

WebMemo



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Four Elements of a Successful Government Waste Commission

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Congress will soon consider legislation to establish a commission that could bring an end to wasteful and counter-productive government programs. Representatives Todd Tiahrt (R-KS) and Kevin Brady (R-TX) are the authors of two leading bills (H.R. 2470 and H.R. 3282) that have been introduced in the House. The Senate will consider a similar proposal by Sam Brownback (R-KS) as part of a comprehensive package of budget process reforms (S. 3521). Reform is necessary because the current budget process provides Congress little incentive to eliminate programs that clearly do not work. A well-designed government waste commission could overcome the budget process's pro-spending bias and encourage lawmakers to cut failing programs, providing enormous taxpayer savings.

The Government's Wasteful Spending Habit

President Ronald Reagan once observed that a government program is "the nearest thing to eternal life we will ever see on this earth." A large portion of the current federal bureaucracy was created during the 1900s, 1930s, and 1960s to solve problems that no longer exist today. Instead of replacing the outdated programs of the past, however, each period of government activism has layered new programs atop the old. Unfortunately, most of these new programs become similarly embedded in the budget even when they prove to be as counterproductive as the older ones.

Ford Motor Company would not waste money today by building outdated Model T's alongside Mustangs and Explorers. However, in 2006, the federal government still refuses to close down old agencies such as the Rural Utilities Service, which was designed long ago to bring electricity and phone service to rural America. Private companies are also quick to recognize mistakes. Ford Motor Company saw that the Edsel was a flop and ceased production. Politicians, by contrast, have no bottom-line incentive to behave responsibly. Washington continues to run 342 economic development programs, 130 programs serving the disabled, and 90 early childhood programs. None of these programs – neither the new ones nor the old ones – have solved any of the ostensible problems they were created to solve. Even the federal government's own reviewers find that 38 percent of all programs have failed to show any positive impact on their target populations.¹

Congress's Incentive to Spend

Public choice economists, such as Nobel laureate James Buchanan, blame reelection politics for the persistence of outdated federal programs. Imagine

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that the federal government ran a \$300 million program that pays 1,000 people large sums of money for no legitimate purpose. This program, despite its wastefulness will be defended to the death by its small cadre of recipients and supporters. The rest of the country may consider the program useless and yet not invest time and energy to fight the program because it costs just \$1 per American. When the program's funding comes up, only its supporters will lobby Congress. Even lawmakers who do not have any beneficiaries in their district may support this program in return for other lawmakers' support of their own projects (in other words, "log-rolling"). Multiply this phenomenon by thousands of federal grants and programs, and it becomes clear why Congress fails to eliminate duplicative, wasteful, outdated, and failed programs—and why Washington now spends \$23,760 per household annually.²

BRAC: A System that Works

This public choice puzzle has come up in the past. During the 1980s, lawmakers agreed that excess military bases should be closed but could never muster a majority to close any single base. Each base was defended by its local supporters and legislators, and the taxpayer savings from a single base closure were not large enough to motivate taxpayers elsewhere to fight for closure.

The solution to this impasse was the Base Realignment and Closing (BRAC) process, created in 1988. BRAC is a commission of nonpartisan

experts that recommends a package of base closures across the country.³ Congress then must approve or disapprove the entire list—without any amendments.⁴ This solved the public choice puzzle for two reasons. First, it diminished special-interest opposition because lawmakers no longer felt that a single program or expenditure was being unfairly singled out. And even if they did feel targeted, the amendment restriction meant that saving their military base required voting down the entire savings package. Second, the merging of so many base closings into one package resulted in large savings—large enough to motivate taxpayers into matching the intensity of the military base supporters. Lawmakers could tell local residents that they opposed closing the local base but that the taxpayer savings from all the other closed military bases were large enough to make up for the loss.

BRAC has completed five rounds of recommendations and has succeeded in closing and realigning a large number of bases. The previous four BRAC rounds have resulted in net savings to taxpayers of over \$17 billion through 2001 and an estimated \$7 billion annually since then.⁵

Four Elements of a Successful Commission

A government waste commission can be modeled after the successful BRAC model to achieve similar results. However, whereas the BRAC examines military bases, a government waste commission would examine all federal agencies and

1. Brian M. Riedl "Federal Spending: By the Numbers" Heritage Foundation *Webmemo* No. 989, February 6, 2006, at <http://www.heritage.org/Research/Budget/wm989.cfm>.
2. Brian M. Riedl, "Federal Spending: By the Numbers," Heritage Foundation *Webmemo* No. 989, February 6, 2006, at <http://www.heritage.org/Research/Budget/wm989.cfm>.
3. Though BRAC was not established until 1988, the process had its origins during the Kennedy Administration when the Department of Defense (DOD) needed to realign and close military facilities after World War II and the Korean War. President John F. Kennedy directed the Secretary of Defense to devise an extensive base realignment and closure program in an effort to rid the Defense budget of excess infrastructure and allow for the efficient allocation of scarce defense resources. With the help of the Secretary of Defense, the DOD managed to successfully close 60 bases in the 1960s independently of Congress.
4. The BRAC process begins when Pentagon officials submit a list of bases to be closed, reduced, or enlarged. An independent nine-member commission, the BRAC Commission, then evaluates the list by taking testimony and visiting affected bases, making changes to the list according to the information collected. The commission then submits its recommendations to the President, who must either approve or disapprove the list in its entirety. If approved, the commission's recommendations go into effect unless Congress votes against the entire list within 45 days by enacting a resolution of disapproval.
5. For more information on BRAC results, visit <http://www.defenselink.mil/brac/faqs001.html>.

programs. There are four key elements that Congress should include in any legislation to create a government waste commission:

Element #1: A Bipartisan Commission: Bipartisan acceptance of a commission's recommendations requires that the commission itself include Republicans, Democrats, and independents. Additionally, allowing for a non-member expert to preside as commission chairperson would bring further expertise and neutral, non-partisan leadership to a commission.

Element #2: Examine All Agencies and Programs: A commission must be allowed to examine all federal agencies and programs. Government auditors have identified wasteful spending across government, from defense to entitlements to domestic discretionary programs. No federal program should be exempt. The purpose is not punishment but rather to help government better serve program recipients and taxpayers.

Element #3: Clear and Concise Criteria: A short and targeted list of criteria should be used to evaluate programs in order to allow a commission to be quick yet scientific in their analysis. With a few carefully selected criteria, a commission can effectively target wasteful spending, while a long list of criteria would cause program analysis to be time-consuming and confusing. The commission should also use criteria that are easily quantifiable to target programs that are inefficient, duplicative, outdated, or failed.

Element #4: Expedited Legislative Action: A commission's program termination and reduction proposals have the most likelihood of being implemented if Congress is required to vote up-or-down on the entire package of recommendations without any amendments. Allowing lawmakers to amend their pet programs off the chopping block would result in the special-interest logrolling that this process was designed to overcome. Without amendments, legislators' voting to save their own pet program would mean also voting to keep their constituents paying high taxes to fund the billions of wasteful spending for other lawmakers' pet programs—essentially a vote against fiscal discipline.

Conclusion

Taxpayers are in dire need of budget process reforms as Congress grows more adept at squandering their hard-earned tax dollars. A government waste commission can correct some of the failings of the current budget process by helping Congress achieve meaningful taxpayer savings by eliminating failing programs—many that should have never existed in the first place. A commission's terminations and reductions could amount to billions of dollars in taxpayer savings and a leaner, less wasteful government.

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