Fiscal Responsibility," Progressive Policy Institute (PPI), April 2007, at http://www.ppionline.org/documents/Fiscal_Responsibility_04302007.pdf.
[19] Ibid.

Federal Budget estimated savings of 20%, on average, from allowing "competitive sourcing" of these services.[20]

MANDATORY SAVINGS

Change Federal Pension Formula to Reflect Private-Sector Practices: Under current law, civilian employees, who retire under the Civil Service Retirement System (CSRS), receive pensions based on the highest three consecutive years of earnings. This contrasts to the norm in the private-sector of a five-year average (for those workers lucky enough to be eligible for a pension at all). *This proposal would align federal pensions to the five-year average, saving taxpayers $4.4 billion over ten years.*

Base Federal Pension Cost-of-Living Adjustments on Accurate Inflation Measurement: Federal retirees currently receive inflation protection, for their federal pensions, based on the CPI-W (the consumer price index for urban wage earners and clerical workers) instead of the CPI-U (the chained consumer price index for all suburban consumers). The CPI-W, according to most analysts, overstates the actual level of inflation in the economy, at a higher cost to taxpayers. Shifting to a CPI-U measurement of inflation would be more accurate and save taxpayers money. *This proposal would save $22.6 billion over ten years.*

Change Federal Benefits under the Federal Employees' Compensation Act (FECA): This proposal would align FECA compensation, at retirement age, with something closer to what is traditionally offered by retirement plans. Specifically, this proposal would payout FECA benefits at two-thirds of current law at age 55 or older (this is based on CBO Budget Option 920-2), at which point the benefits provided by other retiree plans are relevant. *This proposal would save $1.362 billion over ten years.*

Principle 5: Eliminate Corporate Welfare

The RSC budget would cut off the business-sector from the public trough. Aside from the budgetary impact, there are many other reasons to eliminate business subsidies. Specifically, business subsidies:

- Cause the federal government to pick winners and losers (something the federal government is very bad at doing);
- Distort the free market;
- Weaken the private-sector: the most talented individuals are drawn away from creating things, and instead put to work trying to succeed in receiving handouts from government; and
- In many cases duplicates what the private-sector would otherwise do on its own anyway.

[20] Edwards, Chris, Downsizing the Federal Government, p. 121.

Corporate subsidies create a closer relationship between business and the government, while a wise policy would aim for a greater separation of business and state. In the last four decades, Congress has increased the regulatory, tax, and liability burden on American businesses while simultaneously picking winners and losers through numerous subsides. Most entrepreneurs have no interest in trying to influence government policies; they want to create things. But every dollar spent on corporate subsidies creates incentives to instead dedicate resources to influencing the policies of the federal government. This is bad for U.S. competitiveness, and it is bad government.[21]

DISCRETIONARY SAVINGS

Eliminate Essential Air Service (EAS) Program: The EAS program provides subsidies to airlines that serve rural and smaller communities where demand for airline service is often weak. This program pays up to 93% of the cost of flights that are in many cases nearly empty. *This proposal would eliminate spending for the EAS program, at an estimated annual savings of $150 million.*[22]

Eliminate the International Trade Administration: The purpose of the International Trade Administration is to work with private companies on selling exports and to aid American businesses in entering foreign markets. The vast majority of exporters succeed without such government aid. This program is an example of corporate welfare—private companies can pay for their own trade activities. As Chris Edwards of the Cato Institute notes: "After all, if they are successful in foreign markets, the profits reaped will be theirs to keep as well."[23] *This proposal would eliminate the International Trade Administration at an estimated annual savings of $447 million.*

Eliminate the Technology Innovation Program (TIP): This program is the successor of the Advanced Technology Program (ATP), and it provides subsidies to businesses with the intent of encouraging commercial technology development. It is one of the best examples of corporate welfare in the federal budget since it provides money to private-sector businesses for activities that, if economically justifiable, they would fund on their own anyway. *This proposal would eliminate the Technology Innovation Program (TIP) at an annual savings of $70 million.*

Eliminate the Manufacturing Extension Partnership Program: This program provides subsidies to manufacturing companies in the form of technical and managerial advice on adopting production technologies. A commercial market already exists for this purpose, and the program has the effect of picking winners and losers in the marketplace. *This proposal would eliminate the program at an annual savings of $125 million.*

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[21] For a much more comprehensive summary of the harmful results of spending on corporate welfare, see: Tad DeHaven and Chris Edwards, "Business Subsidies," Downsizinggovernment.org, February 2009, at http://www.downsizinggovernment.org/commerce/subsidies

[22] Thomas Frank, "Subsidies keep small-airport flights in the air," *USA Today*, December 31, 2007, at http://www.usatoday.com/news/washington/2007-12-30-cheap-flights_N.htm#uslPageReturn

[23] Chris Edwards, Downsizing the Federal Government, The Cato Institute, 2005, p. 160.

End Shipping Industry Subsidies: The Maritime Administration provides loans and other subsidies to the shipping industry with the intent of protecting domestic business from foreign competition, and with the inevitable resulting inefficiencies and higher costs for consumers. *This proposal would eliminate this program at an annual savings of $363 million.* The program's critical sealift support functions will be transferred to the Department of Defense.

Eliminate the Overseas Private Investment Corporation (OPIC): The intent of the OPIC is to provide subsidies for foreign investments made by U.S. companies. It is unclear whether this program provides any benefit to taxpayers—it is duplicative of various other governmental and private efforts, and the investments spurred by this program may actually harm the development of financial institutions in the countries that the program is intended to help. *This proposal would eliminate new spending by the OPIC at a ten-year savings of $561 million.*[24]

Eliminate Trade and Development Agency: The Trade and Development Agency provides subsidies to exporters. These subsidies often go to large corporations. *This proposal would eliminate funding for the Trade and Development Agency at an annual savings of $55 million.*

Eliminate Funding for Timber Sales That Lose Money: This option would eliminate funding for timber sales in portions of the National Forest System that lose money from such sales. These unprofitable sales are taxpayer subsidies to timber companies. *This option would save $587 million over ten years.*[25]

MANDATORY SAVINGS

Impose Tighter Limits on Direct Payments to Producers: Federal farm programs currently cap direct payments for producers at $40,000 and cap countercyclical payments at $65,000. This proposal would cut these limits in half, and help family farms by reducing the incentives of larger farms to expand operations. *This proposal would save $1.47 billion over ten years.*[26]

Eliminate Foreign Market Development Program: The intent of this program is to promote agricultural exports. However, this is something that the private-sector would otherwise be spending money on anyway. It can be argued that the private-sector should be responsible for promoting its own products, since it receives the profit. *This proposal would eliminate the Foreign Market Development Program at a ten-year savings of $335 million.*[27]

Eliminate Market Access Program: The Market Access Program (MAP) is intended to promote the overseas marketing of U.S. agricultural products. MAP funds consumer

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[24] CBO Budget Option 150-1, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[25] CBO Budget Options 300-4, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[26] CBO Budget Option 350-1, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[27] CBO Budget Option 350-4, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

promotions, market research, trade shows, advertising campaigns, and other programs designed to subsidize the sale of high-value products in foreign markets by private cooperatives, trade associations, and businesses. Taxpayers should not be forced to pick up the check for this kind of corporate welfare. *This proposal would eliminate the Market Access Program at a ten-year savings of $2 billion.* Representatives Scott Garrett (R-NJ) and Patrick Murphy (D-PA) have offered legislation to this effect, H.R. 4683.

Limit Repayment Period of Export Credit Guarantees: The export credit guarantee program provides credit guarantees intended to aid the export of U.S. agriculture products. Under current law, the repayment period is up to three years. *This proposal would limit the repayment period of the Export Credit Guarantee Program to six months, saving taxpayers $295 million over ten years.*[28]

Principle 6: Build on the Success of Welfare Reform

Government at all levels will spend $10.3 trillion on means-tested welfare programs over the FY 2009 to FY 2018 period. That is $250,000 per poor person over this period.[29] The 1996 welfare reform law ended the Aid to Families with Dependent Children (AFDC) program and replaced it with the Temporary Assistance for Needy Families (TANF) program. But today, there are still 71 federal welfare programs.

Reform Food Stamp Benefits: The Food Stamp program was created as a safety net program, not a wealth distribution program. This is why it has a $2,000 cap on assets in order to qualify for benefits. However, today local offices are not verifying the asset limit requirements—increasing fraudulent spending under the program. In fact, one of the program's administrators recently wrote to regional offices: "Applicants will not need to provide documentation verifying their resources." [30]

Beginning in FY 2011, this proposal would limit the growth of the Food Stamp program to pre-"stimulus" levels plus an increase in each year to accommodate inflation. This means that spending on the Food Stamp program would increase from $39.3 billion in FY 2008 to $46.4 billion in FY 2020. There are several ways to meet this target. Congress could insist that the Administration be more vigilant in enforcing eligibility standards under the program. The work requirements that apply to the Temporary Assistance for Needy Families (TANF) program could also be extended to this program. Finally, Congress could end the program's open-ended entitlement status, and give states more flexibility over the program.

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[28] CBO Budget Option 350-6, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

[29] Robert Rector, "Obama to Spend $10.3 Trillion on Welfare: Uncovering the Full-Cost of Means-Tested Welfare or Aid to the Poor, Heritage Foundation, September 16, 2009, at http://www.heritage.org/Research/Reports/2009/09/Obama-to-Spend-103-Trillion-on-Welfare-Uncovering-the-Full-Cost-of-Means-Tested-Welfare-or-Aid-to-the-Poor

[30] Aleksandra Kulczuga, "Record Numbers receive food stamps as USDA turns blind eye to recipients' finances," *The Daily Caller*, February 15, 2010, at http://dailycaller.com/2010/02/15/record-numbers-receive-food-stamps-as-usda-turns-blind-eye-to-recipients-finances/

Increase Medicaid Spending at Rate of Inflation: This proposal would cap Medicaid spending to the rate of inflation, allowing the program to grow from $201 billion in FY 2008 to $255 billion in FY 2020. One way to meet this spending target is to convert the Medicaid program to a system of block grants to states, giving states flexibility to create the program that fits best for their residents. Under current law, the federal government does not have control of the Medicaid budget because it simply pays a pre-set share of whatever is spent by the state program. Under this system, states spend more to get more from the federal government.

Principle 7: Devolution to the States

One reason that we are facing this fiscal train wreck is that the federal government has taken over many responsibilities more appropriately left to the states. A serious effort to balance the budget is also an opportunity to reevaluate whether some federal spending should be handled by the federal government at all, or whether it may more appropriately be handled by state and local governments. Every dollar that the federal government spends on state and local responsibilities not only increases the deficit, but is also harmful to the principle of federalism. Washington never sends money for anything without tying the hands of state and local governments. Rather than having taxpayers send money to Washington for some federal program, then having the money returned to the states after a deduction for administrative expenses and one-size fits all mandates, it is often better to simply cut the federal government out of the loop altogether. Let the laboratories of democracy work on solutions to problems where Washington has failed.

DISCRETIONARY SAVINGS

Eliminate the Department of Energy's Grants to States for Weatherization: This program provides Department of Energy grants for state and local energy conservation and weatherization. One rationale for eliminating this program is that it is duplicative of other programs such as Low Income Home Energy Assistance Program (LIHEAP). Another rationale is that the program substitutes federal money for money that state and local governments would otherwise be spending for these activities. Finally, the program has not met its goals. The "stimulus" bill included $5 billion for weatherization grants, the goal of which is to make 593,000 homes more energy efficient by March 2012. But through the end of last year, just 9,100 homes had actually been weatherized. This means that the program is just 1.5% toward its stated objective. *This proposal would eliminate federal funding for this purpose, saving taxpayers $5.3 billion over ten years.*

Eliminate Federal Grants for Local Wastewater Projects: The EPA's revolving-fund grants for wastewater and drinking-water facilities fund what is properly a state and local responsibility. This funding was never intended to be ongoing year after year, but instead was originally designed to be a step to full state and local funding. Federal funding in this area is less effective than it otherwise would be because the politically-driven earmarking process determines a sizable share of total money allocated (11.5% of the money appropriated since 1986). *This proposal would eliminate the EPA's revolving-*

fund grants for wastewater and drinking-water facilities over three years, saving taxpayers $16.2 billion over ten years.[31]

Eliminate Federal Funding for Beach Replenishment Projects: This option would eliminate federal funding for beach replenishment. One argument in favor of this option is that beach erosion is a natural process, and spending in this area may not be effective. In addition, this spending is more properly the responsibility of states, localities, and private landowners. *This option would save $946 million over ten years.*[32]

Eliminate the New Starts Transit Program: The New Starts program funds the expansion of rail or other fixed-guideway systems. According to CBO, new rail transit is often less efficient (in terms of riders served versus money spent) than providing bus service or other forms of transportation.[33] In other words, the program encourages localities to invest in what is, in many cases, an inefficient form of transportation. Local communities can better decide how to spend tax money, between competing modes of transportation, than the federal government. *This proposal would eliminate the New Starts Transit Program at a savings of $2 billion annually.*

Principle 8: Eliminate Wasteful or Ineffective Programs

The federal government spends money on several programs that are either obsolete, serve a limited special interest group, are ill-conceived, or just don't work. The following are some examples.

DISCRETIONARY SAVINGS

Eliminate Farm Subsidies for Mohair: The federal price support program for mohair was first enacted in 1947. Subsequently, the National Wool Act of 1954 established direct payments for wool and mohair producers. The purpose of the program was to encourage production of wool, then considered a strategic commodity (military uniforms were once, though not today, made with these materials). Today, the government has no compelling economic or strategic reason to support mohair prices. *This proposal would eliminate the Mohair subsidies program at an estimated savings of $1 million a year.* Representative Jason Chaffetz (R-UT) has introduced legislation (H.R. 2914) to this effect.

Exchange Programs for Alaska, Natives Native Hawaiians, and Their Historical Trading Partners in Massachusetts: According to the FY 2011 budget: "This program supports culturally based educational activities, internships, apprenticeship programs and exchanges for Alaska Natives, Native Hawaiians, children and families of Massachusetts, and any federally recognized Indian tribe in Mississippi." The Obama Administration proposes to eliminate funding this program (all of which comes from congressionally-

[31] CBO Budget Option 300-9, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[32] CBO Budget Options 300-2, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[33] CBO Budget Option 400-2, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

directed earmarks). The program is also duplicative of various other federal programs. *This proposal would eliminate the program at a savings of $9 million annually.*

Eliminate Intercity and High Speed Rail Grants: Congress is "investing" tens of billions of dollars on high speed rail projects. Unfortunately, this spending comes with no viable plan for making rail competitive with travel by planes or cars on most routes. Geography (population centers are further apart than in Europe) and politics (congressional logrolling means that this spending will subsidize environmentally wasteful, near-empty trains on some routes) are barriers to the success of this program. But even without these intractable problems, the program would still face such barriers as the difficulty of obtaining new rail-right-of-ways, and the epic procedural hurdles that these projects face before construction can begin (which can delay projects for many *decades*).[34] While it may be possible to overcome some of the regulatory and lawsuit abuse problems that endlessly delay projects, Congress is currently spending this money without a credible plan. *This proposal would eliminate Intercity and High Speed Rail Grants at a savings of $2.5 billion annually.*

Eliminate Amtrak Subsidies: Amtrak was created by Congress in 1970. Since then, it has received $37 billion in federal subsidies. Taxpayer subsidies enable Amtrak to avoid other necessary reforms that would enable the corporation to turn a profit. For example, in one year, Amtrak lost $600 million on long-distance trains (on these routes Amtrak cannot compete with other, more economical modes of transportation). Amtrak also has taken losses of between $75 and $158 million a year on its sleeper car service,[35] as well as losses of $80 million (in one year) on food (an impressive feat considering it has a captive audience).[36] The 1997 Amtrak authorization law required Amtrak to operate free of subsidies by 2002, yet Congress continued to provide subsidies thereafter anyway. *This proposal would eliminate subsidies to Amtrak at a savings of $1.565 billion annually.*

Eliminate Title X Family Planning: During debate on the original authorization, Rep. Carter explained the rationale for this program: "Estimates have been made by reliable authorities that by the year 2000 our population in the United States will reach 300 million. It is entirely possible that productivity in a nation even as wealthy as ours may not rise sufficiently to properly feed, clothe, and care for this gigantic increase. The quality of life could well be diminished." The U.S. population is currently in excess of 300 million, and there is very little reason to believe that the United States is overpopulated. Much of the program's clientele are teenagers, who can receive contraception without parental consent (and without regard to income). Regardless of the harm or benefits associated with the program, it is not a federal responsibility. *This proposal would eliminate Title X Family Planning at an annual savings of $318 million.*

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[34] For a good overall summary of the obstacles facing high speed rail initiatives, see: Megan McArdle, "Does High Speed Rail Have a Future," *The Atlantic*, September 1, 2009, at http://www.theatlantic.com/business/archive/2009/09/does-high-speed-rail-have-a-future/24339/

[35] CRS Report: Amtrak: Budget and Reauthorization, at http://crs.gov/Pages/Reports.aspx?ProdCode=RL33492.

[36] Dr. Ronald D. Utt, "Congress Should Link Amtrak's Generous Subsidy to Improved Performance," *Heritage Foundation, September 20, 2007,* at http://www.heritage.org/research/budget/bg2072.cfm.

MANDATORY SAVINGS

Direct Committees to Eliminate Waste, Fraud, and Abuse: The RSC budget requires each congressional committee to find savings equal to one percent of total mandatory spending under its jurisdiction from activities that are determined to be wasteful, unnecessary, or lower-priority. *This proposal would save taxpayers $240 billion over ten years.* Representative John Sullivan (R-OK) has introduced legislation (the Federal Agency Program Realignment and Closure Act, H.R. 1023) that establishes a commission that will conduct an objective, non-partisan and independent review of all federal agencies and programs. The commission will target agencies and programs that perform a duplicative function, would perform better at the state level or perform better in the private sector and create a list of recommended realignments and closures. The list is then given to Congress for a simple up or down vote and cannot be amended. Enactment of this legislation would also create an additional tool that would meet this savings target without raising taxes on one single American citizen while using all savings solely for deficit reduction.

Principle 9: Eliminate Duplicative Programs

The federal government spends money each year on countless programs (literally no effort is made to track the number of total federal programs), and every year it creates scores of new programs, many of which merely duplicate some other previously created program. Inevitably, this means that duplicative federal programs are created across several departments and agencies. To take just one example, there are 86 federal programs aimed at promoting economic development. The RSC budget would begin the process of creating a more coherent and effective federal government.

DISCRETIONARY SAVINGS

Appalachian Regional Commission: This program was created in 1965 and serves areas of 9 states. The program is intended to promote local economic development in these areas. Dozens of other federal, state, and local programs exist to encourage economic development. In addition, it may be argued that the whole concept of regional commissions is misguided since any resources flowing into these states must necessarily be subtracted from taxpayers in the rest of the country. *This proposal would eliminate this program, saving taxpayers $76 million annually.*

Save America's Treasures Program: The Save America's Treasures program was created by an Executive Order from President Clinton in 1998. The program was designed as a public-private effort to protect threatened cultural and historical treasures in America. In spite of its stated intent to protect only legitimate American historical treasures, the program now funds a wide array of pet projects with no broad historical significance. By 2006, Save America's Treasures was conducting 1,500 distinct projects. The projects ranged from remodeling local theaters, to renovating courthouses, to converting firehouses into art galleries. The program's loss of focus comes in part from

Congress dedicating up to half of the program's total funding to politically directed earmarks instead of a merit-based selection process. The program is duplicative of numerous other federal, state, and non-profit efforts. *This proposal calls for the elimination of the Save America's Treasures Program at an annual savings of $25 million.*

Reduce National Science Foundation (NSF) Spending on Elementary and Secondary Education: The NSF spends more than $100 million annually on math and science education in elementary and secondary schools. This spending is duplicative, not only of various federal education programs, but also of efforts at the state and local levels. *This proposal cuts in half spending on NSF spending on elementary and secondary education at a ten-year savings of $575 million.*

Reduce Funding for Research and Development Programs in the Science and Technology Directorate of the Department of Homeland Security: The Directorate for Science and Technology in the Department of Homeland Security conducts research on technology that aids homeland security. Other programs in the Department of Defense conduct similar research. In addition, there is a separate Domestic Nuclear Detection Office in the Department of Homeland Security. *This proposal reduces by 10% funding for research and development programs in the Science and Technology Directorate of the Department, saving taxpayers $836 million.*[37]

Eliminate the Environmental Protection Agency's Science to Achieve Results (STAR) Grant Program: The STAR program, within the Environmental Protection Agency (EPA), provides grants to researchers in academic and other institutions to do research on water quality, land use, and wildlife. In 2005, the Office of Management and Budget (OMB) found that the program's research activities are similar to what is already done by several other agencies throughout the federal government, and that the program failed to coordinate with other EPA offices to ensure widespread access to the results of the research.[38] *This proposal eliminates the Science to Achieve Results Grant Program at a savings of $52 million annually.*

Eliminate the Economic Development Administration (EDA): This program provides various grants, loans, and other subsidies to state and local governments. Approximately 10% of the program's funding goes to administrative expenses. There are many examples of questionable EDA spending. One notable example was a grant to Bedford, Indiana to build smaller-replicas of the Great Wall of China and the Pyramids. The project was never completed, and it is now known as the "Cursed Pyramid."[39] In 2008, the EDA's website had a picture of Senate Majority Leader Harry Reid (D-NV) giving a $2 million EDA check to the University of Nevada for the "Harry Reid Research and Technology Park." Former EDA Director Orson Swindle labeled the program "a

[37] CBO Budget Option 250-3, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[38] CBO Budget Options 300-11, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[39] *RoadsideAmerica.com*: "Cursed Pyramid Ruins," at http://www.roadsideamerica.com/story/11213

congressional cookie jar."[40] The EDA's purpose—economic development funding—is duplicative of 86 other federal programs. *This proposal would eliminate spending for the EDA at an estimated annual savings of $293 million.*

Principle 10: Devolution to Private- and Non-Profit Sectors

The following are examples of federal spending that co-opt what the non-governmental-sector would otherwise be doing (in most cases better) anyway.

DISCRETIONARY SAVINGS

Privatize Grant-in-Aid for Airports: The federal government currently spends more than $3.5 billion on the Airport Improvement Program (AIP), which provides grants to airports for various capital investments. The main rationale for eliminating this spending is that airports have the capability to raise this money on their own through bond issues or user fees. Overseas, many major airports have been privatized, which would also eliminate the need for this spending. *This proposal would eliminate grant-in-aid for airports saving taxpayers $3.52 billion over ten years*.

Eliminate Subsidy to Corporation for Public Broadcasting: The Public Broadcasting Service, which broadcasts many popular television programs, already receives about 85% of its budget from non-federal sources of support: viewer donations, local governments, and universities. Given the popularity of much of its programming (such as Sesame Street), PBS does not need federal subsidies. *This proposal would eliminate taxpayer subsidies to the Corporation for Public Broadcasting at an annual savings of $445 million.*

Eliminate National Endowment for Arts (NEA) Subsidy: The NEA funds art programs through grants to various entities. The arts receive tens of billions of dollars each year—the NEA subsidy represents less than 1% of this money. Support for the arts can easily be supported by state and local governments and private donations. *This proposal would eliminate this taxpayer subsidy at an annual savings of $167.5 million.*

Eliminate National Endowment for the Humanities (NEH) Subsidy: The NEH funds humanities programs and initiatives through grants to various entities. The activities of the NEH could be funded by private donations and state and local efforts. *This proposal would eliminate this taxpayer subsidy at an annual savings of $167.5 million.*

Eliminate Funding for National and Community Service Act: The National and Community Service Act provides funding to several programs that provide an inefficient and expensive way of helping individuals pay for college. Since individuals receive compensation for participating, the program greatly stretches the definition of

[40] Tad DeHaven, "Economic Development Administration," CATO Institute, February 2009, at http://www.downsizinggovernment.org/commerce/eda

"volunteer." *This proposal would eliminate federal funding for this purpose at an annual savings of $1.15 billion.*

Eliminate the Department of Energy's Applied Research: An argument in favor of this option—aside from the resulting savings—is that while the federal government should support basic scientific research, applied research should be left to the private-sector since it can easily capture the benefits of this type of research by selling new products. *This proposal would eliminate funding for this purpose saving taxpayers $12.7 billion over ten years.*[41]

Eliminate Subsidies for Nuclear Energy Applied Research: The federal government has three programs that support nuclear energy applied research: the Advanced Fuel Cycle Initiative (AFCI), the Generation IV Nuclear Energy Systems Initiative, and the Nuclear Hydrogen Initiative (NHI). As with many other applied research programs, there is a good argument for allowing the private-sector to conduct this type of research (as opposed to basic research), since the private-sector can capture the benefits and thus has the proper incentives to do it already. Furthermore, many economists would argue that applied research conducted by the private-sector will prove more successful than research conducted by the public-sector. *This option would eliminate subsidies for nuclear energy applied research, saving $3.52 billion over ten years.*[42]

Eliminate Funding for the FreedomCAR and Fuel Partnership: The FreedomCAR and fuel partnership program provides funding for research on fuel cell technology. The main rationale for eliminating this program is that the private-sector is already conducting this research, and the market already provides incentives for companies to conduct the research. *This option would eliminate funding for this program, saving taxpayers $2 billion over ten years.*[43]

Eliminate the Energy Star Program: The Energy Star Program, a joint initiative of the Department of Energy (DOE) and the Environmental Protection Agency (EPA), is intended to provide consumers information about energy efficient products. This information is already available through non-governmental sources. *This proposal would eliminate the Energy Star Program at a savings of $52.5 million annually.*

MANDATORY SAVINGS

Eliminate Funding for the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Program: The Energy Policy Act of 2007 created a $250 million entitlement program for research on unconventional means of fossil fuels production. The program pays for applied research that private companies already have every incentive to pay for themselves. The companies that benefit from applied research ought to pay for it instead of putting taxpayers on the hook. *This option would eliminate the program, saving taxpayers $250 million over ten years*.

[41] CBO Budget Options 270-6, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[42] CBO Budget Options 270-3, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[43] CBO Budget Options 270-5, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

Restructure the Power Marketing Administrations to Charge Market-Based Rates: The Western Area Power Administration, the Southwestern Power Administration, and the Southeastern Power Administration sell their electricity at subsidized, below market rates, with taxpayers forced to pickup the difference. Consumers served by these three power marketing administrations (PMAs) have multiple checks against high power rates (antitrust laws, federal and state regulation of rates, competition from other private producers). In addition, the policy of subsidizing energy use is harmful to conservation efforts. This is a classic example of federal policies at cross-purposes. On the one hand, the federal government has an untold number of energy conservation programs that are intended to promote energy conservation. On the other hand, this program encourages the opposite result by subsidizing energy usage. *This proposal would have the PMAs charge market-based rates, saving taxpayers $1.92 billion over ten years.*[44]

Sell a Portion of the Tennessee Valley Authority's Electric Power Assets: This proposal would keep the TVA as a federal agency to manage water power resources in the area, but sell its electric power assets. This is a private-sector activity, and *selling these assets would save taxpayers $16 billion over ten years.*[45]

Eliminate Subsidized Graduate Loans: This proposal would end federal subsidies for graduate student loans, limiting federal subsidized loans to undergraduate students. *This proposal would save $18.8 billion over ten years.*

Principle 11: Save Medicare From Bankruptcy

The Medicare program has unfunded liabilities of $90 trillion, a figure that exceeds the total wealth of the United States of America. The program cannot be left on auto-pilot, or soon it will no longer be able to payout promised benefits.

Another threat to the program is the Democrat Majority's health care bill, which cuts the program, and dedicates the money saved to creating large, and rapidly-growing, new entitlement programs that will compete with the program for money down the road.

The RSC budget proposes to increase spending on the Medicare program from $385 billion in 2008 to $622 billion by 2020, an annual increase of 4.1%. This provides a growth rate that is equivalent to expected economic growth over the same period. Below are potential options for reforming the Medicare program:

Stop Paying Crooks: According to the Center for Health Transformation, up to $200 billion of health care spending—and $40 billion of Medicare spending—is outright fraud.[46]

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[44] CBO Budget Options 270-9, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[45] CBO Budget Options 270-11, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[46] Human Events, "The Press Conference President Obama Could Give," Newt Gingrich and Nancy Desmond, July 22, 2009: http://www.humanevents.com/article.php?id=32813.

Long-Term Budget for Medicare: In April 2008, the Brookings-Heritage Fiscal Seminar proposed that the Congress enact long-term, enforceable spending targets for Medicare (as well as Medicaid and Social Security). Since people plan their lives around the benefits Medicare provides, it cannot be budgeted for on an annual basis. But under current law, Congress follows the other extreme, and simply does not budget for Medicare at all. This proposal would budget for Medicare on a 30-year basis, with Congress forced to review the budget for the program every five years.[47]

Reinstate Medicare Funding Warning Provision: The 2003 Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173) included a cost-containment provision at the behest of the RSC. The provision requires the President to propose, and the Congress to consider, legislation to put Medicare financing on a more sustainable basis if general revenues (revenue not dedicated to the Medicare program) are projected to exceed 45% of Medicare spending. Unfortunately, House Democrats have amended House rules to "turn off" this provision, eliminating the procedures for expediting consideration of legislation in the House. This proposal would make this provision effective again.

A Roadmap for America's Future Act: Representative Paul Ryan (R-WI) has introduced legislation that, as certified by CBO, eliminates all of Medicare's long-term liabilities. As described by the sponsor, the plan creates "a Medicare payment, initially averaging $11,000, to be used to purchase a Medicare certified plan. The payment is adjusted to reflect medical inflation, and pegged to income, with low-income individuals receiving greater support. The plan also provides risk adjustment, so those with greater medical needs receive a higher payment." The bill preserves the existing Medicare program for those currently enrolled or older than 55.

Decrease Medicare Drug Benefit Subsidies for Higher-Income Individuals: The Medicare Part B program charges progressively higher premiums for higher-income individuals. By contrast, the Medicare Part D program charges a flat 25% premium. This proposal would apply the same premium formula, in terms of income cutoffs, in use for the Part B program to the Part D program. This would impact fewer than 6% of Part D enrollees. This option would save $10 billion over ten years.[48]

Principle 12: Repeal the Mistakes of the Past Three Years

We did not get into this fiscal hole overnight, and there is plenty of blame to go around, but the actions of the Congress since January 2007—dating back to the Democrat takeover—have been particularly irresponsible. In this period, the budget deficit has increased from $162 billion (not great, but potentially sustainable) to a projected $1.5 trillion for the current fiscal year. Any effort to balance the budget requires undoing

[47] Brookings-Heritage Fiscal Seminar: "Taking Back our Fiscal Future," April 2008, at http://www.brookings.edu/~/media/Files/rc/papers/2008/04_fiscal_future/04_fiscal_future.pdf
[48] CBO Health Care Budget Options: Option 91, at http://www.cbo.gov/ftpdocs/99xx/doc9925/12-18-HealthOptions.pdf

much of the harm of the past three years under a Democrat Congress. The following are particularly egregious examples of irresponsible legislation.

MANDATORY AND DISCRETIONARY SAVINGS

Repeal the "Stimulus": Repeal the unobligated portions of the so-called "stimulus," which would save *$289 billion over ten years* (even if you just assume that repeal only applies to spending that would apply in FY 2011 and beyond). With the unemployment rate hovering near 10% one year after enactment, the "stimulus" bill has failed to deliver promised results. The RSC has proposed legislation that includes a similar provision (H.R. 3140, the REBOUND Act).

MANDATORY SAVINGS

Repeal the Troubled Asset Relief Program: Prohibiting further obligations under the Troubled Asset Relief Program (TARP) would save *$36 billion* over ten years. The RSC has proposed legislation that includes a similar provision (H.R. 3140, the REBOUND Act).

Repeal New Spending in Children's Health Insurance Program Reauthorization Act: This legislation increased entitlement spending by $74 billion over ten years. It further expands coverage to up to 400% of the Federal Poverty Limit (FPL), removes the five-year waiting period on legal permanent residents receiving benefits, and will drive 2.4 million children from the private market to government care. *This proposal will eliminate new spending in the S-CHIP program at taxpayer savings of $74 billion.*

Repeal Government Health Care Takeover: The RSC budget assumes repeal of the Patient Protection and Affordable Care Act (P.L. 111-148), as well as the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

Principle 13: Reduce Spending on Foreign Aid

The U.S. has been very generous with foreign aid since World War II. Much of this money has been well-spent: the Marshall Plan and aiding the security of Israel are just two notable examples. But, just as balancing the budget will require major reforms to the domestic functions of government, the foreign aid budget must also be reduced.

DISCRETIONARY SAVINGS

Eliminate International Fund for Ireland: The International Fund for Ireland was established by the Irish and British governments in 1986 to promote peace in Northern Ireland. Historically, 80% of the funding has been appropriated for Northern Ireland and 20% for counties in the Republic of Ireland that border Northern Ireland. The International Fund for Ireland was created at a time when Ireland was a poor country by European standards, and sectarian violence in Northern Ireland was a major problem. Since that time, Ireland has become a very wealthy country—it has the fifth highest per capita income in the world adjusted for purchasing power parity according to the World Bank (2008). At the same time, sectarian violence in Northern Ireland has dramatically decreased. *This proposal would eliminate taxpayer funding for this program at a savings of $17 million annually.* Representative Jason Chaffetz (R-UT) has introduced legislation (H.R. 2915) to this effect.

Eliminate U.S. Agency for International Development: The U.S. Agency for International Development (USAID) provides foreign aid to countries that are struggling to escape from poverty. Unfortunately, there is little evidence that this kind of traditional foreign aid actually works, while there is plenty of evidence that the best path to prosperity is developing the kinds of institutions necessary for a market economy. Foreign aid can prop up corrupt regimes, delaying needed reforms. *This option would eliminate the U.S. Agency for International Development, saving taxpayers $1.39 billion annually.*

Eliminate Economic Assistance to Egypt: Since 1979, United States taxpayers have spent more than $50 billion on foreign aid to Egypt. Unfortunately, U.S. foreign aid dollars have not led to an improvement in Egypt's human right record or to economic liberalization. *This option would eliminate Economic Support Fund aid to Egypt (Foreign Military Financing Program assistance would continue), saving taxpayers $250 million annually.*

Principle 14: Sell Federal Assets

The federal government owns trillions of dollars worth of assets--buildings, land, resources, etc. Federal ownership of many of these assets is beyond debate. But to take just one example, there is no good reason why the federal government still owns the majority of the land in many western states. The RSC budget assumes that a small fraction of federal assets will be sold to the non-governmental sector (which will make better use of it) with the money dedicated to helping to balance the budget.

MANDATORY SAVINGS

Selling of Federal Land/Assets: The federal government owns $2.8 trillion of federal land, mineral rights, buildings and equipment, and inventory.[49] For example, nearly 30% of all U.S. land—more than 600 million acres—is owned by the federal government. Under a philosophy that calls for the government to become bigger and bigger—and encroach on more and more state, local, and individual responsibilities—ownership of all of these assets might be useful. But under a budget that proposes a more limited government, many of these assets can be turned over to states, local governments, the private- or non-profit sectors, and individuals. *This proposal calls for the sale of 3% of*

[49] Chris Edwards, "Privatization," The Cato Institute: Downsizing the Federal Government, February 2009, at http://www.downsizinggovernment.org/privatization

the federal assets currently held by the federal government, with total ten-year savings of $90 billion.

Auction of Radio Spectrum: The FCC's authority to auction radio spectrum licenses is currently set to expire at the end of 2012. *This option would permanently extend this authority, saving taxpayers $895 million over ten years.*

Principle 15: Eliminate Special Payments for the DC Region

While the rest of the country is suffering what may well be the worst recession since the Great Depression, one region of the country is booming: Washington, DC. While the U.S. has an unemployment rate near 10%, the DC region's unemployment rate is dropping. In November it fell from 6.2% to 6.1%.[50] Currently 6 of the 10 richest counties in America are in the DC area.[51] The Democrat Majority's budget policies represent an across-the-board effort to send money from the rest of the country to Washington, DC. Consequently, there is no justification for additional, special subsidies for the Washington, DC region.

DISCRETIONARY SAVINGS

Eliminate Subsidy for Washington Metropolitan Area Transit Authority: The Passenger Rail Investment and Improvement Act of 2008 authorized $1.5 billion over ten years for Washington Metropolitan Area Transit Authority (WMATA) capital and preventative maintenance projects. This earmark rewards Metro's poor performance with an astounding sum of money while enabling the system to put off essential reforms. In addition, this program is a transfer of wealth from the rest of the country (median income $48,201) to the Washington DC region (median-income $78,978). *This proposal calls for eliminating this special subsidy to the Washington Metropolitan Area Transit Authority at a savings of $150 million annually.*

Eliminate General Assistance to the District of Columbia: This option would eliminate the general fiscal assistance that the District of Columbia receives from the federal government (a special payment unique to Washington). DC currently receives this payment even though the federal government already otherwise provides, just as it does for other states who do not receive this special payment, substantial payments in the form of Medicaid, education money, etc. *This option would save taxpayers $2.1 billion over ten years.*[52]

Principle 16: Protect the Military Budget

[50] Washington Post, "Washington region's unemployment rate dropped to 6.1 percent in November," Haynes, V. Dion, January 5, 2010: http://www.washingtonpost.com/wp-dyn/content/article/2010/01/05/AR2010010502492.html.

[51] David Sherfinski, "6 of 10 richest counties in U.S. are in DC area," *The Washington Examiner*, March 10, 2010, at http://www.washingtonexaminer.com/local/In-the-money_-Local-counties-top-Forbes_-annual-_richest_-list-87172787.html

[52] CBO Budget Options 800-1, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

The most basic responsibility of the federal government is protecting the American people, and our allies, from foreign attack. The RSC budget would increase the defense budget from last year's level of $513 billion to $704 billion in FY 2020, an increase of $190 billion or 37.0%. The RSC budget would also provide funding for the President's requested war funding: $130 billion in FY 2010, $159 billion in FY 2011, and $50 billion in every year thereafter.

Other Savings

MANDATORY SAVINGS

Reduce the Size of the Strategic Petroleum Reserve (SPR): The SPR is a stockpile of 727 million barrels of oil. The intent of the program is to prevent disruptions of oil supplies in extraordinary circumstances. To put the 727 million figure in perspective, 17 million barrels were released during the Gulf War and 11 million barrels were released during Hurricane Katrina. Many analysts believe that a portion of the oil held by the SPR could be sold on the private market without harming the purpose of the program. *This option would reduce the SPR by 10 percent, at a savings of $4.64 billion over ten years.*[53]

Reassign Reimbursable Costs for the Pick-Sloan Missouri Basin Program to the Beneficiaries It Serves: This option would eliminate subsidies for power customers who use the Pick-Sloan Missouri Basin Program's power facilities, *saving taxpayers $225 million over ten years.*[54]

Prohibit New Enrollments in the Department of Agriculture's Conservation Stewardship Program: The Conservation Stewardship Program is intended to give agricultural producers financial and technical help with the conservation of agricultural land. However, payments under the program can be made to producers who have already undertaken conservation measures. In addition, CBO points out: "The criteria used to determine improvements in existing conservation practices are not readily apparent, and the absence of objective measurements could result in higher payments than necessary to encourage adoption." *This option would prohibit new enrollments in the Conservation Stewardship Program, saving taxpayers $10.9 billion over ten years.*[55]

Prohibit New Enrollments in the Conservation Reserve Program: The purpose of the Conservation Reserve Program is to remove land from agricultural production. Currently, approximately 32 million acres of land are enrolled in the program. The program is economically destructive, and takes away farm land that could be used to produce things such as corn and biomass production for ethanol. *This option would prohibit new enrollments in the Conservation Reserve Program, saving taxpayers $10.5 billion over ten years.*[56]

[53] CBO Budget Options 270-12, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[54] CBO Budget Options 300-8, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[55] CBO Budget Options 300-13, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[56] CBO Budget Options 300-14, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

Reduce Payment Acreage by 1 Percentage Point: *This option would reduce the eligible acreage for direct, countercyclical, and ACRE payments by 1 percentage point, saving taxpayers $593 million.*[57] This would reduce from 83.3 percent to 82.3 percent for crops grown in 2010 and 2011, and then from 85 percent to 84 percent for crops grown in 2012 and after.

Reduce the Reimbursement Rate Paid to Private Insurance Companies in the Crop Insurance Program: The Federal Crop Insurance Program subsidizes the purchase of insurance protection against various weather-related losses. *This option would reduce the maximum reimbursement rate for the crop insurance program's administrative expenses to 20.9% of premiums.*[58] Many analysts believe that reductions in the reimbursement rate of this magnitude would not affect the quality of insurance options provided to farmers.

Impose Fees on Users of the St. Lawrence Seaway: This option would establish tolls on users of the St. Lawrence Seaway, which would have the Saint Lawrence Seaway Development Corporation (SLSDC) operate in the same manner as its Canadian counterpart. This would simply charge the shipping industry for the services that it uses. *This option would save taxpayers $249 million over ten years.*[59]

Target Subsidy for Child Nutrition Programs: This option would eliminate the meal subsidy for students who do not come from low-income households. *This option would save $2.87 billion over ten years.*[60]

SSI Unearned Income Exclusion: This option would eliminate the exclusion on unearned income for Supplemental Security Income beneficiaries. Under current law, the program provides a higher-standard for individuals who have unearned income. *This option would save taxpayers $7.99 billion over ten years.*[61]

Create a Sliding Scale for Supplemental Security Income Benefits: This option would create a sliding scale for SSI benefits so that a beneficiary would get incrementally fewer benefits per child as the number of children in a family increases. The maximum benefit for one child would be unaffected. The National Commission on Childhood Disability recommended this change in 1995. The main argument in favor of this option is that it would be a more accurate reflection of the cost of each additional child to a family due to economies of scale. *This option would save $1.69 billion over ten years.*[62]

Collection of Supplemental Security Income (SSI) Overpayments: Under current law, there is a ceiling (10% of monthly SSI benefits) on the collection, via deduction from monthly benefits, of Supplemental Security Income (SSI) benefit overpayments.

[57] CBO Budget Options 350-2, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[58] CBO Budget Options 350-3, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[59] CBO Budget Options 400-7, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[60] CBO Budget Options 600-6, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[61] CBO Budget Options 600-8, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[62] CBO Budget Options 600-8, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

Removing this ceiling would increase overpayment collections while giving the agency discretion to make sure that such collections do not lead to hardship. *This proposal would save $1.48 billion over ten years.*[63]

IRS Direct Deposit: Under current law, the IRS may increase fees for some services it offers (such as processing payment plans for taxpayers) and use the resulting money on other activities without receiving this authority through the appropriations process. This limits congressional control over the IRS budget. *This proposal would require the IRS to deposit any such fees into the Treasury, which would save $1.839 billion over ten years.*[64]

Conclusion

In Federalist No. 1, Alexander Hamilton wrote:

> *"It has been frequently remarked that it seems to have been reserved to the people of this country, by their conduct and example, to decide the important question, whether societies of men are really capable or not of establishing good government from reflection and choice, or whether they are forever destined to depend for their political constitutions on accident and force."*

Our present fiscal crisis did not come about by "reflection and choice," and the burden of making sure that future generations do not inherit an unaffordable debt burden by "accident" falls to the Congress and the President.

It is clear that the current path cannot continue for much longer without ruinous economic and moral consequences. Unfortunately, the present leadership in Washington is using the current economic downturn as an opportunity to jam through as much new government spending as possible, with the hopes of using the resulting deficit spending to place on the American people a tax burden without precedent.

We propose this budget, which leads to a balanced budget within the framework of a limited government.

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[63] CBO Budget Options 600-9, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
[64] CBO Budget Options 800-2, at http://cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf