

FISCAL YEAR 2021

A BUDGET FOR

# AMERICA'S

---

# FUTURE

MAJOR SAVINGS AND REFORMS



**BUDGET OF THE U.S. GOVERNMENT**

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# THE BUDGET DOCUMENTS

***Budget of the United States Government, Fiscal Year 2021*** contains the Budget Message of the President, information on the President's priorities, and summary tables.

***Analytical Perspectives, Budget of the United States Government, Fiscal Year 2021*** contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective. This volume includes economic and accounting analyses, information on Federal receipts and collections, analyses of Federal spending, information on Federal borrowing and debt, baseline or current services estimates, and other technical presentations.

Supplemental tables and other materials that are part of the *Analytical Perspectives* volume are available at <https://www.whitehouse.gov/omb/analytical-perspectives/>.

***Appendix, Budget of the United States Government, Fiscal Year 2021*** contains detailed information on the various appropriations and funds that constitute the budget and is designed primarily for the use of the Appropriations Committees. The *Appendix* contains more detailed financial information on individual programs and appropriation accounts than any of the other budget documents. It includes for each agency: the proposed text of appropriations language; budget schedules for each account; legislative proposals; narrative explanations of each budget account; and proposed general

provisions applicable to the appropriations of entire agencies or group of agencies. Information is also provided on certain activities whose transactions are not part of the budget totals.

***Major Savings and Reforms, Fiscal Year 2021***, which accompanies the President's Budget, contains detailed information on major savings and reform proposals. The volume describes both major discretionary program eliminations and reductions and mandatory savings proposals.

## BUDGET INFORMATION AVAILABLE ONLINE

The President's Budget and supporting materials are available online at <https://www.whitehouse.gov/omb/budget/>. This link includes electronic versions of all the budget volumes, supplemental materials that are part of the *Analytical Perspectives* volume, spreadsheets of many of the budget tables, and a public use budget database. This link also includes *Historical Tables* that provide data on budget receipts, outlays, surpluses or deficits, Federal debt, and Federal employment over an extended time period, generally from 1940 or earlier to 2021 or 2025. Also available are links to documents and materials from budgets of prior years.

For more information on access to electronic versions of the budget documents, call (202) 512-1530 in the D.C. area or toll-free (888) 293-6498. To purchase the printed documents call (202) 512-1800.

### GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted. All years referenced for economic data are calendar years unless otherwise noted.
2. At the time the Budget was prepared, the United States-Mexico-Canada Agreement Implementation Act (Public Law 116-113) had not yet been signed into law. As a result, the Budget includes a Government-wide allowance to represent the discretionary appropriations included in this proposal, which the Administration transmitted to the Congress on December 13, 2019, the House passed on December 19, 2019, and the Senate passed on January 16, 2020.
3. Detail in this document may not add to the totals due to rounding.

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# Major Savings and Reforms in the President's 2021 Budget

This volume describes major savings and reform proposals included in the 2021 President's Budget. It includes both discretionary and mandatory savings proposals that work to bring Federal spending under control. Overall, the 2021 President's Budget includes \$4.4 trillion in savings—bringing deficits down each year, and putting the Federal Government on a path to a balanced budget in 15 years.

Unsustainable Federal spending is a serious threat to America's prosperity. Gross Federal debt is now more than \$23 trillion. It is imperative that the Congress take meaningful action to refocus Federal priorities and reign in spending. The savings and reform proposals detailed in this volume encompass an aggressive set of actions to redefine the proper role of the Federal Government, curtail those programs that fail to efficiently and effectively deliver promised outcomes to the American people, and eliminate duplication between Federal programs or with State, local, and private efforts.

The President has laid out a vision to drive down deficits and debt through spending restraint in every Budget he has submitted to the Congress. Most of the eliminations and reductions in this volume highlight the Administration's efforts to eliminate wasteful or unnecessary spending, and reflect a continuation of policies proposed in the past three Budget requests that have not yet been enacted by the Congress.

In total, this volume highlights 2021 proposed savings of \$48 billion in discretionary programs, including \$28 billion in program eliminations and \$20 billion in reductions. The volume also describes the major mandatory savings proposals summarized in Table S-6 of the *Budget* volume. These mandatory savings proposals reduce costs and improve efficiency of programs across the Federal Government. These proposals include brief descriptions of several legislative proposals to reduce improper payments. A full description of the Administration's strategy and proposals for bolstering payment integrity is included in the Payment Integrity chapter of the *Analytical Perspectives* volume.

On June 14, 2019, the President issued Executive Order 13875 (EO), Evaluating and Improving the Utility of Federal Advisory Committees, which required agencies to evaluate whether their statutorily required Federal Advisory Committees (FACs) continue to serve the public interest. As a result, agencies determined that many statutorily required FACs have already fulfilled their intended purpose, have become obsolete or assumed by another entity, and/or have excessive operating costs compared to their benefits. In fact, many FACs have not convened at all in decades, but nevertheless continue to exist because they require legislation to terminate. In response to these findings, the Administration recommends that the Congress terminate 60 committees that are no longer serving the public interest and modify six others to better serve the public. The complete list of FACs recommended for legislative termination or modification is printed in the Appendix to this volume. The Administration looks forward to working with the Congress to enact reasonable, responsible legislation to ensure that all existing FACs serve a clear, relevant public interest.

The Administration will continue to build on all of the proposals encompassed in this volume in order to implement the President's charge to reform the Federal Government and rein in Federal spending.

## MAJOR DISCRETIONARY ELIMINATIONS

(Budget Authority in Millions)

	2020 Enacted	2021 Request	2021 Change from 2020
<b>Agriculture</b>			
McGovern-Dole International Food for Education.....	220	---	-220
Rural Business and Cooperative Programs.....	94	3	-91
Single Family Housing Direct Loans.....	90	---	-90
<b>Total, Agriculture.....</b>	<b>404</b>	<b>3</b>	<b>-401</b>
<b>Commerce</b>			
Economic Development Administration.....	316	31	-285
Manufacturing Extension Partnership.....	146	5	-141
National Oceanic and Atmospheric Administration Grants and Education.....	287	---	-287
<b>Total, Commerce.....</b>	<b>749</b>	<b>36</b>	<b>-713</b>
<b>Education</b>			
Federal Supplemental Educational Opportunity Grants.....	865	---	-865
Gaining Early Awareness and Readiness for Undergraduate Programs.....	365	---	-365
Impact Aid Payments for Federal Property.....	75	---	-75
International Education.....	76	---	-76
Regional Education Laboratories.....	56	---	-56
Statewide Longitudinal Data Systems.....	33	---	-33
Strengthening Institutions.....	108	---	-108
<b>Total, Education.....</b>	<b>1,578</b>	<b>---</b>	<b>-1,578</b>
<b>Energy</b>			
Advanced Research Projects Agency - Energy.....	425	-311	-736
Department of Energy Loan and Loan Guarantee Programs.....	36	-169	-205
<b>Total, Energy.....</b>	<b>461</b>	<b>-480</b>	<b>-941</b>
<b>Health and Human Services</b>			
Agency for Healthcare Research and Quality.....	338	---	-338
Community Services Block Grant.....	740	---	-740
Health Workforce Programs.....	734	250	-484
Low Income Home Energy Assistance Program.....	3,740	---	-3,740
<b>Total, Health and Human Services.....</b>	<b>5,552</b>	<b>250</b>	<b>-5,302</b>
<b>Homeland Security</b>			
TSA Exit Lane Staffing.....	84	---	-84
TSA Law Enforcement Grants.....	46	---	-46
TSA Visible Intermodal Prevention and Response Teams.....	59	---	-59
<b>Total, Homeland Security.....</b>	<b>189</b>	<b>---</b>	<b>-189</b>
<b>Housing and Urban Development</b>			
Choice Neighborhoods.....	175	---	-175
Community Development Block Grant.....	3,425	---	-3,425
HOME Investment Partnerships Program.....	1,350	---	-1,350
Self-Help and Assisted Homeownership Opportunity Program Account.....	55	---	-55
<b>Total, Housing and Urban Development.....</b>	<b>5,005</b>	<b>---</b>	<b>-5,005</b>
<b>Interior</b>			
Abandoned Mine Land Grants.....	115	---	-115
Centennial Challenge Fund.....	15	---	-15
Heritage Partnership Program.....	22	---	-22
Indian Guaranteed Loan Program.....	12	1	-11
National Wildlife Refuge Fund.....	13	---	-13
<b>Total, Interior.....</b>	<b>177</b>	<b>1</b>	<b>-176</b>
<b>Justice</b>			
State Criminal Alien Assistance Program.....	244	---	-244
<b>Total, Justice.....</b>	<b>244</b>	<b>---</b>	<b>-244</b>

## MAJOR DISCRETIONARY ELIMINATIONS—Continued

(Budget Authority in Millions)

	2020 Enacted	2021 Request	2021 Change from 2020
<b>Labor</b>			
Indian and Native American Program.....	55	---	-55
Migrant and Seasonal Farmworker Training.....	92	---	-92
OSHA Training Grants.....	12	---	-12
Senior Community Service Employment Program.....	405	---	-405
<b>Total, Labor.....</b>	<b>564</b>	<b>---</b>	<b>-564</b>
<b>State and U.S. Agency for International Development</b>			
Economic and Development Assistance Accounts			
Development Assistance.....	3,400	---	-3,400
Assistance for Europe, Eurasia and Central Asia.....	770	---	-770
P.L. 480 Title II Food Aid.....	1,725	---	-1,725
The Asia Foundation.....	19	---	-19
<b>Total, State and U.S. Agency for International Development.....</b>	<b>5,914</b>	<b>---</b>	<b>-5,914</b>
<b>Transportation</b>			
Airport Improvement Program Discretionary Grants.....	400	---	-400
Highway Infrastructure Programs.....	2,166	---	-2,166
Port Infrastructure Development Program.....	225	---	-225
Transit Infrastructure Grants.....	510	---	-510
<b>Total, Transportation.....</b>	<b>3,301</b>	<b>---</b>	<b>-3,301</b>
<b>Treasury</b>			
International Fund for Agricultural Development.....	30	---	-30
<b>Total, Treasury.....</b>	<b>30</b>	<b>---</b>	<b>-30</b>
<b>National Aeronautics and Space Administration</b>			
Office of STEM Engagement.....	120	---	-120
SOFIA Airborne Observatory.....	85	12	-73
Two Earth Science Missions.....	157	---	-157
WFIRST Space Telescope.....	511	---	-511
<b>Total, National Aeronautics and Space Administration.....</b>	<b>873</b>	<b>12</b>	<b>-861</b>
<b>Other Independent Agencies</b>			
Chemical Safety Board.....	12	10	-2
Corporation for National and Community Service.....	1,104	82	-1,022
Corporation for Public Broadcasting.....	465	30	-435
D.C. Tuition Assistance Grants.....	40	---	-40
Institute of Museum and Library Services.....	252	23	-229
International Development Foundations			
African Development Foundation.....	33	5	-28
Inter-American Foundation.....	38	4	-34
Legal Services Corporation.....	440	18	-422
Marine Mammal Commission.....	4	2	-2
National Endowment for the Arts.....	162	30	-132
National Endowment for the Humanities.....	162	33	-129
Neighborhood Reinvestment Corporation.....	159	27	-132
Regional Commissions			
Delta Regional Authority.....	30	3	-27
Denali Commission.....	17	7	-10
Northern Border Regional Commission.....	25	1	-24
U.S. Trade and Development Agency.....	80	12	-68
Woodrow Wilson International Center for Scholars.....	14	8	-6
<b>Total, Other Independent Agencies.....</b>	<b>3,037</b>	<b>295</b>	<b>-2,742</b>
<b>Total Major Discretionary Eliminations</b>	<b>28,078</b>	<b>117</b>	<b>-27,961</b>

## MAJOR DISCRETIONARY REDUCTIONS

(Budget Authority in Millions)

	2020 Enacted	2021 Request	2021 Change from 2020
<b>Agriculture</b>			
Economic Research Service.....	84	62	-22
Forest and Rangeland Research.....	305	245	-60
<b>Total, Agriculture.....</b>	<b>389</b>	<b>307</b>	<b>-82</b>
<b>Departments of Agriculture and the Interior</b>			
Federal Land Acquisition.....	227	18	-209
<b>Total, Departments of Agriculture and the Interior.....</b>	<b>227</b>	<b>18</b>	<b>-209</b>
<b>Education</b>			
Elementary and Secondary Education Programs			
21st Century Learning Centers.....	1,250	---	-1,250
Alaska Native Education.....	36	---	-36
American History and Civics Education.....	5	---	-5
Arts in Education.....	30	---	-30
Charter Schools.....	440	---	-440
Comprehensive Centers.....	52	---	-52
Comprehensive Literacy Development Grants.....	192	---	-192
Education Innovation and Research.....	190	---	-190
English Language Acquisition.....	787	---	-787
Full-Service Community Schools.....	25	---	-25
High School Equivalency Program.....	23	---	-23
Homeless Education.....	102	---	-102
Innovative Approaches to Literacy.....	27	---	-27
Javits Gifted and Talented.....	13	---	-13
Magnet Schools.....	107	---	-107
Migrant Education.....	375	---	-375
Neglected and Delinquent.....	48	---	-48
Native Hawaiian Education.....	37	---	-37
Promise Neighborhoods.....	80	---	-80
Ready-to-Learn Television.....	29	---	-29
Rural Education.....	186	---	-186
School Safety National Activities.....	105	---	-105
Statewide Family Engagement Center.....	10	---	-10
Student Support and Academic Enrichment Grants.....	1,210	---	-1,210
Supporting Effective Educator Development.....	80	---	-80
Supporting Effective Instruction State Grants.....	2,132	---	-2,132
Teacher Quality Partnerships.....	50	---	-50
Teacher and School Leader Incentive Grants.....	200	---	-200
Title I Grants to Local Educational Agencies.....	16,310	---	-16,310
Elementary and Secondary Education for the Disadvantaged Block Grant.....	---	19,354	19,354
Federal TRIO Programs.....	1,090	950	-140
Federal Work-Study.....	1,180	500	-680
<b>Total, Education.....</b>	<b>26,401</b>	<b>20,804</b>	<b>-5,597</b>
<b>Energy</b>			
Applied Energy Programs.....	5,312	2,826	-2,486
<b>Total, Energy.....</b>	<b>5,312</b>	<b>2,826</b>	<b>-2,486</b>
<b>Health and Human Services</b>			
CDC Chronic Disease Activities.....	1,240	813	-427
National Institute for Occupational Safety and Health.....	343	190	-153
<b>Total, Health and Human Services.....</b>	<b>1,583</b>	<b>1,003</b>	<b>-580</b>
<b>Homeland Security</b>			
Federal Emergency Management Agency State and Local Grants/Training.....	2,052	1,517	-535
Flood Hazard Mapping and Risk Analysis Program.....	263	100	-163
<b>Total, Homeland Security.....</b>	<b>2,315</b>	<b>1,617</b>	<b>-698</b>

**MAJOR DISCRETIONARY REDUCTIONS—Continued**

(Budget Authority in Millions)

	2020 Enacted	2021 Request	2021 Change from 2020
<b>Housing and Urban Development</b>			
Grants to Native American Tribes and Alaska Native Villages.....	895	600	-295
Rental Assistance Programs.....	44,858	41,337	-3,521
<b>Total, Housing and Urban Development.....</b>	<b>45,753</b>	<b>41,937</b>	<b>-3,816</b>
<b>Interior</b>			
U.S. Geological Survey Ecosystems Research.....	252	127	-125
Tribal Welfare Assistance Program.....	75	17	-58
<b>Total, Interior.....</b>	<b>327</b>	<b>144</b>	<b>-183</b>
<b>Justice</b>			
COPS Hiring Program.....	235	99	-136
Prison Construction Funding.....	---	-505	-505
<b>Total, Justice.....</b>	<b>235</b>	<b>-406</b>	<b>-641</b>
<b>Labor</b>			
Job Corps.....	1,744	1,016	-728
<b>Total, Labor.....</b>	<b>1,744</b>	<b>1,016</b>	<b>-728</b>
<b>State and U.S. Agency for International Development</b>			
Educational and Cultural Exchanges.....	731	310	-421
International Organization Contributions.....	1,865	966	-899
Peacekeeping.....	1,526	1,079	-447
Public Diplomacy.....	645	524	-121
<b>Total, State and U.S. Agency for International Development.....</b>	<b>4,767</b>	<b>2,879</b>	<b>-1,888</b>
<b>Transportation</b>			
Capital Investment Grants (New Starts).....	1,978	1,889	-89
Essential Air Service.....	162	142	-20
Grants to Amtrak			
Amtrak NEC.....	700	325	-375
Amtrak National Network.....	1,300	611	-689
Railroad Safety User Fee.....	---	-50	-50
<b>Total, Transportation.....</b>	<b>4,140</b>	<b>2,917</b>	<b>-1,223</b>
<b>Treasury</b>			
Community Development Financial Institutions Fund.....	262	14	-248
Special Inspector General for the Troubled Asset Relief Program.....	22	18	-4
<b>Total, Treasury.....</b>	<b>284</b>	<b>32</b>	<b>-252</b>
<b>Environmental Protection Agency</b>			
Categorical Grants.....	1,076	605	-471
Energy Star and Voluntary Climate Programs.....	66	---	-66
Geographic Programs.....	510	331	-179
Research and Development.....	500	281	-219
Superfund.....	1,185	1,072	-113
<b>Total, Environmental Protection Agency.....</b>	<b>3,337</b>	<b>2,289</b>	<b>-1,048</b>
<b>National Aeronautics and Space Administration</b>			
Space Launch System Upgrade.....	300	---	-300
<b>Total, National Aeronautics and Space Administration.....</b>	<b>300</b>	<b>---</b>	<b>-300</b>
<b>Small Business Administration</b>			
Entrepreneurial Development Programs.....	261	168	-93
<b>Total, Small Business Administration.....</b>	<b>261</b>	<b>168</b>	<b>-93</b>
<b>Other Independent Agencies</b>			
U.S. Agency for Global Media.....	810	637	-173
U.S. Institute of Peace.....	45	16	-29
<b>Total, Other Independent Agencies.....</b>	<b>855</b>	<b>653</b>	<b>-202</b>
<b>Total Major Discretionary Reductions</b>	<b>98,230</b>	<b>78,204</b>	<b>-20,026</b>

**MANDATORY SAVINGS PROPOSALS**

(Outlays and Receipts in Millions of Dollars)

	Five-Year Savings 2021-2025	Ten-Year Savings 2021-2030
<b>Multi-Agency</b>		
Conduct Spectrum Auctions Below Six Gigahertz.....	-355	-1,355
Eliminate Allocations to the Housing Trust Fund and Capital Magnet Fund.....	-957	-2,881
Improving Payment Accuracy Government-wide.....	-1,686	-4,216
Reform Federal Disability Programs and Improve Payment Integrity.....	-10,127	-75,702
Reform Medical Liability.....	-8,367	-40,298
<b>Agriculture</b>		
Eliminate In-kind International Food Aid.....	-830	-1,660
Establish Food Safety and Inspection Service User Fee.....	-2,640	-5,940
Establish Forest Service Mineral Program Cost Recovery Fee.....	-45	-45
Improve Child Nutrition Program Integrity.....	-679	-1,714
Reform Commodity Purchases Under Section 32.....	-2,289	-5,141
Reform the Supplemental Nutrition Assistance Program.....	-84,481	-181,859
Reforms to Agricultural Subsidies, Payments, and Other Programs.....	-17,705	-43,201
<b>Commerce</b>		
Lease Shared Secondary Licenses.....	-285	-670
<b>Education</b>		
Create Single Income-Driven Student Loan Repayment Plan.....	-38,793	-92,222
Eliminate Account Maintenance Fee Payments to Guaranty Agencies.....	-466	-466
Eliminate Public Service Loan Forgiveness.....	-20,770	-52,172
Eliminate Subsidized Student Loans.....	-7,484	-18,322
Place Limits on Graduate and Parent Student Loans.....	-1,035	-6,736
Reduce Improper Payments in Pell Grants.....	-18	-38
<b>Energy</b>		
Divest the Power Marketing Administrations' Transmission Assets		
Divest Southwestern Power Administration Transmission Assets.....	-15	-15
Divest WAPA Transmission Assets.....	-794	-794
Divest Bonneville Power Administration Transmission Assets.....	-1,974	-3,279
Reform the Laws Governing How the Power Marketing		
Administrations Establish Power Rates.....	-3,093	-7,421
Repeal Borrowing Authority for Western Area Power Administration.....	-600	-500
<b>Health and Human Services</b>		
Discontinue Social Services Block Grant Funding to States and Territories.....	-8,092	-16,592
Medicaid: Address Wasteful Spending, Fraud, and Abuse.....	-9,401	-51,921
Medicare: Address Wasteful Spending, Fraud, and Abuse.....	-152,883	-478,512
Modernize Medicaid and CHIP.....	-78,256	-193,391
Reimagine the Safety Net and Reform TANF.....	-9,944	-20,809
Strengthen the Child Support Enforcement Program.....	-100	-233
<b>Homeland Security</b>		
Establish an Immigration Services Surcharge.....	-2,036	-4,317
Extend Expiring Customs and Border Protection User Fees.....	---	-5,477
Increase Customs User Fees.....	-1,151	-2,579
Increase Immigration User Fees.....	-96	-130
Increase Worksite Enforcement Penalties.....	-72	-147
<b>Interior</b>		
Cancel Southern Nevada Public Lands Management Act Balances.....	-230	-230
Repeal Enhanced Geothermal Payments to Counties.....	-20	-40



**MANDATORY SAVINGS PROPOSALS—Continued**

(Outlays and Receipts in Millions of Dollars)

	Five-Year Savings 2021-2025	Ten-Year Savings 2021-2030
<b>Labor</b>		
Establish an Unemployment Insurance Solvency Standard.....	-2,934	-7,542
Improve Pension Benefit Guaranty Corporation Multiemployer Solvency.....	-10,344	-25,365
Improve Unemployment Insurance Program Integrity.....	-1,159	-2,536
Reform the Federal Employees' Compensation Act.....	-116	-212
Reform the Trade Adjustment Assistance Program.....	-246	-378
<b>Treasury</b>		
Increase Debt Collection.....	-406	-808
Implement Tax Enforcement Program Integrity Cap Adjustment.....	-10,937	-64,010
Improve Tax Administration		
Require SSN for Child Tax Credit, EITC, and Credit for Other Dependents.....	-31,129	-72,795
Increase Oversight of Paid Tax Return Preparers.....	-158	-479
Provide More Flexible Authority for the IRS to Address Correctable Errors.....	-7,564	-17,111
Improve Clarity in Worker Classification and Information Reporting Requirements.....	65	9
Increase and Extend Guarantee Fee Charged by Government Sponsored Enterprises.....	-11,737	-34,438
<b>Veterans Affairs</b>		
Cap Post-9/11 GI Bill Flight Training Programs at Public Schools.....	-38	-81
Reinstate COLA Round-Down.....	-691	-2,252
Standardize and Enhance VA Compensation and Pension Benefit Programs.....	-4,660	-11,681
<b>Corps of Engineers</b>		
Divest Washington Aqueduct.....	-118	-118
Reform Inland Waterways Financing.....	-900	-1,800
<b>General Services Administration<sup>1</sup></b>		
Increase Employee Contributions to 50 Percent of Cost, Phased in at One Percent per Year.....	-23,618	-87,386
Modify the Government Contribution Rate to Federal Employees		
Health Benefits Program Premiums.....	-946	-3,159
Reduce Federal Retirement Benefits.....	-26,982	-92,122
<b>Other Independent Agencies</b>		
Consolidate the Public Company Accounting Oversight Board.....	-237	-580
Divest Tennessee Valley Authority Transmission Assets.....	-5,030	-5,472
Eliminate Corporation for Travel Promotion Brand USA.....	-500	-1,665
Eliminate the Securities and Exchange Commission Reserve Fund.....	-158	-408
Enact Spectrum License User Fee.....	-1,450	-3,950
Reform the Postal Service.....	-39,310	-91,420
Restructure the Consumer Financial Protection Bureau.....	-2,706	-6,347

<sup>1</sup> The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation.



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**DISCRETIONARY  
ELIMINATIONS AND REDUCTIONS**

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**REDUCTION: ECONOMIC RESEARCH SERVICE**  
*Department of Agriculture*

The Budget proposes to streamline the Economic Research Service (ERS) while still supporting the Agency's core mission to develop the statistics needed to measure economic concepts in a dynamic farm and agricultural sector.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	84	62	-22

**Justification**

The core mission of ERS is to inform and enhance public and private decision making on a broad range of economic and policy issues related to agriculture, food, natural resources, and rural America. ERS also provides statistical indicators that gauge the health of the farm sector. The Budget would continue to eliminate low priority research that is duplicative of research at land-grant universities, such as reports measuring subsidy programs funded through the Farm Bill, while still supporting ERS's core mission to develop the statistics needed to measure economic concepts in a dynamic farm and agricultural sector. For example, the funding level would continue to support high priority statistical reports, such as the Census of Agriculture and the Agricultural Resource Management Survey.

**REDUCTION: FOREST AND RANGELAND RESEARCH***Department of Agriculture*

The Budget proposes to focus Forest Service (FS) research and development (R&D) on the most immediate needs of National Forest System land managers and their cooperating partners in State and private forestry, with a particular emphasis on wildfire research, expanding markets for forest products, and the Forest Inventory and Analysis program.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	305	245	-60

**Justification**

FS has struggled for many years to adequately evaluate the relevance of its research agenda, the inefficiencies in resource allocation and spending, and the delivery of research results.<sup>1</sup> Moreover, Agency priorities are rapidly evolving in the wake of several years of destructive wildfire activity, affecting resource allocation. Acknowledging these changes in Agency priorities, and that both internal and external end users are not fully benefiting from the Agency's research products, the Budget would eliminate inefficient staffing and facilities, would support priority research in wildfire suppression, and would fund the highly-valued forest inventory and analysis database. The Budget would also reduce or eliminate lower priority research in recreation, bioenergy, and urban stewardship because local, municipal, and private industry stakeholders are better positioned to prioritize efficient investment in these areas.

**Citations**

<sup>1</sup> Government Accountability Office, *Forest Service Research and Development: Improvements in Delivery of Research Results Can Help Ensure That Benefits of Research Are Realized*, GAO-11-12, (October 2010).

**ELIMINATION: MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION**  
*Department of Agriculture*

The Budget proposes to eliminate the McGovern-Dole International Food for Education (McGovern-Dole) program because it has high costs associated with transporting commodities and it has unaddressed oversight and performance monitoring challenges.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	220	0	-220

**Justification**

McGovern-Dole provides for the donation of U.S. agricultural commodities, and associated technical and financial assistance, to carry out preschool and school feeding programs in foreign countries. During the 17-year operation of McGovern-Dole, auditors have found oversight weaknesses as reported by the Government Accountability Office (GAO), independent consultants, and the Department of Agriculture's Office of Inspector General.<sup>1</sup> GAO has found weaknesses in performance monitoring, program evaluations, and prompt closeout of agreements.<sup>2</sup> GAO has also found inefficiencies with in-kind food aid, such as McGovern-Dole, resulting in higher costs. In addition, academic research has found that school feeding programs in developing countries are often high cost interventions.<sup>3</sup> While these programs feed children, they have implementation challenges in developing countries that can create a substitution effect, where children consume less at home once they receive a meal at school and therefore do not increase overall food consumption under the program.

Some argue that McGovern-Dole increases U.S. agricultural trade opportunities while supporting U.S. farmers by donating surplus commodities abroad that could otherwise result in lower prices for U.S. farmers domestically. However, the amount of U.S. commodities purchased by McGovern-Dole is a negligible portion of U.S. agricultural production and exports. Some also argue that McGovern-Dole increases enrollment and educational outcomes in developing countries. Although school feeding programs can be configured to increase enrollment, the increased enrollment doesn't generally correlate well with improved attendance or, more importantly, with improved educational outcomes in the short-term. Research has shown that small cash payments conditioned on school enrollment tend to produce the same results at a much lower cost.

**Citations**

<sup>1</sup> Morgan Franklin Consulting, *Foreign Agricultural Service: Food for Progress and McGovern Dole Program Assessment*, (September 2013).

<sup>2</sup> Government Accountability Office, *International School Feeding: USDA's Oversight of the McGovern-Dole Food for Education Program Needs Improvement*, (May 2011).

<sup>3</sup> Kristjansson et al. Costs, and cost-outcome of school feeding programmes and feeding programmes for young children. Evidence and recommendations. *International Journal of Educational Development*, (2016).

## ELIMINATION: RURAL BUSINESS AND COOPERATIVE PROGRAMS

### *Department of Agriculture*

The Budget proposes to eliminate discretionary and mandatory funding for several rural business and cooperative programs given findings that they have failed to meet the program goals, are duplicative of private sector assistance, and have been improperly managed.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	94	3	-91

#### Justification

The U.S. Department of Agriculture's (USDA) Rural Business and Cooperative programs were designed to increase economic opportunity in rural America.

Year after year, the Government Accountability Office includes the Rural Business & Cooperative Service (RBS) in its annual report on fragmentation, overlap, and duplication. Furthermore, USDA's Inspector General found its largest grant program to be improperly managed.<sup>1</sup> These programs are wasteful because they provided over a billion dollars over 10 years to successful businesses that qualify for private sector capital and do not justify grant assistance. In addition, these programs have not been able to demonstrate that they meet the broader goals of reducing rural poverty, out-migration, or unemployment. USDA has still not taken action to fulfill the statutory requirement in the 2014 Farm Bill that requires the Secretary of Agriculture to collect data regarding economic activities created through several RBS programs, and to submit a periodic report to the Congress on the findings.

The Administration's tax, regulatory, and infrastructure policies are expected to be more effective at improving rural economies and job growth.

#### Citations

<sup>1</sup>United States Department of Agriculture, Office of Inspector General, *Rural Energy for America Program Audit Report*, 34001-0001-21, (August 2016).

**ELIMINATION: SINGLE FAMILY HOUSING DIRECT LOANS**  
*Department of Agriculture*

The Budget proposes to eliminate funding for the U.S. Department of Agriculture's (USDA) rural single family housing direct loan program. USDA would continue to offer home ownership assistance through its single family housing guaranteed loans. Financial markets are now more efficient than when the direct loan program was created, which has increased the reach of mortgage credit to borrowers with lower credit qualities and incomes. Utilizing the private banking industry to provide home loans, with a guarantee from the Government, is a more efficient way to deliver this assistance.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	90	0	-90

*Note: The loan level provided in the 2020 enacted level was \$1 billion.*

**Justification**

Historically, USDA has offered both direct and guaranteed homeownership loans. The direction of Rural Development's single family housing mortgage assistance over the last two decades has been toward guaranteed loans. For example, the single family housing guaranteed loan program has grown from \$100 million in 1990 to \$24 billion today, while the single family direct loan level has remained at approximately \$1 billion. Moreover, current mortgage rates continue to be low, which has resulted in minimizing the benefit of the subsidized interest rate offered as part of USDA's single family direct loan program. In addition, rural areas once isolated from easy access to credit have shrunk as broadband internet access and on-line lending have grown.

Given that graduating to private credit is a goal of the direct loan program, pointing borrowers to commercial credit with a Federal guarantee is a preferred way to achieve the USDA policy goal of providing homeownership opportunities to low-income, rural residents. USDA is now in a position to utilize solely the guarantee program and still achieve the Administration's home ownership goals for rural areas at a lower cost to the taxpayers.



**REDUCTION: FEDERAL LAND ACQUISITION**  
*Departments of Agriculture and the Interior*

The Budget proposes to reduce funding for land acquisition to \$18 million at the Department of the Interior (DOI) and to eliminate funding at the Department of Agriculture's Forest Service (FS). DOI and FS are already responsible for managing roughly 700 million acres of land and have maintenance backlogs that exceed \$18 billion. Rather than acquiring additional lands that the Federal Government cannot afford to maintain, these agencies should focus available resources on the management of existing lands and assets.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	227	18	-209

*Note: Levels presented in the funding summary include cancellations.*

**Justification**

DOI and the FS use land acquisition funds to purchase land added to the Federal estate. The Departments prioritize land purchases that promote recreational access and resource protection and often focus on acquiring in-holdings, parcels within boundaries of current public lands. DOI and FS already manage close to 700 million acres of land that account for more than a quarter of all the land in the United States. These agencies are currently struggling to address maintenance backlogs that exceed \$18 billion. At national parks alone, the 2019 backlog of needed repairs was over \$12 billion and includes deteriorating national memorials, roads, bridges, and water infrastructure. However, year after year, DOI and FS continue to add land to the federal estate, which typically means more funds are necessary to maintain them. Rather than expanding lands, the Budget proposes to focus resources on addressing maintenance backlogs and fulfilling core operational missions, such as serving visitors and fighting fires.

## ELIMINATION: ECONOMIC DEVELOPMENT ADMINISTRATION

### *Department of Commerce*

The Budget proposes to eliminate the Economic Development Administration (EDA). EDA's grant programs are duplicative of other economic development programs within the Federal Government, as well as State and local efforts. The long-term impacts of the grants are difficult to quantify.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	316	31	-285

#### Justification

EDA provides Federal assistance grants to communities in support of locally-developed economic plans. Types of projects funded by EDA grants include: small-scale infrastructure projects; community planning efforts; and environmental studies.

The proposed elimination of EDA is part of a broader effort to eliminate duplicative and unauthorized economic development programs across the Federal Government. The Congress has not authorized EDA's development assistance grants since the authority expired in 2008.<sup>1</sup> A 2011 Government Accountability Office (GAO) report found that each of the 80 economic development programs at the four departments it reviewed (Departments of Commerce, Housing and Urban Development, Agriculture, and the Small Business Administration) overlapped with at least one of the other programs reviewed.<sup>2</sup>

Multiple administrations have questioned the effectiveness of many of EDA's grant programs. In particular, both the Bush and Obama Administrations proposed to eliminate or drastically reduce EDA's Public Works grant program, which provides small grants with limited impact to localized projects. For example, last year this program funded various small scale infrastructure projects, including sewer, roadway, and utility projects for business incubators and manufacturing centers.

In addition, EDA has been cited by both GAO and the Department of Commerce's Office of Inspector General for inconsistent documentation and lack of transparency in the awards process for these programs.<sup>3,4</sup> Despite these concerns, and the requests from administrations of both political parties, the Congress continues to provide funding for EDA and the Public Works grant program.

The Administration's Government-wide reform and reorganization plan proposed the consolidation of Federal economic assistance resources into a Bureau of Economic Growth at the Department of Commerce.<sup>5</sup> This proposal would consolidate existing economic development programs to provide a central place for grants and technical assistance to communities and entrepreneurs focused on job creation, business growth, and strengthening local economies. The new Bureau would drive economic growth and produce a higher return on taxpayer investments on projects that are transparent and accountable.

The Budget proposes \$31 million to conduct an orderly closure of EDA.

#### Citations

<sup>1</sup> Congressional Budget Office, *Unauthorized Appropriations and Expiring Authorizations*, (January 2017).

<sup>2</sup> Government Accountability Office, *Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear*, GAO-11-477R, (May 2011).

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<sup>3</sup> Government Accountability Office, *Documentation of Award Selection Decisions Could Be Improved*, GAO-14-131, (February 2014).

<sup>4</sup> U.S. Department of Commerce, Office of Inspector General, *Economic Development Administration: Financial Assistance Programs' Award Processes Promote Merit-Based Selection Decisions* CFDA Nos. 11.300, 11.303-11.305, and 11.307, Financial Audit Report No. DEN-11580, (December 2000).

<sup>5</sup> *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

**ELIMINATION: MANUFACTURING EXTENSION PARTNERSHIP**  
*Department of Commerce*

The Budget proposes to eliminate Federal funding for the Manufacturing Extension Partnership (MEP), which would save \$141 million after accounting for the cost of closing the program. The Administration is seeking to end funding for organizations that duplicate the efforts of other Federal programs, or the non-profit and private sectors. In 2021, the National Institute of Standards and Technology will work to transition MEP centers solely to non-Federal revenue streams, as was intended when the program was first established.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	146	5	-141

**Justification**

The Federal MEP program subsidizes advisory and consulting services for small and medium-sized manufacturers through a network of State MEP centers. When the program began, Federal funding for a center was limited to no more than six years, to stand up the center, after which the center was intended to transition to entirely non-Federal funding sources. However, many of these MEP centers have been receiving Federal funding for decades, and many of the services provided by MEP centers can be obtained elsewhere. If these services are valuable to recipients, they should be willing to pay for them, negating the need for Federal taxpayer dollars.

For many years critics have labeled the MEP program as "corporate welfare" since it provides direct support to industry,<sup>1,2</sup> and the Congressional Budget Office identified the program as suitable for elimination nearly a decade ago.<sup>3</sup>

**Citations**

<sup>1</sup> United States Senate, Committee on Government Affairs, *The Advanced Technology Program and other Corporate Subsidies*, Statement of Stephen Moore, Director of Federal Policy, CATO Institute, (June 3, 1997).

<sup>2</sup> Republican Study Committee, *Fiscal Year 2017 Blueprint for a Balanced Budget 2.0*.

<sup>3</sup> Congressional Budget Office, *Budget Options: Volume 2*, (August 2009).

## **ELIMINATION: NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION GRANTS AND EDUCATION**

*Department of Commerce*

The Budget proposes to eliminate funding for several lower priority and, in some cases, unauthorized, National Oceanic and Atmospheric Administration (NOAA) grant and education programs including: Sea Grant; the National Estuarine Research Reserve System; Coastal Zone Management Grants; the Office of Education; and the Pacific Coastal Salmon Recovery Fund. These eliminations would allow NOAA to better target remaining resources to core missions and services.

### **Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	287	0	-287

### **Justification**

The Budget focuses on NOAA's core mission activities, including weather research and prediction, ocean and coastal management and information, and sustainable and competitive fisheries. The grant and education programs proposed for elimination generally support State, local, and/or industry interests, and these entities may choose to continue some of this work with their own funding. The grants often are not optimally targeted, in many instances favoring certain species or geographic areas over others, or distributing funds by formula rather than directing them to programs and projects with the greatest need or potential benefit. In the past, the grants have supported activities such as local tourism efforts and rain garden education and installation, both of which are more appropriately funded at the local level. NOAA would continue to serve as a resource, and provide technical assistance as appropriate, on many of the issues funded by these programs. For example, the Budget would continue to provide support for NOAA's Coastal Zone Management and Services program, which makes available science, data, and technical assistance to State, local, and other entities to inform coastal management and development.

**REDUCTION: ELEMENTARY AND SECONDARY EDUCATION PROGRAMS**  
*Department of Education*

The Budget proposes to combine 29 Federal elementary and secondary education programs into a single block grant program that would empower States and districts to decide how to best use Federal funds to meet the needs of their students. This proposal would significantly reduce the Federal role in State and local education systems and shrink the Department of Education's staffing and administrative costs over time.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
21st Century Learning Centers.....	1,250	0	-1,250
Alaska Native Education.....	36	0	-36
American History and Civics Education.....	5	0	-5
Arts in Education.....	30	0	-30
Charter Schools.....	440	0	-440
Comprehensive Centers.....	52	0	-52
Comprehensive Literacy Development Grants.....	192	0	-192
Education Innovation and Research.....	190	0	-190
English Language Acquisition.....	787	0	-787
Full-Service Community Schools.....	25	0	-25
High School Equivalency Program.....	23	0	-23
Homeless Education.....	102	0	-102
Innovative Approaches to Literacy.....	27	0	-27
Javits Gifted and Talented.....	13	0	-13
Magnet Schools.....	107	0	-107
Migrant Education.....	375	0	-375
Neglected and Delinquent.....	48	0	-48
Native Hawaiian Education.....	37	0	-37
Promise Neighborhoods.....	80	0	-80
Ready-to-Learn Television.....	29	0	-29
Rural Education.....	186	0	-186
School Safety National Activities.....	105	0	-105
Statewide Family Engagement Center.....	10	0	-10
Student Support and Academic Enrichment Grants.....	1,210	0	-1,210
Supporting Effective Educator Development.....	80	0	-80
Supporting Effective Instruction State Grants.....	2,132	0	-2,132
Teacher Quality Partnerships.....	50	0	-50
Teacher and School Leader Incentive Grants.....	200	0	-200
Title I Grants to Local Educational Agencies.....	16,310	0	-16,310
Elementary and Secondary Education for the Disadvantaged Block Grant.....	0	19,354	19,354

**Justification**

The Budget proposes to combine 29 elementary and secondary formula and competitive grant programs into the Administration's proposed Elementary and Secondary Education for the Disadvantaged Block Grant (ESED Block Grant). This proposal builds on the 2015 Every Student Succeeds Act, which reauthorized the Elementary and Secondary Education Act (ESEA) and sought to restore State and local control over

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education by significantly reducing the number of Federal mandates States need to satisfy in order to receive Federal education dollars. The ESED Block Grant would further reduce the Federal role in education and empower States and school districts to decide how best to use Federal funds to address local education needs and improve outcomes for all students.

Specifically, the ESED Block Grant would combine 29 Federal elementary and secondary education programs into a single \$19.4 billion formula grant program, a decrease of \$4.7 billion from the sum of the 2020 enacted levels of these programs. Therefore, the proposal achieves savings while providing a significant amount of flexible funds for States and districts. Funds would be allocated to districts through the Title I Grants to Local Educational Agencies formulas, ensuring Federal education funds continue to support school districts serving disadvantaged students.

ESED funds could be used to support any of the activities authorized by the consolidated grant programs. States and school districts would continue to follow key accountability and reporting requirements aimed at protecting vulnerable students, supporting meaningful school improvement efforts, and giving parents the information they need to choose a high-quality education for their children. In addition, the consolidation of most elementary and secondary education programs into a single block grant program would allow the Department to significantly reduce staffing and administrative costs over time, while also eliminating a Federal policy role that has often created significant burden for States and districts while failing to meet unique State and local needs. Reducing Federal burden would empower States and districts to drive improvement in the performance of the Nation's elementary and secondary education systems, ensuring the Nation's students have the knowledge and skills necessary to remain competitive in the changing global economy. The Department of Education looks forward to working with the Congress to authorize this program.

**ELIMINATION: FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS**  
*Department of Education*

The Budget proposes to eliminate the Federal Supplemental Educational Opportunity Grant (SEOG) program, given the program is a less targeted way to deliver need-based grant aid than Pell Grants. Eliminating the program would also reduce complexity in Federal student aid.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	865	0	-865

**Justification**

The SEOG program provides need-based grant aid to eligible undergraduate students to help reduce financial barriers to postsecondary education. Currently, SEOG awards are not optimally allocated based on a student’s financial need, despite being a need-based program. Although participating institutions must give priority in awarding SEOG funds to Pell-eligible students, there is no requirement that the size of these awards be tied to the need of the student. As a result, institutions are given the discretion to provide larger SEOG awards to students that do not exhibit the highest need. In fact, Department of Education data show that the average dependent-student SEOG award in award year 2015-2016 increased as student income levels increased. Furthermore, provisions in the SEOG funding allocation formula also distort the targeting of aid. For example, Department data show that about 69 percent of Pell funding goes to students attending public four-year or public two-year institutions, while only 52 percent of SEOG funds go to these institutions. Moreover, the SEOG program is part of a complex array of Federal aid programs that could benefit from better targeting of aid to needy students. This program’s authorization expired in 2014.



**REDUCTION: FEDERAL TRIO PROGRAMS**  
*Department of Education*

The Budget proposes major changes to the Federal TRIO Programs that would transition from a set of competitive grant programs into a single student supports block grant to States that would support activities—including current TRIO activities and those authorized under Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) and College Assistance Migrant Program (CAMP)—to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary. The Budget would transition these programs, and restructure them, in order to appropriately shift authority and responsibility from the Federal government to the States and empower States to meet the unique needs of their students, reduce duplication, invest in activities that are most supported by evidence, and increase program management efficiencies.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,090	950	-140

**Justification**

TRIO programs consist of five programs that support services to encourage individuals from disadvantaged backgrounds to enter and complete postsecondary education. These programs are authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA technically expired in 2014.

Under the proposal to transition Federal TRIO programs into a single student supports block grant, the Department of Education would provide funding directly to States to support activities to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary education. This proposal would shift authority and responsibility from the Federal Government to the States, improve alignment between Federal resources and need; invest in activities that are most supported by evidence, and enable the Department to re-allocate limited staff resources from competition-related activities to areas that are critical to help ensure appropriate and effective use of limited taxpayer resources, such as grant monitoring and oversight, performance improvement, and program evaluation. The Administration believes that States are closer to the students the Federal TRIO programs serve and are therefore in the best position to address student needs than the current set of TRIO programs.

Specifically, the evidence of effectiveness of the current Federal TRIO programs varies. For example, a 2009 evaluation of one TRIO program found positive impacts of the program for key subgroups<sup>1</sup>—including students in rural areas and students who did not expect to earn a bachelor's degree. In addition, there is a growing body of evidence suggesting the effectiveness of specific strategies that can be used in "bridge-to-college" programs to improve college access and completion for disadvantaged students. Conversely, there is limited evidence of effectiveness for two other TRIO programs: the McNair and Educational Opportunity Center (EOC) programs. While the goals of McNair and EOC programs are important, McNair is a high-cost program that serves relatively few students. EOC offers "low touch" services that can be provided through other programs like TRIO's Talent Search and Adult Education State Grants. Colleges and Universities can also use institutional resources to support the same objectives included under these two programs. Furthermore, a 2008 Department of Education analysis found that only six percent of participants in McNair, which aims to prepare disadvantaged students for doctoral study, served between 1989 and 1998 had earned doctorates by 2003.<sup>2</sup>

Given this evidence and the Administration's belief that States and local entities are best positioned to serve the needs of their students, the Administration supports a new, State-oriented structure for the Federal TRIO programs.

**Citations**

<sup>1</sup> U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, *The Impacts of Regular Upward-Bound on Postsecondary Outcomes 7-9 Years After Scheduled High School Graduation: Final Report*, (2009).

<sup>2</sup> U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, *The Educational and Employment Outcomes of the Ronald E. McNair Postbaccalaureate Achievement Program Alumni*, (2008).

## REDUCTION: FEDERAL WORK-STUDY

### *Department of Education*

The Budget proposes to significantly reduce the Federal Work-Study (FWS) program while reforming it to support workforce and career-oriented opportunities for low-income undergraduate students in order to create pathways to high-paying jobs.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,180	500	-680

### Justification

The FWS program assists needy undergraduate and graduate students in financing postsecondary education costs through part-time employment. However, the program includes outdated provisions in allocating funding and in determining student need that make it inefficient at allocating funds to the neediest students. It is also not well-designed to use employment as an opportunity to advance students' career and training opportunities. Studies have shown very low rates of students reporting that their FWS jobs are related to their career goals or majors.<sup>1,2</sup>

According to Department data, dependent students with family incomes at or above \$30,000 received 66 percent of FWS funds compared to 33 percent of FWS funds going to students with family incomes below \$30,000. Independent students, who typically have lower family incomes, received 47 percent of all Pell Grant aid, but only received 18 percent of FWS funds.

The Budget would reform the program to both improve its targeting and its ability to provide students with career-oriented training. The program would allocate funds to schools based, in part, on enrollment of Pell recipients. Schools could fund individual students through subsidized employment, paid internships, or other designs provided the placements were career or academically relevant. Schools could also fund broader programs that served multiple students that expose students to or build their preparedness for careers.

The Administration is also testing certain FWS reforms using the Higher Education Act (HEA) experimental site authority. The current FWS experiment will provide participating postsecondary institutions with waivers of statutory and regulatory provisions to test how changes to FWS will increase partnerships between institutions and industry, improve student retention and completion, reduce student debt levels, and yield strong post-graduation employment outcomes.<sup>3</sup>

This program's authorization expired in 2014. The Administration aims to use the current FWS experiment to inform reforms to the FWS program that may be included in a future HEA reauthorization.

### Citations

<sup>1</sup> Wisconsin HOPE Lab, *What We're Learning: Work-Study Program A Data Update from the Wisconsin HOPE Lab*, Data Brief 16-06, (October 19, 2016).

<sup>2</sup> Scott-Clayton et al. *Should student employment be subsidized? Conditional counterfactuals and the outcomes of work-study participation*, *Economics of Education Review*, 52, 1–18 (2016).

<sup>3</sup> Federal Student Aid, U.S. Department of Education, *Publication of Federal Register Notice Inviting Federal Work-Study Participating Postsecondary Educational Institutions to Participate in the Federal Work-Study Experiment Under the Experimental Sites Initiative*, (May 2019).

## **ELIMINATION: GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS**

*Department of Education*

The Budget proposes to eliminate Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), consistent with the Administration's goal to reduce the Federal role in education, eliminate duplicative programs, and reallocate scarce Federal resources to higher priority programs. Many of the activities supported under GEAR UP can be supported through the Administration's proposal to transition the Federal TRIO Programs into a single student supports block grant program to States that would support activities—including those authorized under GEAR UP—to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary.

### **Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	365	0	-365

### **Justification**

GEAR UP provides grants to States to support college preparation and awareness activities to ensure low-income elementary, middle, and secondary students are prepared for and enroll in postsecondary education. The program is authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA technically expired in 2014.

There is limited rigorous evidence that the GEAR UP program is effective, particularly in achieving the program's ultimate objectives of increasing high school graduation and college enrollment rates. For example, although a 2008 evaluation found a positive association between GEAR UP participation and some early outcomes such as increasing students' and parents' knowledge of postsecondary opportunities, and increasing rigorous course-taking, there was no indication of an association with improved grades or school behavior, and the evaluation did not report on high school graduation or college enrollment outcomes.<sup>1</sup>

In addition, many of the activities supported under GEAR UP can be supported through the proposed Elementary and Secondary Education for the Disadvantaged Block Grant (ESED Block Grant) and the Administration's proposal to restructure the Federal TRIO Programs into a single student supports block grant to States. For example, States and school districts would have discretion to use ESED Block Grant funds to support postsecondary education exploration activities in middle and high schools, implement strategies to facilitate effective transitions for students from middle grades to high school and from high school to postsecondary education, and provide assistance in securing student loans or grants for postsecondary education. Under the proposal to transition Federal TRIO programs into a single student supports block grant, the Department of Education would provide funding directly to States to support activities to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary education. This proposal would shift authority and responsibility from the Federal Government to the States, improve alignment between Federal resources and need; invest in activities that are most supported by evidence, and enable the Department to re-allocate limited staff resources from competition-related activities to areas that are critical to help ensure appropriate and effective use of limited taxpayer resources, such as grant monitoring and oversight, performance improvement, and program evaluation. The Administration believes that restructuring the Federal TRIO programs into a single student supports block grant to States, including incorporating activities authorized under GEAR UP, would yield significant program management efficiencies and support more effective uses of Federal resources.

### **Citations**

<sup>1</sup> U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, *Early Outcomes of the GEAR UP Program: Final Report*, (2008).

**ELIMINATION: IMPACT AID PAYMENTS FOR FEDERAL PROPERTY**  
*Department of Education*

The Budget proposes to eliminate Impact Aid Payments for Federal Property. These payments compensate school districts for the presence of Federal property, without regard for the presence of federally-connected students, and therefore do not necessarily support the education of federally-connected students, which is the intent of the Impact Aid program.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	75	0	-75

**Justification**

The primary purpose of the Impact Aid program is to help pay for the education of federally-connected children, and fund programs that serve federally-connected children. The Payments for Federal Property program compensates school districts for lost property tax revenue due to the presence of Federal lands without regard to whether those districts educate any federally-connected children as a result of the Federal presence. When this authority was established in 1950, its purpose was to provide assistance to local educational agencies (LEAs) in cases where the Federal Government had imposed a substantial and continuing burden by acquiring a considerable portion of real property in the LEA. The law applied only to property acquired since 1938 because, in general, LEAs had been able to adjust to acquisitions that occurred before that time. The Administration believes that the majority of LEAs receiving assistance under this program have now had sufficient time to adjust to the removal of the property from their tax rolls.

**ELIMINATION: INTERNATIONAL EDUCATION**  
*Department of Education*

The Budget proposes to eliminate the International Education and Foreign Language Studies Domestic and Overseas Programs, which are designed to strengthen the capability and performance of American education in foreign languages and international studies. Other Federal agencies, whose primary missions are national security, implement similar programs and are better equipped to support the objective of these programs.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	76	0	-76

**Justification**

Grants are awarded to institutions of higher education to support centers, programs, and fellowships to increase the number of experts in foreign languages and international studies, meet national needs, and strengthen the teaching and research of foreign languages and international education at all levels. While the Administration recognizes the critical need for the Nation to have a readily available pool of international, regional, and advanced language experts for economic, foreign affairs, and national security purposes, this goal is not part of the Department of Education's core mission. Other Federal agencies, whose primary missions are national security, implement similar programs and are better equipped to support this critical objective. Therefore, the Budget proposes to eliminate these duplicative programs. These programs are authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA expired in 2014.

**ELIMINATION: REGIONAL EDUCATION LABORATORIES**  
*Department of Education*

The Budget proposes to eliminate the Regional Educational Laboratories (RELs) program, a technical assistance program designed to inform changes to policy and practice in an effort to improve educational outcomes for students, because it is underutilized and does not meet the needs of its intended stakeholders.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	56	0	-56

**Justification**

The Budget proposes to eliminate the RELs program, which provides technical assistance in order to improve education and increase student achievement. Under the RELs program, laboratories conduct applied research and development; provide technical assistance; develop multimedia educational materials and other products; and disseminate information in an effort to help others use knowledge from research and practice to improve education. In a 2015 evaluation of the RELs that included a nationally representative survey, only 29 percent of State administrators, and 26 percent of district administrators, reported that their research and technical assistance needs were met "very well."<sup>1</sup> Less than half of State administrators, and only 18 percent of district administrators, relied on the REL program "to a great extent" or "to a moderate extent." Instead, under the proposed Elementary and Secondary Education for the Disadvantaged block grant, States will have access to flexible funds that can be used to address their unique technical assistance needs.

**Citations**

<sup>1</sup> National Center for Education Evaluation and Regional Assistance, *Evaluation of the Regional Educational Laboratories, Final Report*, NCEE 2015-4008, (2015).

## ELIMINATION: STATEWIDE LONGITUDINAL DATA SYSTEMS

*Department of Education*

The Budget proposes to eliminate the Statewide Longitudinal Data Systems (SLDS) program because the program has already successfully completed its mission and is no longer needed to establish Statewide longitudinal data systems.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	33	0	-33

### Justification

The SLDS program provides grants and technical assistance to help States design, develop, and implement Statewide longitudinal data systems to efficiently and accurately manage, analyze, disaggregate, and use individual student data. This program has successfully fulfilled its purpose; 47 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and American Samoa have received awards allowing them to set up longitudinal data systems to answer key questions about education. As States shift from establishing data systems to actually using the data, there is no longer any need for a large Federal investment. The program's authorization expired in 2008.



**ELIMINATION: STRENGTHENING INSTITUTIONS***Department of Education*

The Budget proposes to eliminate funding for the Strengthening Institutions Program (SIP). SIP is authorized by Title III of the Higher Education Act (HEA). Titles III and V of the HEA authorize numerous programs that support Historically Black Colleges and Universities (HBCUs) and institutions that support disadvantaged students. SIP is duplicative of the other Title III and V programs that provide program funding for institutional support activities.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	108	0	-108

**Justification**

All of the institutional support activities authorized under SIP are also authorized under other HEA Title III and V programs that provide discretionary funding for a wide range of authorized institutional support activities, including strengthening infrastructure and enhancing fiscal stability. Strengthening the quality of educational opportunities in institutions of higher education dedicated to serving low-income and other disadvantaged students is a critical part of the Administration's efforts to foster more and better opportunities in higher education for communities that are often underserved, as the President asserted in his executive order on HBCUs.

SIP and other Title III and V programs are authorized by the HEA, which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA technically expired in 2014.

**ELIMINATION: ADVANCED RESEARCH PROJECTS AGENCY - ENERGY**  
*Department of Energy*

The Budget proposes to eliminate the Advanced Research Project Agency-Energy (ARPA-E) program, recognizing the private sector's primary role in taking risks to commercialize breakthrough energy technologies with real market potential.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	425	-311	-736

**Justification**

The Department of Energy (DOE) has four major offices and three separate national laboratories dedicated to applied research to advance new and innovative energy technologies. ARPA-E was first funded in 2009 through the American Reinvestment and Recovery Act as a new, separate office within DOE to support additional research, development, and commercialization of energy technologies, despite DOE's existing applied research programs and laboratories already receiving billions of dollars in funding every year.

It makes little strategic sense that ARPA-E exists independent of DOE's main applied research programs, especially when the research they fund is similar. This proposed elimination promotes more effective and efficient use of taxpayer funds and reduces duplication within DOE. Specifically, the Budget proposes to incorporate elements of ARPA-E into the execution of the applied programs' funding through the Small Business Innovation Research and Small Business Technology Transfer programs that would support a more integrated energy research and development (R&D) strategy. The elimination would enable a streamlining of Federal activities and ensures more focus on early-stage R&D, where the Federal role is strongest, and reflects the private sector's role in commercializing technologies.

Appropriations for ARPA-E were only authorized through 2013 under Public Law 111-358, the America COMPETES Reauthorization Act of 2010, and ARPA-E has not been reauthorized since then. The Budget requests \$22.2 million in new appropriations for ARPA-E in 2021 to administer existing obligations. In addition, the Budget proposes a cancellation of \$332 million in unobligated balances.

**REDUCTION: APPLIED ENERGY PROGRAMS***Department of Energy*

The Budget proposes to reduce funding for the Department of Energy's (DOE) applied energy research and development (R&D) programs focused on nuclear, fossil, renewables, efficiency, and electricity. The proposal would focus Federal activities on early-stage R&D, and reflects an increased reliance on the private sector to fund later-stage R&D, including demonstration, commercialization, and deployment where the private sector has a clear incentive to invest.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	5,312	2,826	-2,486

**Justification**

Private sector-led R&D tends to focus on near-term cost and performance improvements where the certainty of profit generation or the prospect of successful market entry are greatest. The Federal role in energy R&D is strongest at the earlier stages, where the greatest motivation is the generation of new knowledge and the proving of novel scientific or technical concepts. In the past, the applied energy R&D programs tilted heavily toward subsidizing the later-stage development, demonstration, and commercialization of new energy technologies. While progress has been made over the past three years, the Budget continues to refocus these programs on earlier-stage R&D of energy challenges which present a significant degree of scientific or technical uncertainty across a relatively lengthy time span, making it unlikely that industry would invest in significant R&D on its own. The Budget proposes to minimize or eliminate support for at- or near-full scale demonstrations of energy technologies or integrated systems, while addressing the need to support later-stage R&D in targeted areas where there are unique challenges. In addition, the DOE-funded applied energy National Laboratories would remain open and operational, while refocusing efforts on early-stage R&D.

Within these proposed reductions, the Budget would eliminate the Weatherization Assistance Program and State Energy Program. This would reduce Federal intervention in State-level energy policy and implementation, and would focus funding for the Office of Energy Efficiency and Renewable Energy on limited, early-stage applied energy R&D.

## ELIMINATION: DEPARTMENT OF ENERGY LOAN AND LOAN GUARANTEE PROGRAMS

### *Department of Energy*

The Budget proposes to eliminate the Title XVII Innovative Technology Loan Guarantee Program, the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program, and the Tribal Energy Loan Guarantee Program, because the private sector is better positioned to finance the deployment of commercially viable energy and advanced vehicle manufacturing projects. The Loan Programs Office would continue to conduct monitoring of existing loans.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Title XVII Innovative Technologies, net.....	29	0	-29
Advanced Technology Vehicles.....	5	0	-5
Tribal Energy.....	2	0	-2
Cancellations.....	0	-169	-169
Total Budget Authority.....	36	-169	-205

*Note: The Budget also proposes to cancel \$489 million in unobligated emergency designated balances from Title XVII and \$4.3 billion in unobligated emergency designated balances from ATVM. There are no scoreable savings for these cancellations.*

### Justification

The Federal role in supporting advanced technologies is strongest in the early stages of research and development. The Government should recognize the private sector's primary role in taking risks to finance projects in the energy and automobile manufacturing sectors. In addition, the relative lack of recently closed loans to new borrowers in these programs indicates they are ineffective at attracting borrowers with viable projects who are unable to secure private sector financing. Specifically:

*Innovative Technologies*—Only five loan guarantees to three borrowers have been closed through the Sec. 1703 program since it was authorized in 2005, all related to a single project and total approximately \$12 billion. Efforts to increase the attractiveness of the program to potential borrowers have not yielded increased loan origination activity. The Budget proposes to cancel all remaining loan volume authority and appropriated credit subsidy. In addition, the Budget proposes to permanently cancel the remaining \$489 million in unobligated balances for the Sec. 1705 program that were appropriated under the American Reinvestment and Recovery Act of 2009 (Public Law 111-5). That Act provided \$2.5 billion in credit subsidy for a temporary program to support loan guarantees. This authority has expired, and the unobligated balances are no longer available for new loans.

*Advance Technology Vehicles*—Since its inception in 2007 only five loans have been closed under this authority, and since 2011 no new loans have closed. Efforts to increase the attractiveness of the program to potential borrowers have not yielded increased loan activity. The Budget proposes to cancel all remaining appropriated credit subsidy.

*Tribal Energy*—Originally authorized in 2005, the program was first appropriated funding in 2017. Rules detailing how the program would be implemented have not been promulgated and a solicitation issued in 2018 has not resulted in the issuance of any loan guarantees. The program authorization is redundant with programs administered by other agencies with missions to serve Tribal entities. The Budget proposes to eliminate this program and cancel all remaining appropriated credit subsidy.

**ELIMINATION: AGENCY FOR HEALTHCARE RESEARCH AND QUALITY***Department of Health and Human Services*

The Budget proposes to consolidate the Agency for Healthcare Research and Quality's (AHRQ) activities in a new institute in the National Institutes of Health (NIH), the National Institute for Research on Safety and Quality. This consolidation would reduce duplication and leverage the expertise of both AHRQ and NIH.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	338	0	-338

*Note: The 2021 NIH Request includes \$257 million to consolidate AHRQ activities.*

**Justification**

AHRQ, which has not been authorized since 2005, has a mandate to enhance the quality, appropriateness, and effectiveness of health services through research and promotion of best practices to improve health systems and outcomes. However, other agencies also conduct health services research and promote best practices that improve delivery of care and enhance patient safety. In particular, NIH invests \$1.5 billion in health services research that is conducted across several Institutes. Consolidating AHRQ's activities in NIH would allow the Department of Health and Human Services to refocus resources on the highest priority research in order to improve efficiency, minimize overlap, and increase coordination and effectiveness of health services research. AHRQ's expertise in developing tools to integrate evidence into practice and with disseminating research would complement NIH's health services research. Increased coordination would improve the speed with which clinicians adopt current science and best practices. Some may argue that consolidating AHRQ would de-emphasize health services research, but through the consolidation NIH would prioritize the most important research, including studies on patient safety and translational medicine. The health services research enterprise would benefit from increased coordination and the ability to leverage combined expertise, tools, and opportunities.

**REDUCTION: CDC CHRONIC DISEASE ACTIVITIES**  
*Department of Health and Human Services*

The Budget proposes to re-focus the Center for Disease Control (CDC) on its core mission of preventing and controlling infectious diseases and other emerging public health issues, such as opioids. As such, the Budget proposes to reduce funding for non-infectious disease activities and provide greater flexibility for States to undertake these activities. The Budget also proposes to consolidate some activities in order to improve impact on population-based health.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,240	813	-427

**Justification**

The Budget proposes to re-focus CDC’s core mission on preventing and controlling infectious diseases and other emerging public health issues, such as opioids. Every year, the Congress allocates funding for many disease-specific chronic disease activities within CDC. In some cases, this funding is small and can only support limited activities or a handful of states at a very low level, limiting the public health impact of this funding strategy. The Budget proposes to reduce overall funding for CDC’s non-infectious disease activities, while still providing significant funding for States to address these issues and greater flexibility to tailor activities according to the specific needs of their jurisdictions.

The Budget proposes to consolidate CDC’s primary chronic disease prevention activities (tobacco, diabetes, heart disease and stroke, nutrition and physical activity, and arthritis) into a single block grant to States ("America's Health Block Grant"). Heart disease, cancer, and diabetes are the leading causes of death and disability in the United States. These chronic diseases all share common risk factors such as tobacco use, poor nutrition, and lack of physical activity, so consolidating funding for these prevention activities can help magnify the public health impact of these funds. The Administration believes that States should be given the flexibility to address the most pressing chronic disease issues within their jurisdiction. The block grant proposal will provide States with significant funding to address these important issues, while realizing additional Federal intramural and administrative cost savings. The Budget also proposes to consolidate activities focused on preventing specific types of cancer (prostate, skin, ovarian, and colorectal) to allow States to address the shared risk factors for these cancers in a more comprehensive manner.

**ELIMINATION: COMMUNITY SERVICES BLOCK GRANT***Department of Health and Human Services*

The Budget proposes to eliminate the Community Services Block Grant (CSBG), an unauthorized program whose funding is poorly targeted and not allocated based on performance. CSBG also funds some services that are duplicative of those supported by other Federal programs, such as emergency food assistance funded through The Emergency Food Assistance Program in the Department of Agriculture, and workforce programs funded through the Departments of Education and Labor.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	740	0	-740

**Justification**

CSBG is an unauthorized program that funds approximately 1,000 nonprofit organizations, local governments, tribal organizations, and migrant and seasonal farm worker organizations commonly referred to as Community Action Agencies (CAAs). CSBG funding is not well targeted, since funding is allocated to States based only on the historical share of funding States received in 1981—almost four decades ago. This basis for distributing funding does not take into account grantee performance in helping low-income families move toward self-sufficiency or meeting other CSBG goals. As a result, there are no incentives for grantees to improve or innovate and it is difficult to ensure funds are spent effectively. CSBG funding is also often duplicative, as CAAs also receive funding from a variety of sources, including from other Federal sources—on average, CSBG funds represent only 5 percent of total grantee funding.

## **ELIMINATION: HEALTH WORKFORCE PROGRAMS**

### *Department of Health and Human Services*

The Budget proposes to eliminate funding for 14 health professions training programs that use Federal funds to help individuals enter well-compensated professions with no requirement that they practice in underserved areas. The Budget addresses health workforce shortages by proposing to fund health workforce activities that provide scholarships and loan repayments in exchange for service in areas of the United States where there is a shortage of health professionals.

#### **Funding Summary** (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	734	250	-484

#### **Justification**

The Budget proposes to eliminate funding for health professions training programs that provide funds to training institutions to improve the Nation's health workforce. Many of these programs have been in existence for decades and most operate under expired authorizations. These programs help individuals enter well-compensated professions with no requirement that these medical professionals practice in underserved areas. According to the Bureau of Labor Statistics, the median wage of healthcare practitioners is 72 percent higher than the median wage of all other occupations in the economy.<sup>1</sup> Doctors are more likely than any other profession to be in the top one percent of earners.<sup>2</sup>

There are many Federal programs that support the training of health care professionals. A Government Accountability Office report found that four Federal departments, the Departments of Health and Human Services, Veterans Affairs, Defense, and Education, administered 91 programs that supported postsecondary training or education specifically for direct care health professionals.<sup>3</sup>

The Budget would continue to invest in health care workforce activities that directly place health care providers in areas of the country where they are most needed. For example, the Budget would support the NURSE Corps and proposes to extend funding for the National Health Service Corps. These programs provide scholarships or repay educational loans for health professionals that agree to work in areas experiencing a shortage of health care providers.

#### **Citations**

<sup>1</sup> Bureau of Labor Statistics, *Occupational Outlook Handbook: Healthcare Occupations*, (September 2019).

<sup>2</sup> The New York Times, *Among the Wealthiest 1 Percent, Many Variations*, (January 14, 2012).

<sup>3</sup> Government Accountability Office, *Health Care Workforce: Federal Investments in Training and the Availability of Data for Workforce Projections*, GAO-14-510T, (2014).



## ELIMINATION: LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

*Department of Health and Human Services*

The Budget proposes to eliminate the Low Income Home Energy Assistance Program (LIHEAP) in order to reduce the size and scope of the Federal Government, and better target resources within the Department of Health and Human Services' Administration for Children and Families. LIHEAP is no longer a necessity as States have adopted policies to protect constituents against energy concerns, and the program has had past significant challenges with fraud and abuse.

### Funding Summary (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	3,740	0	-3,740

### Justification

The Budget recognizes that LIHEAP is no longer a necessity as the vast majority of States have adopted their own policies to protect low-income and other at-risk constituents against energy concerns. Since LIHEAP was created in 1981, 42 States have enacted so-called “disconnection policies” that prevent utility companies from disconnecting energy needs from their residents under certain circumstances, such as for households with young children, seniors, or people with disabilities, or during particular times of year. In total, 20 of those States enforce temperature restrictions related to freezing and/or extreme heat weather. Other States use date-specific criteria. For example, Minnesota utilizes a “Cold Weather Rule,” which requires utility companies to provide electricity and gas during the coldest months, from October 15 until April 15.

In addition, LIHEAP has been prone to fraud and abuse, leading to program integrity concerns. While States have taken some recent steps to improve verification processes, a 2010 Government Accountability Office study concluded that the program lacked proper oversight, which resulted in a significant number of improper payments.<sup>1</sup> In particular, the report highlighted a number of incidents in which program funds were distributed to deceased or incarcerated individuals. The report also determined that LIHEAP application processors did little to prevent awards from being provided to individuals with fake addresses and fake energy bills.

### Citations

<sup>1</sup> Government Accountability Office, *Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls Are Needed*, GAO-10-621, (June 2010).

## REDUCTION: NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH

*Department of Health and Human Services*

The Budget proposes to fund important research conducted by the National Institute for Occupational Safety and Health (NIOSH), while proposing to eliminate activities that have less of a direct public health impact. Consistent with current law and program operations, the Budget includes mandatory funding for NIOSH to continue to administer the World Trade Center Health Program.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	343	190	-153

### Justification

NIOSH was created within the Centers for Disease Control and Prevention (CDC) in 1970 to ensure safe and healthful working conditions for Americans, including mine safety research. NIOSH is primarily a research agency focused on occupational safety and health, with approximately two-thirds of its activities funding intramural research.

The Budget proposes a reduction to NIOSH. At the proposed level, NIOSH would focus on the highest priority occupational safety and health research, including research on mining safety and personal protective technology. Workplace safety in the United States has improved significantly since NIOSH was established in 1970. The total number of non-fatal workplace injuries has decreased from 4.1 million annually in 2003 to 2.7 million annually in 2016.<sup>1</sup> The number of commercial fishing fatalities in the United States has also declined from 2000 to 2015.<sup>2</sup> Injuries have declined as industries have improved their safety practices and embraced improvements in technology, such as improved personal protective equipment and the use of robotics.

Some activities conducted by NIOSH could be more effectively conducted by the private sector. For example, NIOSH collects and quantifies human body size and the shape of various occupational groups to develop equipment designs for worker protection. The private sector also conducts similar research in the development of ergonomic equipment.

The Budget proposes to eliminate the Education and Research Centers (ERCs) within NIOSH. The ERCs were created in the 1970s to develop occupational health and safety training programs in academic institutions. Almost 50 years later, the majority of schools of public health include coursework, and many academic institutions have developed specializations in these areas. The Budget would stop directing Federal funding to support academic salaries, stipends, and tuition and fee reimbursements for occupational health professionals at universities.

### Citations

<sup>1</sup> Bureau of Labor Statistics, *Survey of Occupational Injuries and Illnesses: All Nonfatal Injuries & Illnesses*, (2018).

<sup>2</sup> Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health, *Commercial Fishing Safety—National Overview*, (June 2019).

## **REDUCTION: FEDERAL EMERGENCY MANAGEMENT AGENCY STATE AND LOCAL GRANTS/TRAINING**

*Department of Homeland Security*

The Budget proposes to reduce the Federal Emergency Management Agency's (FEMA) funds that support training and grants to State and local governments by \$535 million compared to the 2020 enacted level. These savings are generated by proposed eliminations and reductions, as well as a proposed 25 percent non-Federal cost match for certain grant programs that currently do not require one. Federal resources must be targeted to those activities that provide clear results and that do not supplant State and local responsibilities.

### **Funding Summary** (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	2,052	1,517	-535

### **Justification**

The Budget proposes to eliminate funding for FEMA's Continuing Training Grants, National Domestic Preparedness Consortium (NDPC), Center for Homeland Defense and Security (CHDS), Regional Catastrophic Preparedness Grants, Rehabilitation of High-Hazard Potential Dams, and Emergency Food and Shelter Program. These programs are proposed for elimination because they are duplicative of other Federal grant programs and are primarily the responsibilities of States and localities. Continuing Training Grants, NDPC, and CHDS are proposed for elimination because other Federal grant funds to State and local entities can be used to pay for training activities, they are duplicative of FEMA's Emergency Management Institute and Center for Domestic Preparedness, and they are State and local responsibilities. Regional Catastrophic Preparedness Grants are proposed for elimination because those activities can generally be funded under the existing Homeland Security Grant Program or the Administration's proposed National Security and Resilience Grant Program. The Rehabilitation of High-Hazard Potential Dams grant program is proposed for elimination because non-Federal dam rehabilitation and repair is a clear State and local responsibility. The Emergency Food and Shelter Program is proposed for elimination because it is duplicative of Federal homeless assistance programs administered by the Department of Housing and Urban Development, and because emergency food and shelter is primarily a State and local responsibility.

The Budget further proposes to reduce funding for Emergency Management Performance Grants (EMPG), the State Homeland Security Grant Program (SHSGP), the Urban Area Security Initiative (UASI), Port Security Grant Program, and Transit Security Grant Program (TSGP). The budget proposes a 25 percent non-Federal cost match for grant programs that currently do not require one (SHSGP, UASI, and TSGP) in order to share accountability with State and local partners and to align with other FEMA grant programs. The Budget also proposes reductions to unauthorized programs (Port and Transit Security Grant Programs). Other reductions to State and local grants are proposed in order to ensure adequate funding for core Department of Homeland Security missions and higher priority investments, and encourage grant recipients to begin to incorporate the full cost of preparedness activities into their own budgets. Additionally, the Government Accountability Office has repeatedly recommended that FEMA assess national preparedness to prioritize grant funding.<sup>1,2,3,4</sup> Though FEMA has begun taking steps to assess how their program funding closes State and local entities' capability gaps, there is much more to be done to determine grant results. The Federal Government should not continue to spend billions of dollars on non-competitive grant programs where FEMA is unable to measure outcomes. Finally, activities currently eligible under SHSGP, UASI, TSGP, and PSGP could -- and should be-- accomplished and measured through the Administration's proposed National Security and Resilience Grant Program.

In 2019 and 2020, the Congress appropriated more than \$3 billion in FEMA Federal Assistance. This generous pipeline of funding, when combined with the \$2.5 billion requested in the Budget, would ensure adequate resources for State and local projects for the foreseeable future. Of the \$5.3 billion in awards made

since 2015, recipients of FEMA's two largest grant programs - SHSGP and UASI - are currently carrying \$2.7 billion in unspent balances, or 50 percent of awarded funds. The Federal Government cannot afford to over-invest in programs that State and local partners are slow to utilize when there are other pressing needs.

### Citations

<sup>1</sup> Government Accountability Office, *FEMA Has Taken Steps to Strengthen Grant Management, But Challenges Remain in Assessing Capabilities*, GAO-18-512T, (April 2018).

<sup>2</sup> Government Accountability Office, *Homeland Security Grant Program: Additional Actions Could Further Enhance FEMA's Risk-Based Grant Assessment Model*, GAO-18-354, (September 2018).

<sup>3</sup> Government Accountability Office, *Grants Performance: Justice and FEMA Collect Performance Data for Selected Grants, but Action Needed to Validate FEMA Performance Data*, GAO-13-552, (June 2013).

<sup>4</sup> Government Accountability Office, *National Preparedness: FEMA Has Made Progress in Improving Grant Management and Assessing Capabilities, but Challenges Remain*, GAO-13-456T, (March 2013).

## REDUCTION: FLOOD HAZARD MAPPING AND RISK ANALYSIS PROGRAM

*Department of Homeland Security*

The Budget proposes to reduce the discretionary appropriation for the National Flood Insurance Program's Flood Hazard Mapping Program to instead preserve resources for the Department of Homeland Security's core missions.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	263	100	-163

### Justification

The Federal Emergency Management Agency (FEMA) maintains quality flood hazard information and develops Flood Insurance Rate Maps (FIRMs or flood maps). Flood maps communicate flood risks to communities and residents, inform local floodplain management regulations, help communities set minimum floodplain and building standards, determine who is required to purchase flood insurance, and help FEMA to accurately price flood insurance.

FEMA has mapped 1.13 million stream miles covering 98 percent of the population in the United States. However, maintaining maps is an ongoing, resource-intensive effort. With 66 percent of the mapped miles up-to-date, the mapping cycle requires not just continued financial investment, but also process and technology improvements to increase its efficiency.

The Congress has appropriated more than \$789 million over the last three years, which, if combined with the 2021 request, would put FEMA on track to complete required map update by the end of 2021. FEMA also collects offsetting discretionary revenue that contributes to mapping under a different account. FEMA now has the opportunity to assess how maps should be maintained and to evaluate the proper Federal role, as well as build off of investments that utilize additional flood risk data for their Risk Rating 2.0 initiative. Flood hazard mapping is not solely a Federal responsibility. State and local entities should contribute data and communicate flood risk. The Administration will continue to work to improve efficiency in the flood mapping program, including incentivizing increased State and local government investments in updating flood maps to inform land use decisions and reduce risk.

**ELIMINATION: TSA EXIT LANE STAFFING**  
*Department of Homeland Security*

The Budget proposes to shift responsibility of staffing exit points in secure areas of airports to the responsibility of airport operators. Airport operators manage access to the secure area of airports and the physical infrastructure to ensure that the secure area is not breached by unscreened individuals. The Budget proposal eliminates the requirement for Transportation Security Administration (TSA) to staff exit points and saves taxpayers \$84 million.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	84	0	-84

**Justification**

TSA is required by the Bipartisan Budget Act of 2013 to staff exit lanes to ensure that passengers do not re-enter the secure airport environment. The Budget proposes to eliminate this requirement, as it is not a screening function, but a function that falls under the purview of access control. Legislation has been provided to the Congress proposing to transition the responsibility from TSA to airport operators.

This proposal enables TSA to focus its resources on screening functions and risk-based security measures. Airport operators already fund exit lane technologies which either prevent or monitor passenger re-entry. Forcing Transportation Security Officer (TSO) attendance at exit lanes is duplicative, unnecessary and costs the taxpayer \$84 million annually. By redistributing these TSOs to perform screening functions, TSA will be able to improve screening operations, continue to professionalize the workforce, and improve retention of trained, qualified screeners.

**ELIMINATION: TSA LAW ENFORCEMENT GRANTS***Department of Homeland Security*

The Budget proposes to eliminate funding that incentivizes State and local law enforcement entities to provide law enforcement at airports by partially reimbursing those entities. This incentive is no longer necessary, as State and local jurisdictions have had sufficient time to adjust and provide resources.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	46	0	-46

**Justification**

The Transportation Security Administration (TSA) provides assistance to State and local law enforcement jurisdictions to partially reimburse law enforcement entities for their presence at airports. The program was created to encourage law enforcement to station personnel at airports in the wake of the September 11, 2001 attacks, and to lessen the burden on State and local jurisdictions, as they refocused law enforcement efforts. In the almost 20 years since those attacks, airport security continues to be a high priority not just for the Federal Government, but also for the State and local communities whose economies benefit from aviation.

As State and local jurisdictions already pay the majority of law enforcement costs, discontinuing this program would not place an undue financial burden these entities.

**ELIMINATION: TSA VISIBLE INTERMODAL PREVENTION AND RESPONSE TEAMS**  
*Department of Homeland Security*

The Budget proposes to eliminate the Transportation Security Administration's (TSA) Visible Intermodal Prevention and Response (VIPR) Teams. The program is duplicative of the efforts of State and local law enforcement agencies and lacks sufficient demonstrable benefits to justify its continuation.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	59	0	-59

**Justification**

The VIPR Teams Program coordinates with Federal, State, and local law enforcement and transportation personnel to conduct risk-based, periodic deployments throughout all modes of transportation, including commercial aviation, mass transit, passenger rail, and maritime.

As State and local law enforcement agencies already monitor and maintain jurisdiction in these areas, the VIPR Teams efforts are duplicative and unnecessary. In addition, VIPR Team performance measures fail to articulate program effectiveness, and lack demonstrable results. The Budget would eliminate 31 VIPR Teams and would save the taxpayer roughly \$59 million annually.



**ELIMINATION: CHOICE NEIGHBORHOODS**  
*Department of Housing and Urban Development*

The Budget proposes to eliminate the Choice Neighborhoods (Choice) program, recognizing a greater role for State and local governments and the private sector to address community revitalization needs.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	175	0	-175

**Justification**

Choice provides competitive planning and implementation grants to improve neighborhoods with distressed public and/or federally assisted housing. In addition to providing a direct Federal investment, this program seeks to leverage additional private and public funds. While leveraging private resources is desirable, early reports found that many of the private funds leveraged by grantees were existing commitments and appear as if they would have occurred in the absence of a Choice grant.<sup>1</sup> Furthermore, an early evaluation of the program found that Choice grants infrequently catalyzed additional resources beyond housing finance, such as infrastructure or safety resources needed for neighborhood improvement.<sup>2</sup> The grantees only leveraged additional investments of 2 to 20 percent of their total grants as a result of the Choice designation.

State and local governments are better positioned to fund locally driven strategies for neighborhood revitalization. In addition, local governments' commitment to policy changes and interagency coordination are critical to achieving the educational and public safety goals associated with the program, and to achieve the necessary scale to impact entire neighborhoods.<sup>2</sup>

**Citations**

<sup>1</sup> U.S. Department of Housing and Urban Development, *Developing Choice Neighborhoods: An Early Look at Implementation in Five Sites*, (September 2013).

<sup>2</sup> U.S. Department of Housing and Urban Development, *Choice Neighborhoods: Baseline Conditions and Early Progress*, (September 2015).

**ELIMINATION: COMMUNITY DEVELOPMENT BLOCK GRANT**  
*Department of Housing and Urban Development*

The Budget proposes to eliminate funding for the Community Development Block Grant (CDBG) program. The program is not well-targeted to the neediest populations and has not demonstrated a measurable impact on communities.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	3,425	0	-3,425

**Justification**

CDBG provides flexible formula funds to 1,250 State and local grantees to support a wide range of community and economic development activities (e.g., housing rehabilitation, blight removal, infrastructure and public improvements, and public services). The Federal Government has spent over \$150 billion on CDBG since its inception in 1974, but evaluations have been unable to demonstrate program results. The broad purpose and flexible nature of this program allows for a wide range of community activities to be supported, but it is this same flexibility that creates challenges to measuring the program's impact and efficacy in improving communities. The Department of Housing and Urban Development (HUD) Inspector General audits regularly find CDBG grantees did not follow HUD requirements.

The program has also largely remained unchanged since it was last reauthorized in 1994. Studies have shown that the allocation formula poorly targets funds to the areas of greatest need, and many aspects of the program have become outdated.<sup>1</sup> For example, the age of a city's housing stock features prominently in the formula, regardless of its condition, providing more dollars for older, wealthier cities with historic homes than fast-growing cities with similar community development needs. These cities have the fiscal capacity to fund directly or leverage philanthropic dollars for the full range of activities that are currently supported by CDBG, from street paving to improving parks and recreation facilities. Moreover, decreasing appropriations combined with an increasing number of localities qualifying for CDBG allocations has reduced the size of the individual grants over time, further diluting its impact.

The Budget recognizes that State and local governments are better positioned to address local community and economic development needs.

**Citations**

<sup>1</sup> Housing Policy Debate, *CDBG at 40: Its Record and Potential*, Volume 24, Issue 1, (2014).

## REDUCTION: GRANTS TO NATIVE AMERICAN TRIBES AND ALASKA NATIVE VILLAGES

*Department of Housing and Urban Development*

The Budget proposes to reduce overall Department of Housing and Urban Development (HUD) funding targeted to Native American Tribes and Alaskan Native villages. The Budget proposes \$600 million for the Native American Housing Block Grant (NAHBG) program, and redirects the savings to higher priority areas. The Budget also proposes to eliminate the Indian Community Development Block Grant (ICDBG), which is duplicative of other Federal programs and initiatives.

### Funding Summary (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Native American Housing Block Grant.....	825	600	-225
Indian Community Development Block Grant.....	70	0	-70
Total Budget Authority.....	895	600	-295

### Justification

NAHBG provides formula grants to Native American Tribes and Alaska Native villages (Tribes) for affordable housing and related activities. The Budget proposes that funding for this unauthorized program be reduced and redirected to programs in higher priority areas, such as national security and public safety. While the program is fulfilling its mission by increasing the stock of affordable housing in Indian Country, improved data collection is necessary to assess grantee performance on efficiency metrics, such as whether grantees are keeping vacancies to a minimum or turning vacant units over quickly. HUD continues to also work with Tribes to better leverage existing grants and private financing to address affordable housing and development needs.

ICDBG provides competitive grants to Tribes for a range of projects, including the construction and rehabilitation of affordable housing, community facilities, and infrastructure. The Budget proposes to eliminate ICDBG as it is unauthorized and duplicates, in part, HUD's larger NAHBG program and other Federal programs (e.g., Department of Transportation's Tribal Transportation Program).

## ELIMINATION: HOME INVESTMENT PARTNERSHIPS PROGRAM

*Department of Housing and Urban Development*

The Budget proposes to eliminate the HOME Investment Partnerships Program, recognizing a greater role for State and local governments and the private sector in addressing affordable housing needs.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,350	0	-1,350

### Justification

The HOME Investment Partnerships Program provides flexible formula grants to 600 States and localities to expand the supply of affordable housing for low-income households, yet remains unauthorized since 1994. Despite the program's goals and funding, the challenge of affordable housing has only continued to worsen.

Complex market dynamics, including stagnant incomes and local regulations that create barriers to housing development, all contribute to housing cost burden for households across the country, and the problem cannot be solved by the Federal Government or the subsidization of housing construction alone. Moreover, the current system for funding affordable housing is fragmented with varying rules and regulations that create overlap and inefficiencies, as well as challenges to measuring collective performance.<sup>1</sup>

State and local governments are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems. To support efforts, the Administration has established the White House Council on Eliminating Regulatory Barriers to Affordable Housing<sup>2</sup> to help communities address, reduce, and remove the multitude of overly burdensome regulatory barriers that artificially raise the cost of housing development and contribute to the lack of housing supply.

### Citations

<sup>1</sup> Government Accountability Office, *Affordable Rental Housing: Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance*, GAO-15-645, (September 2015).

<sup>2</sup> Executive Order 13878, *Establishing a White House Council on Eliminating Regulatory Barriers to Affordable Housing*, 84 Federal Register 30853, (June 28, 2019).

## **REDUCTION: RENTAL ASSISTANCE PROGRAMS**

### *Department of Housing and Urban Development*

The Budget reflects reforms included in the Administration's proposed Making Affordable Housing Work Act (MAHWA), which would reduce costs across the Department of Housing and Urban Development's (HUD) rental assistance programs, as well as incorporate uniform work requirements. The proposals include increased local control for grantees and administrative simplification, as well as policies that encourage work and self-sufficiency, such as increased tenant rent contributions.

#### **Funding Summary** (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	44,858	41,337	-3,521

#### **Justification**

HUD's rental assistance programs (Housing Choice Vouchers, Public Housing, Project-Based Rental Assistance, and Housing for the Elderly and Persons with Disabilities) provide housing subsidies for about 4.6 million very low-income households. These rental assistance programs generally comprise about 80 percent of HUD's total budget. Due to market rent inflation, program cost growth has averaged over 4 percent annually for the last five years simply to assist roughly the same number of households. Given current fiscal constraints, this cost growth is not sustainable.

In April 2018, the Administration proposed MAHWA, which would fundamentally reform HUD's rental assistance programs. These reforms include increasing tenant rent contributions and minimum rents; in the first significant change to tenant rent structures since 1981, MAHWA would increase the amount of rent paid by tenants from 30 percent of adjusted income to 35 percent of gross income for all work-able households, but currently assisted elderly and persons with disabilities would be held harmless from rent increases, as reflected in the proposed legislation. The reforms would also reduce administrative and regulatory burdens by reducing the frequency of income recertification, and allowing communities to design programs and tenant rent requirements that address local needs. For those tenants who, in certain circumstances, are unable to pay their rents, MAHWA also includes a hardship exemption. These reforms would reduce Federal costs and put the programs on a more sustainable fiscal path, as well as promote self-sufficiency and provide an incentive for tenants to increase their earnings.

In addition to re-proposing MAHWA, the Budget continues to promote self-sufficiency by proposing a requirement for non-elderly and non-disabled tenants to work a minimum of 20 hours per week, or engage in other qualified work activities.

Additionally, the Budget continues to eliminate the Public Housing Capital Fund, recognizing the need for greater contributions from State and local governments and the private sector to help address affordable housing needs for low-income families.

**ELIMINATION: SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY  
PROGRAM ACCOUNT**

*Department of Housing and Urban Development*

The Budget proposes to eliminate funding for small grant programs that are duplicative and/or overlap with other Federal, State, and local efforts. The Budget also recognizes a greater role for State and local governments, and the private sector, in addressing community development and affordable housing needs.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	55	0	-55

**Justification**

The Budget proposes to eliminate the programs in the Self-Help and Assisted Homeownership Opportunity Program (SHOP) account, including SHOP, Capacity Building for Community Development and Affordable Housing program (Section 4), and the rural capacity building program. These programs represent a small fraction of the funds provided by other Federal, State, local, and private entities to support housing and community development activities. The non-profit organizations that receive these grants should have the capacity to substitute funding with more flexible funding from the private sector and philanthropy. For example:

*SHOP*—SHOP is a competitive grant program that provides funds to non-profit organizations to assist low-income homebuyers willing to contribute "sweat equity" toward the construction of their homes. This unauthorized program expired in 2001, and the Budget proposes redirecting its funding to other, higher priority activities.

*Section 4*—Section 4 funding was last authorized in 1996, and the program is effectively an earmark for three organizations. The rural capacity building program is also unauthorized. The Department of Housing and Urban Development has adopted a more integrated and efficient approach to technical assistance and strengthening grantees in recent years, and will align these programs' activities with those efforts, as appropriate.

**ELIMINATION: ABANDONED MINE LAND GRANTS***Department of the Interior*

The Budget proposes to eliminate funding introduced in 2016 for grants to Appalachian States for economic development projects in conjunction with coal abandoned mine land (AML) reclamation. These grants exceed the mission of the Office of Surface Mining Reclamation and Enforcement (OSMRE) and overlap with existing mandatory funds to reclaim abandoned coal mines.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	115	0	-115

**Justification**

The discretionary AML grant program was developed by the Congress in response to the prior administration's mandatory proposal to disburse \$1 billion from the unappropriated balance of the AML Fund to expedite the cleanup and redevelopment of eligible lands and waters affected by historic coal mining practices, and thus promote economic development. The Congress appropriated \$90 million in 2016 discretionary funding for these activities in three Appalachian States (Kentucky, West Virginia, and Pennsylvania) and has increased funding and eligible recipients in subsequent years. These grants are not central to OSMRE's mission of coal AML reclamation and overlap with existing mandatory funds to reclaim abandoned coal mines. The Administration intends to assist these areas by streamlining permit approvals and eliminating unnecessary regulations, such as lifting the moratorium on coal leasing on public lands, rolling back the Clean Power Plan, and helping to nullify the Stream Protection Rule.

**ELIMINATION: CENTENNIAL CHALLENGE FUND***Department of the Interior*

The Budget proposes to eliminate discretionary funding for the Centennial Challenge Fund at the National Park Service (NPS) because mandatory resources are available to support the program.<sup>1</sup> The Fund provides Federal resources to match donations for NPS projects and has primarily been used to fund infrastructure projects. The Budget would also offset the need for the Fund by proposing new mandatory resources for NPS deferred maintenance projects through the Public Lands Infrastructure Fund.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	15	0	-15

**Justification**

The Budget proposes to eliminate discretionary resources for the Centennial Challenge Fund because it is expected to receive millions in mandatory funds from sales of the Senior Pass in 2021. The majority of Centennial Challenge Funds have been used to help pay for infrastructure improvement projects; thus, the Budget's proposed multi-billion dollar Public Lands Infrastructure Fund would reduce the need for this program. Given limited discretionary resources, eliminating this program would allow NPS to focus on other higher-priority activities, such as park operations.

**Citations**

<sup>1</sup> Public Law 114-289, *National Park Service Centennial Act*.



**ELIMINATION: HERITAGE PARTNERSHIP PROGRAM***Department of the Interior*

Through the Heritage Partnership Program, the Congress established 55 National Heritage Areas to commemorate, conserve, and promote areas that include important natural, scenic, historic, cultural, and recreational resources. The Budget proposes to eliminate funding for the Heritage Partnership Program, which is partially authorized and is secondary to the primary mission of the National Park Service (NPS). This program provides financial and technical assistance to congressionally designated National Heritage Areas, which are managed by non-Federal organizations to promote the conservation of natural, historic, scenic, and cultural resources. The Budget includes a request for minimal resources to close-out and transition the program to the State, local, or private entities that manage the Areas.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	22	0	-22

**Justification**

National Heritage Areas are not part of the National Park System, and the lands are not federally owned and managed. The lands within heritage areas tend to remain in State, local, or private ownership. Thus, these grants to State and local entities are not a Federal responsibility. National Heritage Area managers should use the national designation to facilitate more sustainable funding opportunities from local and private beneficiaries. As noted in a Government Accountability Office report, there is no systematic process for designating Heritage Partnership Areas or determining their effectiveness.<sup>1</sup> The proposed funding elimination would also allow NPS to focus resources on core park and program operations, such as visitor services.

**Citations**

<sup>1</sup> Barry T. Hill, Director, Natural Resources and Environment, U.S. General Accounting Office, *National Park Service: A More Systematic Process for Establishing National Heritage Areas and Actions to Improve Their Accountability Are Needed*, testimony before the Committee on Energy and Natural Resources, U.S. Senate, GAO-04-593T, (March 30, 2004).

## ELIMINATION: INDIAN GUARANTEED LOAN PROGRAM

*Department of the Interior*

The Budget proposes to eliminate new loan subsidy funding for the Indian Guaranteed Loan Program as it largely duplicates other Federal loan programs that serve Indian Country.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	12	1	-11

### Justification

The Indian Guaranteed Loan Program supports Indian Country by guaranteeing and insuring loans to Indian Tribes, tribal members and Indian-owned businesses. The Budget proposes to eliminate funding for new loan subsidies but maintain funding for the Program to manage its existing loan portfolio. The Indian Guaranteed Loan Program largely duplicates existing Federal loan guarantee programs that support Indian Country, such as those operated by the Small Business Administration. In addition, the Department of the Interior's Office of the Inspector General<sup>1</sup> found that the program has internal control weaknesses, which have not been fully resolved. Furthermore, eliminating funding for new loan subsidies would support the President's reform plan: *Delivering Government Solutions in the 21st Century*,<sup>2</sup> which proposed to, where feasible, centralize small business loan and loan guarantee programs under the Small Business Administration.

### Citations

<sup>1</sup> U.S. Department of the Interior, Office of Inspector General, *Stronger Internal Controls Needed Over Indian Affairs Loan Guarantee Program*, 2016-CR-036 (November 2017).

<sup>2</sup> *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

**ELIMINATION: NATIONAL WILDLIFE REFUGE FUND***Department of the Interior*

The Budget proposes to eliminate discretionary funding for the National Wildlife Refuge Fund. This Fund was intended to compensate communities for lost tax revenue from Federal land acquisitions, but fails to take into account the economic benefits refuges provide to communities. In addition, communities receive these payments with "no strings attached."

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	13	0	-13

**Justification**

Though the National Wildlife Refuge Fund was intended to compensate communities for lost tax revenue from Federal land acquisitions, evidence shows that refuges often generate tax revenue for communities—in excess of what was lost—by increasing property values and creating tourism opportunities for the American public to connect with nature. A 2013 study found that National Wildlife Refuges generated an estimated \$2.4 billion in sales for local economies, supported over 35,000 jobs, and resulted in over \$340 million in tax revenues at the local, State, and Federal level from recreational spending.<sup>1</sup> A study prepared for the U.S. Fish and Wildlife Service by North Carolina State University in 2012 found that property values surrounding refuges are higher than equivalent property values elsewhere.<sup>2</sup> In addition, approximately \$8 million per year in mandatory appropriations is provided to communities from the National Wildlife Refuge Fund.

**Citations**

<sup>1</sup> U.S. Fish and Wildlife Service, *Banking on Nature: the Economic Benefits to Local Communities of National Wildlife Refuge Visitation*, (October 2013).

<sup>2</sup> North Carolina State University Center for Environmental and Resource Economic Policy, *Amenity Values of Proximity to National Wildlife Refuges*, (April 2012).

## REDUCTION: U.S. GEOLOGICAL SURVEY ECOSYSTEMS RESEARCH

*Department of the Interior*

The U.S. Geological Survey (USGS) conducts certain work related to ecosystems that has provided sufficient scientific information to meet Interior's land and species management responsibilities or is focused on monitoring and/or restoration activities that are the responsibility of States or other Federal agencies. The Budget proposes to significantly reduce funding for this lower priority research.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	252	127	-125

### Justification

Ecosystems research at USGS provides scientific information and decision support to meet Interior's shared responsibility for land and species management, energy and mineral development, invasive species and wildlife disease management, and treaty obligations with Tribes. Ecosystems research is conducted through five programs. The Budget proposes to eliminate the Cooperative Research Units Program, which funds research at universities to enhance graduate education, which is outside of the core USGS mission. The associated research activities benefit local resource managers and could be assumed by States. The Budget also proposes significant reductions to the Species Management and the Land Management Research Programs in areas where the causes of environmental degradation or risk to species is generally well known, and monitoring and restoration are the responsibility of States and other Federal agencies.

**REDUCTION: TRIBAL WELFARE ASSISTANCE PROGRAM***Department of the Interior*

The Budget proposes to significantly reduce funding for the Bureau of Indian Affairs' (BIA) Welfare Assistance Program as it largely duplicates other Federal and State assistance programs that currently serve Indian Country.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	75	17	-58

**Justification**

The Welfare Assistance Program supplements other Federal and State assistance programs that serve members of American Indian and Alaska Natives Tribes by assisting individuals who do not qualify for assistance or who have exhausted benefits under the other programs. The services the program provides were designed to be secondary in nature, consequently, they largely duplicate other available assistance programs. As a secondary resource, the program is not central to the BIA's mission. The proposed reduction will allow the BIA to focus resources on its core programs.

## REDUCTION: COPS HIRING PROGRAM

*Department of Justice*

The Budget proposes to reduce resources for the COPS Hiring Program in order to reallocate funding to higher priority Federal law enforcement programs that lead efforts to address targeted violence, human trafficking, gangs, violent crime, and the opioid epidemic in communities across the Nation.

### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	235	99	-136

### Justification

In 1994, the Clinton Administration began administering the COPS Hiring Program, which was initially designed as a six year program that would enable State and local law enforcement agencies to hire or redeploy 100,000 officers for community policing efforts. The program continues today by subsidizing routine functions of local police departments by funding a portion of entry-level salaries and benefits for newly hired or rehired police officers. These resources are spread thin and are not well targeted to achieve public safety outcomes. For example, the majority of awards fund only one to two positions per law enforcement agency. Further, the COPS Hiring Program is duplicative of other grants administered by DOJ, including the Byrne Justice Assistance Grants.

Reallocating resources from COPS Hiring to Federal law enforcement allows the Department of Justice (DOJ) to focus on high priority Federal investigations that target criminals posing the greatest threat to society. The Budget would provide \$16 billion to Federal law enforcement agencies, including the Federal Bureau of Investigation; the Drug Enforcement Administration; the United States Marshals Service; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; and the Organized Crime and Drug Enforcement Task Forces, which work in concert with State and local law enforcement partners. This funding allows DOJ to respond to national security crises; investigate violent- and drug-related crime; and apprehend, detain, and prosecute offenders.

**REDUCTION: PRISON CONSTRUCTION FUNDING**  
*Department of Justice*

The Budget proposes to cancel \$505 million in construction funding reserved for the Bureau of Prison's (BOP) planned Letcher County, KY facility in order to reallocate funding to other national priorities, including maintaining Federal law enforcement capacity, improving national security, and enforcing immigration laws. Given that the declining prison population has reduced capacity demands, new construction is more costly than purchasing existing unused facilities, prison construction has not been shown to spur local economic growth, and complications associated with the Letcher County site have contributed to increased costs and significant delays, the Budget does not support the construction of this prison.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	0	-505	-505

**Justification**

The BOP Buildings and Facilities account includes the funds associated with land and building acquisition, new prison construction, and land payments for the Federal Transfer Center in Oklahoma City, as well as funds associated with the renovation of Bureau-owned buildings and structures.

Between 2006 and 2017, Congress appropriated approximately \$510 million to BOP for the construction of a new prison in Letcher County, KY. The facility would expand system-wide capacity by 960 high-security beds and 356 minimum-security beds. BOP originally estimated 60 months for construction, but complications related to land acquisition and topography have caused significant delays. To date, BOP has obligated just \$3 million, or 0.6 percent, of the \$510 million appropriated. The Budget proposes to cancel \$505 million from these reserved funds.

From a budget and policy perspective, several compelling factors weigh against construction of the Letcher County facility:

*Population Trends*—While the project was initially designed to address overcrowding, the total inmate population has decreased by 20 percent since 2013, resulting in system-wide reductions in crowding. In particular, crowding at high-security facilities has dropped from 54 percent to just 13 percent, and there is no crowding in minimum-security facilities.

*Cost Effectiveness of Construction*—BOP accommodates population increases using a combination of contract confinement, facility purchase, and facility construction. Historically, the construction of a facility has been the least cost-effective means of securing additional space. On average, construction of a new facility costs approximately \$370 million, while the Letcher County facility is projected to cost \$510 million, or 38 percent more. In contrast, BOP purchased AUSP Thomson in 2012 for just \$165 million. Once activation is complete, Thomson is expected to provide between 1,600 and 2,500 additional beds, yielding a maximum cost of \$100,000 per bed compared to \$386,000 per bed at Letcher. Of note, the proclivity to build new facilities is not due to a shortage of existing facilities. Due to declining prison populations nationwide, there is sufficient availability of decommissioned prisons and detention centers for purchase if additional capacity is needed.

*Economic Impact*—Although the Letcher facility has been touted as an economic boon for the region, jobs at the new facility will not necessarily be filled by people already living in the community. Due to the unique challenges of activation, new prisons typically first employ existing, experienced correctional officers who relocate from elsewhere in the system. Further, research has suggested that the strict qualifications for Federal law enforcement related to education and professional experience may preclude many local residents from being able to take advantage of these positions. Therefore, prison construction largely does not provide economic growth in rural counties, and in fact, may impede it.<sup>1,2,3,4</sup>

*Project Complications*—Letcher County’s unique topography has proven to be a complication for the project. As the proposed site is situated on the former site of a mountaintop removal mining operation, unique challenges related to access, utilities, and environmental impact have contributed to increased costs and significant delays. Additionally, the agency continues to struggle to acquire land from the multiple landowners currently in possession of the property.

### Citations

<sup>1</sup> Congressional Research Service, *Economic Impacts of Prison Growth*, R41177, (2010).

<sup>2</sup> Hooks et al. *Revisiting the Impact of Prison Building on Job Growth: Education, Incarceration, and County-Level Employment, 1976-2004*, *Social Science Quarterly*, (2010).

<sup>3</sup> Besser and Hanson, *The Development of Last Resort: The Impact of New State Prisons on Small Town Economies*, *Journal of the Community Development Society*, (2004).

<sup>4</sup> Perdue and Sanchagrín, *Imprisoning Appalachia: The Socio-Economic Impacts of Prison Development*, *Journal of Appalachian Studies*, pp. 210-223, (2016).



**ELIMINATION: STATE CRIMINAL ALIEN ASSISTANCE PROGRAM***Department of Justice*

The Budget proposes to eliminate the State Criminal Alien Assistance Program (SCAAP) from the Office of Justice Programs within the Department of Justice. SCAAP, which reimburses State, local, and tribal governments for prior year costs associated with incarcerating certain illegal criminal aliens, is unauthorized and poorly targeted. The Administration proposes to instead invest in border enforcement and border security initiatives that would more effectively address the public safety threats posed by criminal aliens.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	244	0	-244

**Justification**

This program represents a general revenue transfer to States that neither focuses resources on immigration enforcement nor fully reimburses their detention costs. In 2018, the reimbursement rate was about 24 cents on the dollar, with just four States—California, Florida, New York, and Texas—receiving over two-thirds of available funds. Further, the program has no performance metrics or programmatic requirements associated with the funds to improve public safety. The program does not require recipients to use SCAAP awards solely for the purpose of addressing the cost of detaining criminal aliens in State, local, and tribal detention facilities. Further, the program does not require States to cooperate with Federal immigration detainer requests, and therefore cannot be leveraged to maximize public safety benefits.

**ELIMINATION: INDIAN AND NATIVE AMERICAN PROGRAM**  
*Department of Labor*

The Indian and Native American Program (INAP) duplicates services that are funded through the Department of Labor's core Workforce Innovation and Opportunity Act (WIOA) job training formula grants. The Budget proposes to eliminate INAP, an unproven program that has never been rigorously evaluated. As an alternative, the Budget would create a Native American set-aside in the WIOA Adult formula grant program as exists in the WIOA Youth program, integrating Native American training efforts into the core workforce system instead of supporting parallel efforts.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	55	0	-55

**Justification**

INAP provides grants to Indian Tribes and related organizations aimed at helping low-income and unemployed Native Americans, Native Alaskans, and Native Hawaiians obtain the skills necessary to compete in the economy by providing training and support services. The INAP program is 88 percent more expensive per participant than the WIOA Adult program, but performance results are comparable to the outcomes of WIOA Adult participants, which calls into question its relative cost effectiveness. In addition, the program has never been rigorously evaluated, so it is unclear whether program participants would have had the same employment outcomes in the absence of the program. Further, there is very little turnover in grantees. The grantee cohort has remained almost exactly the same over the past decade, leading to a situation where grantees are not pushed to improve their performance.

The Budget proposes to eliminate standalone funding for this unproven program, instead creating a Native American set-aside within the WIOA Adult program in order to better integrate workforce services for Native American adults into the core workforce system. This elimination represents a first step toward the job training consolidation proposal presented in the Administration's Government-wide reorganization plan, *Delivering Government Solutions in the 21st Century*.<sup>1</sup>

**Citations**

<sup>1</sup> *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

## REDUCTION: JOB CORPS

### *Department of Labor*

The Budget proposes to reform Job Corps by closing low-performing centers, piloting new approaches to service delivery, enabling States to become center operators, and focusing the program on youth most likely to benefit from the intervention.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,744	1,016	-728

### Justification

Job Corps provides training and educational services to approximately 50,000 disadvantaged youth (ages 16-24) at 121 primarily residential centers nationwide. The program has historically struggled with numerous issues, including safety and security, uneven center performance, and a lack of innovation. A randomized control trial of the program found no overall long-term employment or earnings impacts associated with program participation, though it did find positive long-term earnings impacts for the 20-24 year old cohort.<sup>1</sup> At \$34,000 per participant, the program is also extremely costly. Moreover, many Job Corps centers have failed to provide safe environments for their students and staff, and this Administration has closed two centers due to violence. A 2018 Government Accountability Office report found that in just a single year, there were 14,000 reported safety and security incidents at Job Corps centers, including 31 deaths.<sup>2</sup> Recent Department of Labor (DOL) Office of Inspector General (OIG) reports have cast further doubt on the program's effectiveness, with one finding that Job Corps contractors could not demonstrate that their services lead to student placement in jobs and another finding serious failings in the program's efforts to maintain the safety and security of its students and staff.<sup>3,4</sup> The OIG has included Job Corps security and safety on its list of top challenges facing the Agency.

The Budget proposes aggressive steps to improve Job Corps for the youth it serves by closing centers that chronically do a poor job educating and preparing students for jobs, focusing the program on the older youth for whom it is more effective, improving center safety, and making other changes to increase program quality and efficiency. In addition, DOL will expand several recently-initiated pilots to test new models for operating Job Corps centers.

### Citations

<sup>1</sup> Schochet, et al. *National Job Corps Study: Findings Using Administrative Earnings Record Data*, (2003).

<sup>2</sup> Government Accountability Office, *Job Corps: DOL Could Enhance Safety and Security at Centers with Consistent Monitoring and Comprehensive Planning*, GAO-18-482, (2018).

<sup>3</sup> U.S. Department of Labor, Office of Inspector General, *Job Corps Could Not Demonstrate Beneficial Job Training Outcomes*, (2018).

<sup>4</sup> U.S. Department of Labor, Office of Inspector General, *Review of Job Corps Center Safety and Security*, (2017).

**ELIMINATION: MIGRANT AND SEASONAL FARMWORKER TRAINING**  
*Department of Labor*

The Budget proposes to eliminate the Migrant and Seasonal Farmworker Training program (also known as the National Farmworker Jobs Program). The program is duplicative in that it creates a parallel training system for migrant and seasonal farmworkers, despite the fact that these individuals are eligible to receive services through the core Workforce Innovation and Opportunity Act (WIOA) formula programs.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	92	0	-92

**Justification**

The Migrant and Seasonal Farmworker Training program awards grants to organizations to provide training, employment, and other services to migrant farmworkers, with the goal of increasing their employment and earnings. The program also awards housing assistance grants to 11 organizations. Grantees include a mix of for-profit corporations, non-profits, and State agencies. While the program reports favorable performance results in terms of the share of participants entering employment, the program has not been rigorously evaluated so it is unclear whether these outcomes would have happened in the absence of the program. Those participants who currently receive training and employment services are eligible for similar services through the core WIOA job training formula grant programs. In addition, while grants are competitively awarded, there is inadequate competition and very little grantee turnover. This program elimination represents a first step toward the job training consolidation proposal presented in the Administration's Government-wide reorganization plan, *Delivering Government Solutions in the 21st Century*.<sup>1</sup>

**Citations**

<sup>1</sup> *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

**ELIMINATION: OSHA TRAINING GRANTS**  
*Department of Labor*

The Budget proposes to eliminate the Occupational Safety and Health Administration's (OSHA) Susan Harwood training grants, which are unnecessary and unproven.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	12	0	-12

**Justification**

OSHA's Harwood Training Grant program was established in 1978 to provide competitive grants to non-profit organizations to develop and conduct occupational safety and health training programs. OSHA has no evidence that the program is effective, and measures the program's performance in terms of the number of individuals trained, rather than improvements in workplace safety and health. In addition, the training activities funded by these grants could still occur absent the Federal subsidy. The Budget proposes to provide resources for OSHA's compliance assistance activities, including free on-site safety and health consultations for small businesses; cooperative programs to help employers identify and address hazards; and assistance to help employers and workers improve the safety of their workplaces. Training and outreach programs delivered directly by the Agency can provide information more efficiently. Additionally, numerous training and information resources are available on OSHA's website.

**ELIMINATION: SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM**  
*Department of Labor*

The Budget proposes to eliminate the Senior Community Service Employment Program (SCSEP). SCSEP is duplicative of the Workforce Innovation and Opportunity Act (WIOA) job training formula grants, and is ineffective in achieving its goal of transitioning seniors into unsubsidized employment.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	405	0	-405

**Justification**

SCSEP distributes grants to States and public and private non-profit organizations to provide part-time work experience in community service activities to unemployed low-income persons aged 55 and over.

While the program provides some income support to about 60,000 individuals each year, it fails to meet its other major statutory goals of fostering economic self-sufficiency and moving low-income seniors into unsubsidized employment. SCSEP has transitioned a mere half of annual participants into unsubsidized employment within the first quarter after exiting the program in only one of the most recent nine program years.<sup>1</sup> In addition, these placement rates exclude the nearly one half of program participants who do not complete the program. At more than \$7,200 per participant, SCSEP is not a cost-effective mechanism to facilitate community service among older adults. Further, the Department of Labor Inspector General recently found that the program's largest grantee intentionally misused more than \$4 million of program funds on items such as personal travel, Netflix subscriptions, and nearly \$800 thousand in expenses for the former Board of Directors' Chairman and other former senior executives.<sup>2</sup> The goal of supporting the self-sufficiency and employment of older workers can continue to be addressed through the WIOA formula grants.

**Citations**

<sup>1</sup> Department of Labor, *Senior Community Service Employment Program: Aggregate and Individual Performance*, (2010–2018).

<sup>2</sup> Department of Labor, Office of the Inspector General, *Experience Works, Inc. Misused More Than \$4 Million In SCSEP Grant Funds*, 26-18-002-03-360, (2018).

## ELIMINATION: ECONOMIC AND DEVELOPMENT ASSISTANCE ACCOUNTS

*Department of State and U.S. Agency for International Development*

The Budget proposes to consolidate, realign, and reduce economic and development assistance across budget accounts, countries, and sectors to better advance U.S. interests, target the challenges of a new era of great power competition, support reliable strategic and diplomatic partners and allies, and ensure efficiency, effectiveness, and accountability to the U.S. taxpayer. The Budget proposes to eliminate the Development Assistance (DA) and Assistance for Europe, Eurasia and Central Asia (AEECA) accounts, and to fund selected programs previously covered by these accounts through the new consolidated Economic Support and Development Fund (ESDF) account, improving flexibility and enabling a more balanced consideration of how these programs support U.S. interests. The ESDF account focuses foreign assistance in regions and on sectors that advance national security and protect the American people, promote U.S. prosperity and economic opportunities, and advance American interests and values around the world.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Development Assistance.....	3,400	0	-3,400
Assistance for Europe, Eurasia and Central Asia.....	770	0	-770

### Justification

Eliminating DA and AEECA as separate accounts would streamline economic and development assistance, and improve the efficiency and flexibility of allocating assistance across countries and sectors through the single ESDF account. It would allow the Department of State (State) and U.S. Agency for International Development (USAID) to treat regions, sectors, and countries on an equivalent basis, avoiding the sometimes suboptimal allocations that result from directed funding. Between 2013 and 2015, the Congress did merge the AEECA account into the Economic Support Fund for similar reasons: a separate regional account with similar authorities is not necessary and can make re-allocations across countries and regions to adjust to emerging opportunities and changing needs on the ground less flexible and efficient. Despite these challenges, in 2016 the Congress reinstated AEECA as a separate account.

This consolidation would also allow State and USAID to better assess, prioritize, and target development-related activities in the context of broader U.S. strategic objectives and partnerships around the world, ensuring that foreign assistance goes where it can most successfully advance U.S. foreign policy goals. Reflecting this new and more strategic approach, the Budget realigns economic and development assistance to core programs with demonstrated results that protect the American people, promote U.S. prosperity, and advance American interests and values in the current geopolitical environment of great power competition with China and Russia. It emphasizes supporting allies and partners while sharing assistance burdens more fairly; countering strategic competitors; providing a clear alternative to state-directed investment; leveraging the private sector to advance U.S. economic opportunities; and graduating developing countries from foreign aid by advancing their self-reliance.

The Budget recognizes that it's *how* the U.S. spends its foreign aid, and not *how much*, that is most important for advancing our goals and demonstrating the value of the U.S. model of leadership abroad. It focuses resources on friendly countries that are reliable partners, while also setting the expectation that other donors need to do more to support economic growth and development globally. The Budget would allocate assistance in a more targeted and effective manner, where and how it's needed, while ensuring that aid programs incorporate strong accountability and improved processes to track data and apply evidence of what works. Such programs are best able to build the capacity and capability of developing countries to drive their own economic growth and reduce their need for traditional assistance. To further build the self-reliance of developing countries and advance U.S. economic opportunities, the Budget also proposes to strengthen private-sector investment environments and leverage the new Development Finance Corporation to support U.S. businesses while advancing private-sector-led development and national security partnerships.

**REDUCTION: EDUCATIONAL AND CULTURAL EXCHANGES**  
*Department of State and U.S. Agency for International Development*

The Budget proposes to significantly reduce Federal funding for the Department of State’s Educational and Cultural Exchange Programs, under the Bureau of Educational and Cultural Affairs (ECA). Federal support for educational and cultural exchanges should be focused on efficient and effective programs that help build networks of leaders abroad to promote a more free and prosperous world. Program resources for people-to-people exchanges would support strategic foreign policy objectives that benefit Americans.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	731	310	-421

**Justification**

When originally authorized in the Mutual Educational and Cultural Exchange Act of 1961, educational and cultural exchanges were an important means of exposing foreign citizens to U.S. culture, and U.S. citizens to foreign cultures. The State Department currently manages over 75 active academic, professional, and cultural exchange programs. The large number of different exchange programs creates major challenges to effective program management. Reducing the number of exchange programs to a core few would allow the State Department to focus its oversight resources on those programs that have demonstrated results.<sup>1</sup>

The Administration has recognized the need to control spending and proposes to focus on a more limited set of exchange programs that most directly target the U.S. Government's strategic needs, both in terms of the people recruited and the places from which they're recruited. Yet the Congress has continued to appropriate over \$700 million annually to support the large number of academic, professional, and cultural exchange programs at the Department of State. In addition, globalization and privately-financed expansion of people-to-people exchanges, academic study opportunities, and international visitors have fundamentally changed the landscape since federally funded exchange programs were authorized over 50 years ago. For example, of the funding sources that supported the more than 1 million international students in the U.S. in the 2018-2019 academic year, less than one percent<sup>2</sup> was provided by State Department exchange programs.

The State Department's Office of Inspector General (OIG) recently audited 12 cooperative agreements across the Agency and its largest implementing organization, totaling \$403 million in awards and \$265 million in expenses. The OIG found that the Department of State performed inadequate monitoring of agreements, and that the implementing organization did not always comply with certain terms and conditions of the agreements, such as maintaining supporting documentation for some cost-sharing expenses.<sup>3</sup>

**Citations**

<sup>1</sup> U.S. Advisory Commission on Public Diplomacy, *Comprehensive Annual Report on Public Diplomacy and International Broadcasting*, (2018).

<sup>2</sup> Institute of International Education, *Primary Source of Funding from the 2019 Open Doors Report*.

<sup>3</sup> Office of Inspector General, U.S. Department of State, *Audit of the Administration of Selected Cooperative Agreements Awarded to the Institute of International Education by the Bureau of Educational and Cultural Affairs*, AUD-CGI-18-15, (February 2018).



## **REDUCTION: INTERNATIONAL ORGANIZATION CONTRIBUTIONS**

*Department of State and U.S. Agency for International Development*

The Budget proposes to end or reduce funding for international programs and organizations whose missions do not substantially advance U.S. foreign policy interests, or for which the funding burden is not fairly shared among members. Funding for these organizations is currently provided in two accounts: dues and other assessed support are provided through Contributions to International Organizations (CIO), and additional voluntary contributions are provided through International Organizations and Programs (IOP). No funding for the IOP account is requested in the Budget.

### **Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Contributions to International Organizations.....	1,474	966	-508
International Organizations and Programs.....	391	0	-391
Total Budget Authority.....	1,865	966	-899

### **Justification**

The Budget requests \$966 million for contributions to the United Nations (UN), technical agencies, and other international organizations. It would fully fund international organizations critical to our national security, but makes cuts or reductions to other organizations and programs whose results are unclear or whose work does not directly affect our national security interests. The United States will continue to pursue greater accountability, identify efficiencies, and work to have equitable cost-sharing among other members.

The Budget request continues to signal our enduring commitment to greater accountability and transparency of international organizations and shared responsibility among their members. The United States is just one of 193 countries in the UN but pays for 22 percent of the regular budget, more than any other member state. Some of the UN's programs, such as its Regional Economic Commissions, provide unclear results or accomplishments, or as in the case of some of its human rights mandates, do not advance U.S. national interests or are biased or critical of the United States or close U.S. allies, such as Israel.

In reviewing U.S. membership in international organizations, in 2017 the Department of State notified the United Nations Educational and Cultural Organization (UNESCO) of its decision to withdraw from the organization. This decision reflected U.S. concerns with the need for fundamental reform in the organization and continuing anti-Israel bias at UNESCO. Since then, the United States has also announced its withdrawal from the UN Human Rights Council, in part because some of the UN's human rights mandates do not advance U.S. national interests or are biased or critical of the United States or close U.S. allies. In October 2019, the United States filed notice that it would withdraw from the Universal Postal Union (UPU) if sufficient reforms were not made to correct UPU postal rates-setting practices that favored certain countries at the expense of the United States, unfairly disadvantaging American companies and creating economic distortions. These efforts resulted in a significant victory to institute reforms of international postal rates that are fairer to the United States, allowing the U.S. to remain in the UPU. Another recent success in efforts to achieve more equitable burden sharing was the reduction in the U.S. assessment rate for the North Atlantic Treaty Organization, so that the U.S. share is now in line with other major members.

To the extent the United States decides to pursue continued funding for any of the programs or organizations previously supported via the IOP account, the Budget assumes that it would do so in 2021 through the Economic Support and Development Fund and other foreign assistance accounts.

**ELIMINATION: P.L. 480 TITLE II FOOD AID**  
*Department of State and U.S. Agency for International Development*

The Budget proposes to eliminate the P.L. 480 Title II food aid program (Title II) in order to focus on the highest priority, most efficient and effective foreign assistance, and eliminate inefficient, slow, and high-cost programs. The foreign assistance request retains sufficient funding for emergency food assistance in the new, consolidated International Humanitarian Assistance (IHA) account, which, like its predecessor—the International Disaster Assistance (IDA) account—can provide food aid through the most effective means for each crisis and can provide U.S. food commodities where they are the most appropriate emergency response.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,725	0	-1,725

**Justification**

Title II provides emergency and development food aid, primarily through the purchase and shipment of U.S. commodities. The Budget focuses humanitarian and development assistance on the highest priorities, and proposes to eliminate duplicative and inefficient programs. Providing emergency food aid through IHA will have at least the same flexibilities as IDA (see the Budget *Appendix* for additional detail on IHA). IDA allows more appropriate and, on average, more cost effective assistance than Title II food aid. Unlike Title II, IDA has demonstrated the flexibility to adjust to conflict and other situations (such as the Syria crisis) where affected people may be displaced multiple times. Procuring food near crises can save up to two months or more on delivery time, and can significantly reduce the costs of food aid. Other tools such as cash vouchers, where appropriate, also help support local economies shaken by humanitarian crises, which can lower overall needs. Given limited resources, it is important to focus funding on the most efficient assistance mechanisms. In this case, IDA has allowed—as IHA will allow—the choice of the right tool at the right time and maximizes the reach of U.S. assistance.

*Disproportionate share of global food aid*—The United States is the largest provider of emergency food aid, typically accounting for a third or more of all contributions. As the United States refocuses assistance to the highest priority areas, the Budget calls upon other donors to do their fair share.

*Slower and more costly*—Title II takes an average of four to six months to deliver food aid, which means that food may need to be moved before it is certain that it is needed (such as anticipating whether and how severe a drought may be) or shipments may arrive too late. Like IDA, using IHA could significantly shorten the delivery time. In some disasters, IDA has allowed food to arrive within days, not months. While in certain cases Title II can be prepositioned to save some time, the additional storage, handling, and delivery costs mean that U.S. taxpayers are paying even more compared to the costs of IHA or IDA.

*Less efficient than other foreign assistance*—The 2018 Farm Bill requires that at least \$365 million of annual Title II appropriations must be used for high-cost and inefficient development food aid programs. While the Farm Bill includes some changes in the development food aid requirements that reduce some of the long-standing inefficiencies, there are other less costly and more efficient mechanisms to provide development assistance. Eliminating these programs would align with the approach taken toward other foreign assistance programs, ensuring that funding can be focused on the highest priorities, on efficiency, and on effectiveness. The U.S. Agency for International Development would continue to fund longer-term food security and nutrition programs through the Economic Support and Development Fund and the Global Health Programs.

**REDUCTION: PEACEKEEPING***Department of State and U.S. Agency for International Development*

The Budget would support a United States contribution for United Nations (UN) peacekeeping missions at or below the statutory cap of 25 percent within the Contributions to International Peacekeeping Activities (CIPA) account, but pay a third on a deferred basis. The U.S. would continue to work with the UN to constrain peacekeeping costs, eliminate missions as conditions warrant, and achieve greater operational and management efficiencies.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,526	1,079	-447

**Justification**

With over 83,000 personnel and an annual budget of nearly \$7 billion, UN peacekeeping can be a powerful tool to address challenges to international peace and security. However, peacekeeping missions alone cannot achieve lasting peace nor are they the appropriate response in all instances and must be part of a larger strategic context that includes political solutions to these protracted conflicts. Furthermore, continued reform is needed to create not only more efficient, effective, and accountable peacekeeping operations but to ensure that each mission's mandate reflects the realities on the ground and is supported by the necessary political will and structures to achieve its objectives.

The Budget request of \$1.1 billion for U.S. contributions to UN peacekeeping activities supports a United States contribution at or below the statutory cap of 25 percent for UN peacekeeping missions, but would pay a third on a deferred basis. At an assessed rate of 27.9 percent, the United States is assessed more than its fair share of the cost, particularly when the other four permanent UN Security Council members with veto power have an assessed rate between 3 and 15 percent of the total. The Budget continues to reinforce the expectation that the UN should reduce costs by reevaluating the design and implementation of peacekeeping missions and sharing the funding burden more fairly among members. The United States will continue to work with the Secretary General and members of the Security Council to increase mission effectiveness and reduce the overall peacekeeping budget.

**REDUCTION: PUBLIC DIPLOMACY**  
*Department of State and U.S. Agency for International Development*

The Budget proposes a reduction to traditional Public Diplomacy (PD) programs, which includes a significant shift of funding from traditional PD to the more strategic Global Engagement Center (GEC). Where traditional PD programs include one-time cultural and educational events abroad, the GEC focuses on countering foreign state and non-state disinformation and houses counter-Russian and counter-Chinese propaganda teams. The proposed funding shift and reduction to traditional PD will more strategically support national security priorities and target modern threats.

**Funding Summary**  
 (In millions of dollars)

	2019 Enacted	2021 Request	2021 Change from 2019
Budget Authority.....	645	524	-121

*Note: Public Diplomacy is funded within Diplomatic Programs, and includes both traditional PD programs and the GEC. Reductions to traditional PD programs are achieved through a significant shift of funding toward the GEC. Appropriations do not include a specific figure for Public Diplomacy within Diplomatic Programs.*

**Justification**

PD efforts aim to advance U.S. foreign policy goals and U.S. national security interests by informing, influencing, and building relationships with foreign publics in support of U.S. policy priorities. For State to succeed in its mission to inform, influence, and build relationships with foreign publics in a fast-changing environment, it must shift its PD strategy toward more modern and strategic tactics that are agile, data-driven, and audience-focused. Traditional PD engagement includes funds managed by regional bureaus for overseas PD programming. Of these funds, a portion go toward post-based one-time cultural and educational small grants, which range from \$3,000 to \$20,000 each and in some instances are emblematic of uncoordinated PD efforts. Examples have included: \$4,800 to send American artists to a poetry festival in Finland, \$7,500 for a foreign student to attend Space Camp, and \$10,000 to support the Muppet Retrospectacle in New Zealand. The Budget would reduce traditional PD funding and instead fund the GEC to bolster efforts to counter Russian and Chinese disinformation and propaganda.

**ELIMINATION: THE ASIA FOUNDATION**  
*Department of State and U.S. Agency for International Development*

The Budget continues to support the elimination of an earmarked appropriation for The Asia Foundation (TAF). TAF serves a niche mission that duplicates other Federal programs as well as non-profit and private sector organizations. This non-profit organization could continue to leverage private sector contributions and Federal grant funding to sustain its programs.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	19	0	-19

**Justification**

TAF is a private, non-governmental organization founded in 1954. Even though this organization is authorized, it is highly unusual for private organizations to receive a direct appropriation with no direct leadership from the Executive Branch to provide oversight. The Administration continues to support ending dedicated funding for organizations that may effectively serve niche missions, but which are not critical to the conduct of U.S. foreign policy and which duplicate the efforts of other Federal programs or the non-profit and private sectors. By continuing to support this change, TAF will be incentivized to compete for Federal funding, which will improve efficiency while minimizing the potential for duplication. Due to its non-profit status, elimination of earmarked Federal funding will not terminate this organization, and TAF remains eligible for Federal grant funding and private sector contributions.

## ELIMINATION: AIRPORT IMPROVEMENT PROGRAM DISCRETIONARY GRANTS

### *Department of Transportation*

The Budget proposes to eliminate funding for discretionary grants for the Federal Aviation Administration's Airport Improvement Program (AIP). The state-of-repair of eligible AIP projects such as runways and taxiways is high, and the Administration believes additional discretionary funding is not necessary at this time. The Administration supports AIP at its authorized level of \$3.35 billion in the Budget.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	400	0	-400

#### Justification

AIP provides grants to roughly 3,300 airports for airfield capital improvements or rehabilitation projects such as runways and taxiways. The program is authorized at \$3.35 billion per year. The state of repair of airfield infrastructure is good—over 98 percent of the runways at commercial service airports are in excellent, good, or fair condition. The Congress has provided additional unrequested discretionary funding of nearly \$2 billion for AIP since 2018. Given the high state-of-repair for runways and taxiways, the Budget would not continue the discretionary funding for AIP grants. The 2021 Budget supports the authorized level of \$3.35 billion.

**REDUCTION: CAPITAL INVESTMENT GRANTS (NEW STARTS)**  
*Department of Transportation*

The Budget proposes to reduce funding for the Capital Investment Grant program, which provides Federal funding for local transit projects. The Administration believes this program should be targeted to the most impactful projects. Therefore, while the Budget includes \$925 million for new projects, it does not prematurely allocate these resources to specific projects. The Department of Transportation will award funding to projects that best align with the Administration's priorities, such as higher local share and greater private investment.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,978	1,889	-89

**Justification**

Capital Investment Grants support the construction of new or extension to fixed guideway transit systems with primarily localized benefits, such as commuter rail, light rail, streetcars, and bus rapid transit. It is authorized through 2020 in the FAST Act, the current surface transportation authorization bill.

The Budget proposes \$1.9 billion, which includes \$945 million for existing signed full funding grant agreements and \$925 million for new projects to enter into new agreements, primarily from the pipeline of projects that are likely to be ready for a grant agreement next year. The Budget proposes a reduced funding level for new projects to enter the Capital Investment Grant program. The Administration proposes to target this funding to the projects that provide the most regionally significant transportation benefits; do not rely heavily on Federal assistance and have substantial, committed State and local funding contributions; and that utilize innovative delivery mechanisms, such as public private partnerships.

**REDUCTION: ESSENTIAL AIR SERVICE**  
*Department of Transportation*

The Budget proposes to reform the Essential Air Service (EAS) by reducing discretionary funding and limiting the per-passenger subsidies for communities that are relatively close to larger airports.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	162	142	-20

**Justification**

EAS is an outdated program, designed 40 years ago to be a temporary program to mitigate potential impacts from airline deregulation. Many EAS flights are not full and have high per-passenger subsidy costs. The average 2018 per-passenger subsidy for EAS communities in the continental United States was \$120, with a high of \$605. Previous piecemeal efforts to reform the EAS program have failed. In constant 2016 dollars, EAS spending has increased 600 percent since 1996, and 132 percent since 2008. The average cost per community in the continental United States in 2018 was \$2.5 million. Several EAS communities are close to other airports and have fewer than 10 average daily enplanements, with many communities repeatedly receiving waivers if they did not meet the enplanement and subsidy cap requirements.

The Administration believes it is essential to reform the EAS program to finally bring spiraling costs under control, while ensuring that truly remote communities receive air service. The Budget includes a modest legislative reform proposal to ensure that Federal funds are efficiently targeted at the communities most in need. These reforms limit EAS eligibility to communities receiving subsidized service in 2020; increase the subsidy cap from \$200 to \$250 per passenger for communities located within 210 miles of a large or medium hub airport; eliminate the subsidy waiver for this requirement; and propose a 10 percent cost share for communities that don't meet certain eligibility requirements.



**REDUCTION: GRANTS TO AMTRAK***Department of Transportation*

The Budget proposes to restructure Amtrak's Long Distance network, phasing decision-making and cost responsibilities to States. The proposal would promote a market-based, passenger-focused intercity passenger rail network that better meets the transportation demands of the American public. The Budget proposal would mark the end of the Federal Government fully subsidizing Amtrak's Long Distance routes, after a multi-year transition period.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Amtrak NEC.....	700	325	-375
Amtrak National Network.....	1,300	611	-689

**Justification**

Amtrak's Long Distance routes suffer from poor on-time performance; account for only 4.5 million of Amtrak's 32.5 million annual passengers; and incur annual operating losses of nearly \$500 million. In particular, in 2019 the Sunset Limited Long Distance Route served 92,800 passengers, but generated a \$31.5 million operating loss, resulting in a \$339 Federal subsidy per passenger. Other Long Distance Routes, including the Southwest Chief, Cardinal, and California Zephyr, have thus far required subsidy of \$166, \$147, and \$138 respectively per passenger. Furthermore, only 12 percent of Long Distance passengers are riding endpoint to endpoint, with most passengers traveling to and from intermediate markets, typically less than 500 miles apart.

The Long Distance network has not changed from its original iteration more than 40 years ago. It does not provide efficient services in areas where passenger rail is a competitive form of transportation, and inadequately serves low population areas through which they travel with infrequent and inconvenient service. The Budget proposes that Federal operating support for Long Distance routes would now be provided through a new account, National Network Transformation Grants, not directly to Amtrak's annual grant, and then phased out entirely. In 2021, the Department of Transportation, Amtrak, States, and affected local governments will collaborate to rationalize the Long Distance network to more efficiently serve modern market needs as a series of shorter-distance, high-performing corridor services where passenger rail as a transportation option makes sense. Low population areas along the routes will be better served by other modes of transportation, like intercity buses.

States are encouraged to apply with Amtrak for the transformation grants in 2021 so they can begin to make informed decisions about their routes and the elements they value to continue operating in the future. Grants will phase down over four years, with Federal funds covering 100 percent of operating costs in year one, 80 percent in year two, 60 percent in year three, and 40 percent in year four. While the Budget would reduce subsidy to Amtrak's National Network, funding is still proposed for remaining capital costs on the long distance network and provides sufficient funding to cover these costs. Over time, Federal support for Amtrak would be significantly reduced as Amtrak is able to right-size its network and States play a larger role, as they do now for State-supported and Northeast Corridor services.

The Budget also proposes \$325 million for continued investments in Northeast Corridor, to improve reliability and performance of the corridor. This request is equal to the 2017 enacted level, and the Budget would encourage Amtrak to increase efficiencies across all asset lines.

**ELIMINATION: HIGHWAY INFRASTRUCTURE PROGRAMS**

*Department of Transportation*

Over the past three years, the Congress has supported the Administration's call for additional infrastructure investments by providing additional discretionary funding for Federal-aid Highway grant programs, on top of the mandatory funding provided out of the Highway Trust Fund (HTF). In the 2021 Budget, the Administration is proposing to increase those HTF mandatory programs, via a 10-year FAST Act reauthorization proposal. Given this, the Budget does not continue the discretionary "plus-ups" to the HTF programs, and calls on the Congress to pass a multi-year, fiscally responsible reauthorization that continues to make improvements to the Nation's roadways and bridges.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	2,166	0	-2,166

**Justification**

The Congress appropriated \$2.2 billion out of the General Fund in 2020 for Highway Infrastructure Programs. Of this amount, \$781 million was for additional formula funds for the Surface Transportation Block Grant (STBG) program, \$1.2 billion was for bridge replacement and rehabilitation grants, \$100 million was for Appalachian Development Highway System projects, and \$70 million was for nationally-significant Federal lands and tribal transportation projects. The Administration supports additional investments in the Nation's highways and bridges. Given that the current surface transportation authorization, the FAST Act, expires after 2020, the Administration supports folding these funding increases into the main Federal-aid Highway Program, funded out of the Highway Trust Fund. Therefore, the Budget proposes to increase contract authority out of the Highway Trust Fund for the Federal-aid Highway Program by \$3.6 billion compared to the 2020 FAST Act-authorized level.

**ELIMINATION: PORT INFRASTRUCTURE DEVELOPMENT PROGRAM***Department of Transportation*

This proposal eliminates the Port Infrastructure Development program, which is duplicative of other Department of Transportation financial assistance programs. Port projects seeking Federal support can access various surface transportation grant and loan programs, which the Administration is proposing to significantly expand, via a 10-year FAST Act reauthorization.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	225	0	-225

**Justification**

This program provides grants to fund projects that improve land-based transportation facilities within and around coastal seaports. However, there is no Federal assistance gap for these projects. Such projects are already eligible under multiple Department of Transportation programs, including the competitive INFRA and BUILD programs. The Administration believes port projects should compete with other freight-related projects on an equal footing. There is no justification for supporting a carve-out of funding for ports.

**REDUCTION: RAILROAD SAFETY USER FEE***Department of Transportation*

Railroads benefit directly and indirectly from the Federal Government's efforts to ensure high safety standards through the Federal Railroad Administration's rail safety inspectors and activities, and it is appropriate for railroads, like other regulated industries, to partially fund Federal safety efforts.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Fees.....	0	-50	-50

**Justification**

The Budget proposes to reinstate the Railroad Safety User Fee, which was originally authorized by the Congress in 1990 and implemented by the Federal Railroad Administration between 1991 and 1995. However, the Congress repealed the provision for this fee in September 1995. Reinstatement of this user fee would support the Federal Government's cost for rail safety inspectors and rail safety activities, and would help balance costs funded by taxpayers and those borne by the railroad operators that benefit directly and indirectly from the program. This model is not unique in the Department of Transportation; for example, the Pipeline and Hazardous Materials Safety Administration partially offsets its safety regulation activities with fees on oil and gas pipeline operators.

**ELIMINATION: TRANSIT INFRASTRUCTURE GRANTS***Department of Transportation*

Over the past three years, the Congress has supported the Administration's call for additional infrastructure investments by providing discretionary funding for transit state of good repair and bus grants, on top of the mandatory funding provided for these programs out of the mass transit account of the Highway Trust Fund (HTF). In the 2021 Budget the Administration proposes to increase those HTF-funded programs, via a 10-year surface transportation reauthorization proposal. Therefore, the Budget does not continue the discretionary "plus-ups" to these programs.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	510	0	-510

**Justification**

The Congress provided \$834 million in 2018 and \$700 million in 2019 in General Fund appropriations for rail transit state of good repair grants and bus and bus facilities grants. These programs fund formula and competitive grants to help address the Nation's aging transit infrastructure and to rehabilitate and replace buses and bus-related facilities. Almost \$3.5 billion in Highway Trust Fund (HTF) contract authority is provided to these base programs in 2020, as authorized through the FAST Act.

The 2021 Budget proposes to increase funding through the HTF for these programs by \$896 million compared to the 2020 authorized levels, as part of the Administration's surface transportation reauthorization proposal. Therefore, additional general fund appropriations are not necessary.

## REDUCTION: COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

*Department of the Treasury*

The Budget proposes to eliminate funding for the Community Development Financial Institutions (CDFI) Fund's grant programs, but requests \$14 million for oversight of existing commitments and administration of the CDFI Fund's other programs. The CDFI industry has matured, and these institutions should have access to private capital needed to build capacity, extend credit, and provide financial services to the communities they serve.

### Funding Summary (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
CDFI Fund Administration.....	29	14	-15
CDFI Fund Awards.....	233	0	-233
Total Budget Authority.....	262	14	-248

### Justification

Created in 1994, but currently unauthorized, the CDFI Fund provides grants, loans, and tax credits to a national network of CDFIs to expand the availability of credit, investment capital, and financial services for underserved people and communities. Today, there are over 1,100 Treasury-certified CDFIs—including loan funds, community development banks, credit unions, and venture capital funds—active in all 50 States and the District of Columbia. The Budget proposes to eliminate funding for the Fund's four discretionary grant and direct loan programs because continued over-reliance on Federal funds hinders long-run sustainability of this now mature industry. However, it would maintain funding for administrative expenses to support ongoing CDFI Fund program activities. Furthermore, the Budget proposes to extend CDFI's Bond Guarantee Program with reforms to increase taxpayer protections, better mitigate risk and streamline administrative processes. The Bond Guarantee program offers CDFIs low-cost, long-term financing and requires no credit subsidy.

**ELIMINATION: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT***Department of the Treasury*

The Budget does not propose funding for the International Fund for Agricultural Development (IFAD), which supports agricultural development in poor countries. Agricultural development funding by the multilateral development banks (MDBs) dwarfs IFAD, while the U.S. Agency for International Development (USAID) bilateral food security programs focus related funding in areas of particular interest to the United States.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	30	0	-30

**Justification**

IFAD is a United Nations specialized agency that provides agricultural programs focused mainly on remote rural areas of poor countries. In 2021, IFAD is seeking the third year of funding for the three-year IFAD-11 replenishment of donor funds, and, as in 2019 and 2020, the 2021 Budget includes no request.

The United States will further focus its food security funding on USAID bilateral programs for agricultural development and food security. USAID programs are specifically designed to have significant impacts on malnutrition and poverty, include stringent outcome measures of performance, and are aligned with U.S. strategic priorities. USAID programs also have a major focus on increasing resilience of vulnerable populations and addressing the root causes of recurrent food crises in countries that receive significant U.S. humanitarian assistance.

In addition to bilateral funding, the United States Government and other donors support the same type of agricultural investments in poor countries through other mechanisms, and in particular through MDBs. MDB annual funding for agricultural development is several billion dollars. To the extent that there are lessons learned from IFAD, MDBs can be encouraged to employ them in their program selection and implementation.

## **REDUCTION: SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM**

*Department of the Treasury*

The Budget proposes to reduce funding for the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) commensurate with the wind-down of TARP programs.

### **Funding Summary** (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	22	18	-4

### **Justification**

Public Law 110-343, The Emergency Economic Stabilization Act of 2008, created SIGTARP and tasked the office with conducting, supervising, and coordinating audits and investigations of the purchase, management, and sale of assets by the Secretary of the Treasury under TARP. The Congress aligned the sunset of SIGTARP with the length of time that TARP funds or commitments are outstanding. Treasury estimates all programs will substantially close by 2023, at which time the last payments under the Home Affordable Modification Program are expected to occur. SIGTARP The Emergency Economic Stabilization Act of 2008 has commenced sunset planning and will retain access to mandatory funding provided in previous years that will help the office manage an orderly wind-down of its operations.

This funding reduction reflects that less than one percent of Treasury's TARP investments remain outstanding, over 98 percent of Housing Finance Agency Hardest Hit Funds have been disbursed, and the application periods for the Federal Housing Administration Refinance program and Making Home Affordable initiative have ended. Further, the Office of Financial Stability, the Treasury office administering TARP, rapidly wound down upon the closure of most TARP programs and is close to a steady-state of staff sufficient to complete its reporting and oversight responsibilities.



## REDUCTION: CATEGORICAL GRANTS

### *Environmental Protection Agency*

The Environmental Protection Agency (EPA) provides categorical grants to help fund State environmental program offices and activities. Many States have been delegated authority to implement and enforce Federal environmental laws including the Clean Air Act, Clean Water Act, and Safe Drinking Water Act. The Budget proposes to reduce many of these grants and eliminate others to better focus and prioritize environmental activities on core functions required by Federal environmental laws. For example, currently a State could choose to use Federal funds to support voluntary public education efforts (such as public signage) or provide sub-grants to individual community programs. The Budget continues to propose a categorical grant to provide States additional flexibility in how they meet their mandatory Federal statutory environmental requirements.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,076	605	-471

#### **Justification**

EPA categorical grant funding is intended to help States meet Federal environmental law requirements and standards. The Budget proposes to eliminate or substantially reduce Federal investment in State environmental activities that go beyond EPA's statutory requirements. States could adjust to reduced funding levels by reducing or eliminating additional activities not required under Federal law, prioritizing programs, and seeking other funding sources. The Budget also continues to propose a categorical grant (Multipurpose Grants) to respond to State requests for additional flexibility in how they can spend categorical grants. These Multipurpose Grants would be available for any delegated mandatory statutory duty to help avoid the creation of unfunded mandates.

**REDUCTION: ENERGY STAR AND VOLUNTARY CLIMATE PROGRAMS**  
*Environmental Protection Agency*

The Budget proposes to authorize the Environmental Protection Agency (EPA) to administer the ENERGY STAR program through the collection of user fees, which will have participating entities directly pay for the services and benefits that the program provides. The Budget also proposes to eliminate funding for several voluntary partnership programs related to energy and climate change, transferring the management of the programs to the private or nonprofit sectors.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	66	0	-66

*Note: The 2020 enacted value is an estimate as EPA has not yet finalized the FY 2020 Operating Plan.*

**Justification**

ENERGY STAR is a longstanding voluntary certification program that aims to help businesses and individuals save money and protect the environment through improved energy efficiency. After the program was founded in 1992, and since reauthorized by the Energy Policy Act of 2005, EPA has administered the program using annual discretionary appropriations with support from the Department of Energy.

The Budget proposes to authorize the administration of the ENERGY STAR program through the collection of user fees, including an advanced appropriation to operate the program in advance of collections. Fee collection would begin after EPA undertakes a rulemaking process to determine which products would be covered by fees, the level of each fee, and to ensure that a fee system would not discourage manufacturers from participating in the program or result in a loss of environmental benefits. By administering the voluntary program through the collection of user fees, entities participating in ENERGY STAR would directly pay for the services and benefits that the program provides.

The Budget also proposes to eliminate funding for several smaller voluntary partnership programs related to energy and climate change. These programs are not essential to EPA's core mission and can be implemented by the private sector.

**REDUCTION: GEOGRAPHIC PROGRAMS**  
*Environmental Protection Agency*

Geographic Programs fund a variety of ecosystem protection activities within specific watersheds, including the Great Lakes, Chesapeake Bay, Puget Sound, and others. Ecosystem protection activities include efforts like stream-bed restoration and invasive species removal. These activities are primarily local efforts and the responsibility for coordinating and funding these efforts generally belongs with States and local partnerships.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	510	331	-179

**Justification**

The Budget would fully fund the Great Lakes Restoration Initiative and South Florida program, and maintain limited funding for the Chesapeake Bay program to fund critical basin-wide monitoring and state and local capacity building. These efforts present a uniquely Federal role due to the need for continuous long-term monitoring in these complex watersheds and the current lack of capacity for non-Federal groups to take on this role. Eliminating funding for the remaining Geographic Programs would refocus the Environmental Protection Agency on core national work. These programs perform local ecosystem protection and restoration activities, which are best handled by local and State entities. State and local groups are engaged and capable of taking on management of clean-up and restoration of these water bodies.

**REDUCTION: RESEARCH AND DEVELOPMENT***Environmental Protection Agency*

The Budget proposes to reconfigure and restructure the Environmental Protection Agency's (EPA) activities in research and development to focus on research objectives that support statutory requirements. Extramural Science to Achieve Results (STAR) grants would not receive funding.

**Funding Summary**

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	500	281	-219

**Justification**

Research and Development (R&D) at EPA provides the scientific foundation for credible decision-making to safeguard human health and ecosystems from environmental pollutants.

As EPA shifts its programmatic resources to focus on core Agency responsibilities, the scientific R&D activities would also be prioritized. At the proposed funding levels for the Office of Research and Development, the Agency would prioritize intramural research activities that are either related to statutory requirements or that support basic and early stage R&D activities in the environmental and human health sciences.

Extramural R&D activities, in the form of research grants to non-Federal entities such as universities, are not required to meet EPA's statutory obligations and therefore would not be funded. In addition, similar research can be funded and conducted by non-Federal entities without EPA support. For example, EPA's Science to Achieve Results (STAR) grants are extramural research and would not be funded in 2021.

EPA would continue to perform important environmental research to develop scientific and technological solutions that would improve air and water quality, such as developing methods to detect potentially harmful levels of chemicals like per- and polyfluoroalkyl substances in drinking and wastewaters. Additionally, EPA will carry out lead exposure modeling to help protect the health of vulnerable populations (including children) and will develop risk assessments to inform EPA decisions at Superfund, brownfield, and hazardous waste sites.

**REDUCTION: SUPERFUND**  
*Environmental Protection Agency*

The Budget proposes to reduce funding for the Environmental Protection Agency's (EPA) Hazardous Substance Superfund account, in recognition of the efficiency efforts the Agency has employed through the Superfund Task Force that was established in 2017. Additionally, the Agency will optimize the use of existing settlement funds for sites where those funds exist and will continue to look for ways to remove barriers that have delayed the program's ability to clean up contaminated sites so communities can use them for beneficial purposes.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,185	1,072	-113

**Justification**

The Hazardous Substance Superfund Account funds EPA's efforts to address the emergency release of hazardous substances and the long-term cleanup of hazardous waste sites. EPA relies on a combination of appropriated funds and settlements with responsible parties to perform its duties. There are 1,335 active sites on the National Priorities List (NPL) of the most hazardous sites in the Nation, many of which have been on the NPL for decades. While a good portion of these sites include complex groundwater, soil, and sediment contamination, some are viewed as languishing as the indirect costs of administration have gone up while cleanup activities have slowed down. The Budget would reflect the efficiencies the agency has made through implementing the recommendations of the Superfund Task Force and challenges the Agency to optimize the use of settlement funds for the cleanup actions at sites where those funds are available. EPA will continue to implement the recommendations of the Superfund Task Force and utilize lessons learned to remove the barriers that have been preventing sites from returning to the communities for beneficial use.

**ELIMINATION: OFFICE OF STEM ENGAGEMENT**  
*National Aeronautics and Space Administration*

The Budget proposes to terminate the National Aeronautics and Space Administration's (NASA) Office of STEM Engagement, and prioritize NASA funding toward supporting an innovative and sustainable program of exploration with commercial and international partners. The discontinuation of NASA's education grant programs is unlikely to have a significant impact on overall research and STEM capacity building that would continue to be supported through other means.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	120	0	-120

**Justification**

The Office of STEM Engagement provides grants to colleges and universities as well as informal education institutions such as museums and science centers. The Budget proposes the termination of the office, redirecting those funds to NASA's core mission of exploration. Elements of NASA's education program, such as the Experimental Program to Stimulate Competitive Research (EPSCoR), are also conducted at—and funded by—other agencies. The discontinuation of NASA's education grant programs is unlikely to have a significant impact on the Nation's overall STEM research and capacity building, which would continue to be supported through other means.

The Budget continues to support STEM-related activities such as internships and robotics competitions in other parts of NASA that are more closely linked to NASA's mission.

**ELIMINATION: SOFIA AIRBORNE OBSERVATORY**  
*National Aeronautics and Space Administration*

The Budget proposes to terminate operations of the SOFIA airborne observatory. The science productivity for this telescope falls short of that expected for a large mission with annual operating costs exceeding \$80 million.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	85	12	-73

**Justification**

The Stratospheric Observatory for Infrared Astronomy (SOFIA) consists of a 747 plane equipped with a large telescope. SOFIA's annual operations budget of more than \$80 million is the second most expensive in the National Aeronautics and Space Administration (NASA) Astrophysics program, yet the mission has not delivered high quality data products or science on par with other large science missions. Future projections do not indicate a dramatic improvement in SOFIA's scientific productivity in the next few years. The nature of the program, which relies on observations using an expensive platform (an airplane) with expensive consumables (jet fuel), results in low cost efficiency compared to most observatories. Funding used to operate SOFIA can have a larger impact supporting other NASA programs. Additionally, the James Webb Space Telescope, planned to launch in 2021, will provide data that partially mitigates the absence of SOFIA.

**REDUCTION: SPACE LAUNCH SYSTEM UPGRADE**  
*National Aeronautics and Space Administration*

The National Aeronautics and Space Administration (NASA) is developing two versions of the Space Launch System (SLS) rocket—a version called Block 1 and an upgraded version called Block 1B—to launch astronauts to the Moon in the mid-2020s. The program is facing significant cost, schedule, and management challenges resulting in billion dollar cost overruns and multiple-year delays. The Budget would fully fund the Block 1 SLS and Orion crew capsule at levels necessary to support the earliest technically achievable launch dates, and to support sending American astronauts to the Moon. The Administration proposes deferring funding for the Block 1B upgrade, and instead focuses the program on completion of the initial version of the SLS and supporting a reliable SLS and Orion annual flight cadence. Other elements of the Artemis program, including the Lunar Gateway and lunar landers, will be launched on competitively-procured commercial launch vehicles, complementing the crew transportation flights on the SLS. This approach will speed up the timeline for lunar surface exploration and increase the sustainability of the program.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	300	0	-300

**Justification**

The Space Launch System rocket is a core component of NASA's exploration program but has repeatedly been cited by the Government Accountability Office and NASA's Inspector General for poor performance. Specifically, they have noted a failure to use reliable cost and schedule estimates or use best practices for funds control. The Administration proposes to focus efforts on successfully completing the first SLS rocket and preparing it for its first flight before engaging on a costly multi-year Block 1B upgrade program that is not needed for lunar exploration over the next decade. The current SLS is planned to launch once per year and will be costly to operate. Competitively procuring commercial launch vehicles to carry cargo as a complement to crewed SLS launches will speed up lunar exploration plans and save money in 2020 and future years that will be critical for supporting exploration activities on the lunar surface in a sustainable manner.



**ELIMINATION: TWO EARTH SCIENCE MISSIONS**  
*National Aeronautics and Space Administration*

The Budget proposes to terminate two National Aeronautics and Space Administration (NASA) Earth science missions: the Plankton, Aerosol, Cloud, ocean Ecosystem (PACE) mission, and the Climate Absolute Radiance and Refractivity Observatory (CLARREO) Pathfinder. Given current data availability, spending almost a billion dollars to demonstrate enhanced capabilities for ocean and climate monitoring is not a priority in the current fiscal environment.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	157	0	-157

**Justification**

The PACE mission would provide data on oceans and aerosols (particles in the atmosphere). The CLARREO Pathfinder would demonstrate a technique for making more accurate climate measurements, but there are no plans for a follow-on mission that would use the technique once it is demonstrated. Current satellites provide essential data for ocean and climate monitoring. While the PACE mission and CLARREO Pathfinder would provide additional capabilities over existing satellites, funding enhancements (estimated to cost a total of almost one billion dollars) in these areas is a lower priority compared to other NASA programs. The Budget would continue to support a robust Earth-observing program, including one that sustains existing ocean and climate remote-sensing capabilities.

**ELIMINATION: WFIRST SPACE TELESCOPE**  
*National Aeronautics and Space Administration*

The Budget proposes to terminate the Wide Field Infrared Survey Telescope (WFIRST). Given delays and cost growth with the James Webb Space Telescope (Webb), which is still under development, the Administration is not ready to proceed with another multi-billion-dollar space telescope until Webb has been successfully launched and deployed.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	511	0	-511

**Justification**

WFIRST was originally envisioned as a less-than-two billion space telescope. Now it is estimated to cost \$3.2-\$3.9 billion. It is not prudent to develop another large space telescope until the Webb telescope, which has grown to \$9.7 billion in lifecycle costs, has successfully launched, deployed, and is operational. The Budget proposes to terminate WFIRST and focus on mission success for Webb, which has only a few months of schedule reserve left ahead of its 2021 launch date and faces a complex in-space deployment sequence. In addition, funding both Webb and WFIRST would require redirecting funding from other programs, disrupting the balance of the overall science portfolio.

**REDUCTION: ENTREPRENEURIAL DEVELOPMENT PROGRAMS**  
*Small Business Administration*

The Budget proposes to reduce funding to the Small Business Administration's (SBA) Entrepreneurial Development Programs. The Budget proposes to reduce funding for duplicative programs and wasteful/unnecessary spending.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	261	168	-93

**Justification**

SBA provides grants to support organizations throughout the country to help connect entrepreneurs with the information and assistance they need to start and grow their businesses. The 2021 Budget proposes cuts to the Entrepreneurial Development Programs including Federal funding for the Small Business Development Center (SBDC) and Service Corps of Retired Executives (SCORE) programs. SBA is currently unable to determine the effectiveness of the SBDC program because the agency lacks the statutory authority to collect data on SBDC clients for program evaluation purposes. The Budget continues to request the authority to collect this data for program evaluation purposes. A recent review by the Inspector General found that the SCORE program commingled Federal funds with unrestricted donations and used Federal funds for unallowable and unsupported costs. The Budget would also eliminate funding for the following unauthorized programs: Federal and State Technology Partnership Program, Growth Accelerators, Program for Investment in Micro-Entrepreneurs, and Regional Innovation Clusters.

## **ELIMINATION: CHEMICAL SAFETY BOARD**

### *Other Independent Agencies*

The Budget proposes to eliminate the U.S. Chemical Safety and Hazard Investigation Board (CSB), consistent with the Administration's efforts to eliminate agencies and programs that are largely duplicative of efforts carried out by other agencies.

#### **Funding Summary** (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	12	10	-2

### **Justification**

CSB is an independent agency authorized by the Clean Air Act Amendments of 1990, whose mission is to investigate accidents at chemical facilities to determine the conditions or circumstances that led to the accident. The Congress intended CSB to be an investigative arm that is wholly independent of the rulemaking, inspection, and enforcement authorities of its partner agencies in making recommendations to prevent similar accidents from occurring in the future. While CSB has done some useful work on its investigations, its overlap with other agency investigative authorities has often generated friction. Previous management sought to focus CSB's recommendations on the need for greater regulation of industry, which frustrated both regulators and industry. The pressure to tie investigations to management priorities culminated in whistleblower complaints that led to a critical report issued in 2015 by the Environmental Protection Agency Office of the Inspector General<sup>1</sup> and was the subject of hearings and recommendations from the U.S. House of Representatives Oversight and Government Reform Committee.<sup>2,3</sup> CSB's new leadership is making progress on rectifying the previous management challenges, but due to the relative duplicative nature of its work, and the Administration's focus on streamlining functions across the Federal Government, the Budget continues to recommend eliminating the Agency.

### **Citations**

<sup>1</sup> U.S. Environmental Protection Agency, Office of Inspector General, *FY 2015 U.S. Chemical Safety and Hazard Investigation Board Management Challenges*, 16-N-0018, (October 2015).

<sup>2</sup> Government Publishing Office, *Whistleblower Reprisal and Management Failures at the U.S. Chemical Safety Board: Hearing before the House Committee on Oversight and Government Reform*, Serial No. 113-120, (June 2014).

<sup>3</sup> Chaffetz et al. *Letter to President Obama requesting that he exercise his statutory authority to remove U.S. Chemical Safety Board Chairman Dr. Rafael Moure-Eraso as well as CSB General Counsel Richard Loeb and Managing Director Daniel Horowitz*, (March 2015).

## ELIMINATION: CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

### *Other Independent Agencies*

The Budget proposes to eliminate the Corporation for National and Community Service (CNCS) and provide funding for the orderly shutdown of the Agency. Funding community service and subsidizing the operation of nonprofit organizations is outside the proper role of the Federal Government. To the extent these activities have value, they should be supported by the nonprofit and private sectors and not with Federal subsidies provided through the complex Federal grant structure run by CNCS.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	1,104	82	-1,022

#### Justification

CNCS is a grant-making agency that funds service opportunities, often paying members a living allowance and education award of nearly \$6,000 for their service. Many of CNCS's programs are unable to demonstrate their impact, and the Agency has struggled to effectively implement complex program requirements, facing significant management and oversight challenges. The Government Accountability Office and the CNCS Inspector General have documented numerous instances of improper uses of AmeriCorps and VISTA funds by grantees, including using grant funds for campaign and lobbying activities and failing to conduct required criminal history background checks.<sup>1,2,3</sup>

Funding community service and subsidizing the operation of non-profit organizations is outside the proper role of the Federal Government. Over 60 million Americans perform volunteer activities in their communities each year, absent subsidies from the Federal Government, and would likely continue to do so after CNCS is eliminated.<sup>4</sup> Programs currently funded by CNCS that demonstrate value should be able to compete successfully for funding from individual donors and the nonprofit and private sectors.

#### Citations

<sup>1</sup> Office of Inspector General, *Corporation for National and Community Service: Management Challenges for Fiscal Year 2017*, (December 2016).

<sup>2</sup> Government Accountability Office, *Monitoring Efforts by Corporation for National and Community Service Could Be Improved*, GAO-17-90, (March 2017).

<sup>3</sup> Government Accountability Office, *Corporation for National and Community Service Needs to Develop a System That Supports Grant Monitoring*, GAO-17-267, (August 2017).

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics: *Volunteering in the United States – 2015*, USDL-16-0363, (February 2016).

**ELIMINATION: CORPORATION FOR PUBLIC BROADCASTING**  
*Other Independent Agencies*

The Budget proposes to eliminate Federal funding for the Corporation for Public Broadcasting (CPB) over a two-year period. CPB grants represent a small share of the total funding for the Public Broadcasting Service (PBS) and National Public Radio (NPR), which primarily rely on private donations to fund their operations. To conduct an orderly transition away from Federal funding, the Budget requests \$30 million for agency close-out costs for 2021. This would fund facilities costs, personnel liabilities, and existing contracts. Close-out costs are estimated to be \$58 million over the phase-out period.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	465	30	-435

**Justification**

CPB provides grants to qualified public television and radio stations to be used at their discretion for purposes related to program production or acquisition, as well as for general operations. CPB also supports the production and acquisition of radio and television programs for national distribution. CPB funding comprises about 15 percent of the total amount spent on public broadcasting, with the remainder coming from non-Federal sources, with many large stations raising an even greater share. This private fundraising has proven durable, negating the need for continued Federal subsidies. Services such as PBS and NPR, which receive funding from CPB, could make up the shortfall by increasing revenues from corporate sponsors, foundations, and members. In addition, alternatives to PBS and NPR programming have grown substantially since CPB was first established in 1967, greatly reducing the need for publicly funded programming options.

**ELIMINATION: D.C. TUITION ASSISTANCE GRANTS**  
*Other Independent Agencies*

The Budget proposes to eliminate the unauthorized Federal Payment for Resident Tuition Support (D.C. Tuition Assistance Grants). District of Columbia (D.C.) residents may avail themselves of the many other Federal programs available to all Americans.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	40	0	-40

**Justification**

The D.C. College Access Act of 1999 was last reauthorized in 2008, and has been unauthorized since 2012. The Budget proposes to eliminate the Federal payments supporting Tuition Assistance Grants. While this program has helped many D.C. residents afford college, the financial position of the D.C. government has significantly improved since 1999 providing D.C. with flexibility to allocate local funds to support its residents. Reducing the cost of college for "in-state" students is typically a state function. If, given their size, D.C. decides to pursue this type of policy through grants rather than through its own university system it would be more appropriately funded by local tax revenues. There are many Federal programs and tax benefits available to Americans, including D.C. residents, seeking to enroll in college—such as Pell Grants, Federal student loans, and the American Opportunity Tax Credit that help ensure continued college access.

**ELIMINATION: INSTITUTE OF MUSEUM AND LIBRARY SERVICES**  
*Other Independent Agencies*

The Budget proposes to eliminate the Institute of Museum and Library Services (IMLS), which provides funding to museums and libraries across the country through formula and competitive grant awards. IMLS's funding supplements local, State, and private funds, which provide the vast majority of funding to museums and libraries.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	252	23	-229

**Justification**

IMLS provides funding to museums and libraries across the country through formula and competitive grant awards. IMLS provides formula funds to State Library Administrative Agencies, and administers several smaller competitive grant programs for libraries and museums that fund activities such as scholarships for librarian training and digital resources to support educational, employment, and other training opportunities. IMLS's funding supplements local, State, and private funds, which provide the vast majority of funding to museums and libraries. Furthermore, given that IMLS primarily supports discrete, short-term projects as opposed to operation-sustaining funds, it is unlikely the elimination of IMLS would result in the closure of a significant number of libraries and museums.



**ELIMINATION: INTERNATIONAL DEVELOPMENT FOUNDATIONS**  
*Other Independent Agencies*

The Budget proposes to consolidate small grants functions and assistance aimed at reaching poor and remote communities that are currently carried out by the African Development Foundation (ADF) and the Inter-American Foundation (IAF) into the U.S. Agency for International Development (USAID) in order to streamline functions across Government. The Budget proposes funding for one-time close-out costs for ADF and IAF, while also requesting new funding for grantmaking and select personnel through USAID (not included in the funding summary below).

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
African Development Foundation.....	33	5	-28
Inter-American Foundation.....	38	4	-34

**Justification**

ADF and IAF were first authorized over 30 years ago, and both have operated without an authorization since 1987. In light of limited U.S. foreign assistance resources, and in recognition of the panoply of international affairs agencies operating today, the Budget proposes consolidating ADF and IAF's functions into USAID, as the U.S. Government's primary development agency. These agencies pursue niche missions that result in duplication of overhead and programmatic functions with USAID. Consolidation into USAID would capitalize on the existing expertise, capacity, and tools that ADF and IAF provide, including their regional and market segment emphases, while offering these programs a platform that would bring organizational efficiencies and better align them with USAID's development programs, U.S. foreign policy objectives, and the National Security Strategy. The consolidation would continue to address congressional interest in small grant programs in Africa, Latin America, and the Caribbean, and also serve to elevate the small grants function as a development and diplomacy tool. While the Foundations have some unique expertise, standalone agencies with high fixed costs that do not leverage the capacity of bigger agencies are not cost effective. Consolidation would eliminate some redundancies and overhead, as well as streamline the number of agencies undertaking development work.

**ELIMINATION: LEGAL SERVICES CORPORATION**  
*Other Independent Agencies*

The Budget proposes to end the one-size-fits-all model of providing legal services through a single Federal grant program, the Legal Services Corporation (LSC). This proposed elimination would put more control in the hands of State and local governments that better understand the needs of their communities.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	440	18	-422

**Justification**

Established in the Legal Services Corporation Act of 1974, LSC is an independent 501(c)(3) nonprofit corporation that awards funding to legal services providers to promote civil legal assistance to low-income persons. The program supports mostly family law and housing matters, including evictions and foreclosures. This proposed elimination would encourage nonprofit organizations, businesses, law firms, and religious institutions to develop new models for providing legal aid, such as pro bono work, law school clinics, and innovative technologies. The proposal would also put more control in the hands of State and local governments that better understand the needs of their communities.

Further, LSC is not subject to the same accountability measures as other agencies, such as the Antideficiency Act and certain public reporting requirements, leading to potential areas of vulnerability in how Federal funds are ultimately disbursed.

LSC's own Office of the Inspector General (OIG) has identified several instances of waste, fraud, and abuse involving grant recipients. In the October 2017 Semiannual Report to the Congress, the OIG reported a number of unallowable expenses incurred by grantees, including \$17,896 in unjustified expenditures for floral arrangements, musical entertainment, and cake orders made as part of efforts to recruit private attorneys; multiple cases of unreasonable travel reimbursements for mileage between offices and personal residences; and unlawful bonuses derived from LSC funds for one grantee's chief operating officer.<sup>1</sup>

The OIG later in 2017 revealed allegations that employees from one grantee—including three members of the board of directors of a nonprofit entity—had participated in lobbying activities in violation of Federal regulations. This same nonprofit entity contracted with a registered lobbyist, who shared office space with the LSC grantee.<sup>2</sup>

LSC's indefinite appropriation authorization expired in 1980.

**Citations**

<sup>1</sup> Legal Services Corporation, Office of the Inspector General, *Semiannual Report to Congress, October 1, 2016 - March 31, 2017* (2017).

<sup>2</sup> Legal Services Corporation, Office of the Inspector General, *Semiannual Report to Congress, April 1, 2017 - September 30, 2017* (2017).

**ELIMINATION: MARINE MAMMAL COMMISSION**  
*Other Independent Agencies*

The Budget proposes to eliminate the Marine Mammal Commission (MMC) as part of the Administration's plans to move the Nation towards fiscal responsibility. Many of the activities carried out by MMC can also be performed by the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA). The Budget requests \$2.4 million to conduct an orderly closeout of the Agency beginning in 2021.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	4	2	-2

**Justification**

MMC is an independent Government agency authorized by the Marine Mammal Protection Act to support the conservation of marine mammals. MMC provides guidance to Federal agencies on domestic and international policies and management actions involving marine mammals. It is no longer authorized, making it a low priority for continued funding. Many of the activities carried out by MMC could be performed by other Federal agencies, such as NOAA, providing savings by eliminating the associated MMC administrative costs.

**ELIMINATION: NATIONAL ENDOWMENT FOR THE ARTS**  
*Other Independent Agencies*

The Budget proposes to shut down the National Endowment for the Arts (NEA) in 2021. Activities funded by NEA are not considered core Federal responsibilities, and make up only a small fraction of the billions spent each year by arts nonprofit organizations.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	162	30	-132

**Justification**

The Budget proposes to shut down NEA and would provide sufficient funding for orderly termination of all operations in 2021. The Administration does not consider NEA activities to be core Federal responsibilities.

Funding provided by NEA continues to be a small fraction of the support provided by public and private sources for the arts in the United States and primarily funds projects with localized benefits. An *Open the Books Oversight Report*<sup>1</sup> found that NEA, the National Endowment for the Humanities, and the Institute for Museum and Library Services had provided grants in 2016 to over 70 nonprofit organizations that have asset bases larger than \$1 billion. Giving to the arts by individuals, foundations, and corporations grew 7.0 percent to \$17.07 billion in 2015—representing 4.6 percent of all charitable giving and the fourth consecutive year of growth.<sup>2</sup> Additionally, technology has broadened the reach of support for the arts. For example, one internet platform, Kickstarter, reported that it connected donors and artists to fund over \$300 million arts-related projects.<sup>3</sup> The Administration believes audiences and aficionados are better than the Government at deciding what art is good or important.

**Citations**

<sup>1</sup> OpenTheBooks Oversight Report: *National Foundation on the Arts and Humanities*, (2017).

<sup>2</sup> Americans for the Arts, *Arts Fact: Private Giving to Arts, Culture & Humanities: 2005 – 2015*, (February 2017).

<sup>3</sup> Katherine Boyle, *Yes, Kickstarter raises more money for artists than the NEA. Here's why that's not really surprising*, Washington Post Wonkblog, (July 7, 2013).

**ELIMINATION: NATIONAL ENDOWMENT FOR THE HUMANITIES**  
*Other Independent Agencies*

The Budget proposes to shut down the National Endowment for the Humanities (NEH) in 2021. Activities funded by NEH are not considered core Federal responsibilities and make up only a small fraction of the money spent for humanities research each year by nonprofit organizations.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	162	33	-129

**Justification**

The Budget proposes to shut down NEH in 2021, given there are non-Federal sources of funding for humanities and the Administration does not consider the activities within this agency to be core Federal responsibilities. Non-Federal funding for humanities in the United States comes from individual private donations, academic institutions, corporations, and foundations.

Funding provided by NEH continues to be a small fraction of the support provided by public and private sources for the humanities in the United States and it primarily supports projects with localized benefits. An *Open the Books* Oversight Report<sup>1</sup> found that NEH, the National Endowment for the Arts, and the Institute for Museum and Library Services had provided grants in 2016 to over 70 nonprofit organizations that have asset bases larger than \$1 billion.

Expenditures in academic research for the humanities in 2016 were approximately \$435 million.<sup>2</sup>

**Citations**

<sup>1</sup> OpenTheBooks Oversight Report: *National Foundation on the Arts and Humanities*, (2017).

<sup>2</sup> American Academy of Arts & Sciences, *Research and Development Expenditures at Colleges and Universities*, (February 2019).

**ELIMINATION: NEIGHBORHOOD REINVESTMENT CORPORATION**  
*Other Independent Agencies*

The Budget proposes to end Federal support for the Neighborhood Reinvestment Corporation (NRC), commonly known as NeighborWorks America, a statutorily chartered non-profit that receives the vast majority of its funding from Federal funds. A strong return on these funds has not been documented.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	159	27	-132

**Justification**

NRC supports a network of local housing and community development organizations through grants, managerial oversight, and training. NRC's services, such as grantmaking for housing counseling services, training for community development practitioners, and technical assistance for select local nonprofits, are duplicative of those offered by other nonprofit organizations, State and local governments, and Federal entities (e.g., Department of Housing and Urban Development). Further, NRC has been unable to document with evaluative rigor that its Federal funding leads to higher performance or better outcomes compared to the work of similar organizations. NRC's performance measurement system is largely a collection of output indicators rather than strong housing and community development outcomes. The production that members of the NRC network achieve comes largely from financial sources other than NRC.<sup>1</sup> Further, NRC has been unable to produce rigorous statistical evidence to link the provision of NRC's funding and technical support with improved outcomes.

The last year that NRC had an authorization for appropriations was 1994.

**Citations**

<sup>1</sup> NeighborWorks America, *Reflecting on 40 Years of Opportunity: Annual Report, Fiscal Year 2018*, (April 2019).

## ELIMINATION: REGIONAL COMMISSIONS

### *Other Independent Agencies*

The Budget proposes to eliminate the Delta Regional Authority (DRA), the Denali Commission, and the Northern Border Regional Commission (NBRC), providing funding only for the orderly closure of the agencies. The Budget would restore control over community and economic development efforts to State and local governments, and private entities.

#### Funding Summary

(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Delta Regional Authority.....	30	3	-27
Denali Commission.....	17	7	-10
Northern Border Regional Commission.....	25	1	-24

#### Justification

DRA, the Denali Commission, and NBRC are independent agencies that award Federal grants for regional development by funding infrastructure projects, workforce and economic development activities, and local capacity building efforts.

The Budget proposes to eliminate these commissions to reduce Federal spending and streamline the Federal Government's role, while encouraging States and localities to partner with the private sector to develop locally-tailored solutions to community problems. The majority of these regional commissions' activities are duplicative of other Federal programs, and their funding is set aside for special geographical designations rather than applied across the country based on objective criteria indicating local areas' levels of distress. For example, the rationale for a unique and additional Federal subsidy to Alaska is difficult to justify given that the State of Alaska's oil revenues allow it to pay an annual dividend (\$1,600 in 2018) to each of its residents.<sup>1</sup> Finally, the commissions' effectiveness at improving overall economic conditions in these areas remains unproven.

#### Citations

<sup>1</sup> State of Alaska Department of Revenue, Permanent Fund Dividend Division, *Summary of Dividend Applications & Payments*, (2018).

**REDUCTION: U.S. AGENCY FOR GLOBAL MEDIA**  
*Other Independent Agencies*

The Budget proposes to significantly reduce Federal funding for the U.S. Agency for Global Media's (USAGM) international broadcasting programs. Federal support for media programs will be refocused to improve efficiencies in program delivery, reduce duplication, strengthen grants management, and continue to modernize its research methodology. USAGM's shift to digital platforms has contributed to a significant increase in audience, yet its strategy needs to strengthen the link between this expanded reach and the Agency's primary goals to inform, engage, and connect people around the world in support of freedom and democracy.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	810	637	-173

**Justification**

As stated in the President's National Security Strategy, legacy delivery platforms for communicating U.S. messages overseas need to be reexamined, and more cost-effective and efficient ways to deliver and evaluate content consistent with U.S. national security interests must be considered. The Budget reduction would focus USAGM (previously the Broadcasting Board of Governors or BBG) programs on a more limited set of activities and priorities.

The President's National Security Strategy also determined that information statecraft and public diplomacy programs by the U.S. Government have been tepid, fragmented, and not fully effective in countering the exploitation of information by U.S. rivals. The Administration does not support continued appropriation by the Congress of amounts far in excess of the Administration's request for information statecraft efforts whose effectiveness is unknown and that are not coordinated within and across Federal agencies.

Significant recently enacted reforms to the management structure of the USAGM offer promise to tailor and innovate U.S. media efforts. While activation of these reforms is still in progress, the Budget anticipates that an empowered Chief Executive Officer can improve the effectiveness and efficiency of the agency and its programs. Reforms, including in areas of basic oversight of broadcasting grantees and contract management, have been repeatedly called for in reports of the Office of Inspector General<sup>1,2</sup> for USAGM. More work needs to be done by USAGM leadership to demonstrate progress in these and other areas.

**Citations**

<sup>1</sup> Office of Inspector General, *Inspector General Statement on the U.S. Agency for Global Media's Major Management and Performance Challenges Fiscal Year 2018*, OIG-EX-19-02.

<sup>2</sup> Office of Inspector General, *Inspector General Statement on the Broadcasting Board of Governor's Major Management and Performance Challenges Fiscal Year 2017*, OIG-EX-18-03.



**REDUCTION: U.S. INSTITUTE OF PEACE**  
*Other Independent Agencies*

The Budget proposes to reduce Federal funding for the United States Institute of Peace (USIP), given its status as an independent nonprofit organization outside the Federal Government. The Budget assumes that USIP, like other nonprofit foreign assistance implementers, would have to compete for more of its funding through interagency agreements with other Federal agencies as well as through private donations, rather than rely on a direct appropriation as its primary funding source.

**Funding Summary**  
(In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	45	16	-29

**Justification**

The Congress created USIP as an independent, non-profit corporation in 1984, but USIP's authorization for appropriations expired in 2015. The Administration is continuing its efforts to streamline functions across the Federal Government, particularly those that duplicate the efforts of other Federal programs or the non-profit and private sectors. Consistent with this goal, the Budget request for USIP would support the Institute's core operations and maintenance funding in 2021 but reduce USIP's reliance on a direct appropriation, given the unusual nature of a private organization receiving a dedicated appropriation without direct leadership from the Executive Branch. Instead, USIP would need to compete for funding for program work through increased interagency agreements with other Federal Government agencies, which over a five-year average have provided funding for approximately one-third of USIP's total annual operations budget. The Budget assumes that USIP would work closely with the Department of State, U.S. Agency for International Development, and the Department of Defense to leverage USIP's independence and flexibility to help those agencies accomplish their missions. This would be achieved through additional reimbursable agreements where USIP can serve as the program partner, while continuing to streamline USIP's operations and identifying opportunities for financial savings. The Budget also provides USIP with the authority to collect and spend private donations in furtherance of its programmatic objectives.

**ELIMINATION: U.S. TRADE AND DEVELOPMENT AGENCY**  
*Other Independent Agencies*

The Budget proposes to eliminate funding for the U.S. Trade and Development Agency (TDA), which has a dual-mandate to promote U.S. exports and international development. TDA’s export mission is more appropriately served by the private sector, while its development mission is better served by the U.S. International Development Finance Corporation (DFC). The Administration's request of \$12 million will allow TDA to conduct an orderly closeout of the Agency, beginning in 2021. The request represents sufficient funding to address personnel, rent, program, and other closeout costs. No additional funding would be needed in 2022 and beyond.

**Funding Summary**  
 (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	80	12	-68

**Justification**

TDA's dual mission is to promote U.S. exports while advancing infrastructure development in developing and middle-income countries. Its main programmatic focus is to support U.S. private sector participation in infrastructure projects in middle-income countries. However, many of these projects would likely proceed without TDA support and could thus be supported by the private sector without Government involvement. While the Administration wants U.S. businesses to invest in emerging markets to grow their businesses and create American jobs, these businesses have incentive to invest and should rely on private sector financing. The Administration continues to support international infrastructure development, especially in low income countries, that has a clear development or strategic purpose. For this reason the Budget significantly increases program funding for the DFC. Like TDA, the newly established DFC has the authority to conduct feasibility studies and fund technical assistance. Unlike TDA, the DFC can also provide loans and loan guarantees to support infrastructure and other high priority projects. Other U.S. agencies will continue to effectively promote American exports, support American businesses overseas, and facilitate international infrastructure development. These agencies include the U.S. Department of State, U.S. Export-Import Bank, U.S. Department of Commerce, and U.S. Agency for International Development.

## **ELIMINATION: WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS** *Other Independent Agencies*

The Budget proposes to eliminate the direct Federal appropriation for the Woodrow Wilson International Center for Scholars (the Center). The mission of the Center is to be a non-partisan policy forum and independent research institute (also known as a think tank) for tackling global issues and to serve as the official living memorial for President Woodrow Wilson. Federal appropriations represent approximately one half of total funding for the Center, which also relies on grants, contracts, and donations for operations. Of the 1,835 think tanks in the United States, just a small handful receive a direct Federal appropriation. Direct funding of this kind is both unusual and unnecessary to sustain a think tank.

### **Funding Summary** (In millions of dollars)

	2020 Enacted	2021 Request	2021 Change from 2020
Budget Authority.....	14	8	-6

### **Justification**

As a living memorial, the Center works to achieve its mission by serving as a non-partisan policy forum, conducting independent research, and providing open dialogue to inform the policy community. This is achieved, in part, by hosting over 120 fellows from around the world each year who, along with staff, conduct research on policy issues confronting the United States, host public meetings and events, and undertake a wide range of outreach activities.

The Budget proposes to start phasing out the Center's Federal appropriation in 2021. The Center's Federal appropriation provides roughly half of its total annual funding, which indicates that it could continue to function in a more limited manner if the appropriation were eliminated. According to a University of Pennsylvania study, there are 1,835 think tanks in the United States.<sup>1</sup> Of these, just a small handful receive a direct Federal appropriation, one of which is the Wilson Center.

The elimination of the Center's Federal appropriation would result in the Center relying on contracts and grants from public and non-public sources to support its continued operations, just like the roughly 400 other think tanks which operate in Washington, D.C.. The Administration believes that Federal support for think tanks is most appropriately managed by individual agencies so that grants and contracts with these institutions are aligned with agency priorities. To conduct an orderly closeout of Federally-funded operations, the Budget requests \$8.2 million in 2021.

### **Citations**

<sup>1</sup> James G. McGann, *2017 Global Go To Think Tank Index Report*, (2018).



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## MANDATORY REFORMS

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**CONDUCT SPECTRUM AUCTIONS BELOW SIX GIGAHERTZ**  
*Multi-Agency*

The Budget proposes to extend the Federal Communications Commission's (FCC) authority to conduct auctions of spectrum below six gigahertz (GHz) for commercial use.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-178	-177	0	0	0	0	0	0	0	-1,000	-355	-1,355

**Justification**

The Spectrum Pipeline Act of 2015 (Act) requires the auction of 30 megahertz (MHz) of spectrum below six GHz by 2024, and extends the FCC's auction authority allowing for such auctions. Based on ongoing research authorized through the Act, the Administration anticipates that additional spectrum assignments will be made available for auction. As a result, the Budget proposes to extend the FCC's authority to conduct auctions to make any additional spectrum identified available for commercial use. Net auction proceeds are expected to exceed \$1 billion through 2030.

In addition, following successful completion of the National Oceanic and Atmospheric Administration Spectrum Pipeline Plan, the Budget proposes that the FCC exercise auction authority to assign spectrum frequencies between 1675-1680 MHz for wireless broadband use subject to sharing arrangements with Federal weather satellites. The proposal is expected to raise \$355 million in receipts over 10 years.

**ELIMINATE ALLOCATIONS TO THE HOUSING TRUST FUND AND CAPITAL MAGNET FUND**  
*Multi-Agency*

The Budget proposes to eliminate funding for the Housing Trust Fund and Capital Magnet Fund, two programs that provide Federal funding for affordable low-income housing. The Budget recognizes a greater role for State and local governments and the private sector in addressing affordable housing needs.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	81	-352	-171	-219	-296	-359	-377	-390	-396	-402	-957	-2,881

**Justification**

The Housing Trust Fund, managed by the Department of Housing and Urban Development, provides grants to States to increase and preserve the supply of affordable housing primarily for extremely low-income families. The Capital Magnet Fund, managed by the Department of the Treasury's Community Development Financial Institutions (CDFI) Fund, provides grants to CDFI and nonprofit housing organizations that are leveraged to finance affordable housing and related economic development activities. Originally established by the Housing and Economic Recovery Act of 2008 with dedicated funding from Fannie Mae and Freddie Mac assessments, a total of \$1.4 billion has been allocated to the funds since 2016.

Housing for low-income families is currently funded by multiple funding sources, including Federal, State, and local governments, as well as the private and nonprofit sectors. The result is a fragmented system with varying rules and regulations that create overlap and inefficiencies, as well as challenges to measuring collective performance.<sup>1</sup> The Budget proposes to devolve some affordable housing activities to State and local governments who are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems. To support those efforts, the Administration has established the White House Council on Eliminating Regulatory Barriers to Affordable Housing<sup>2</sup> to help communities address, reduce, and remove the multitude of overly burdensome regulatory barriers that artificially raise the cost of housing development and help to cause the lack of housing supply.

**Citations**

<sup>1</sup> Government Accountability Office, *Affordable Rental Housing: Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance*, GAO-15-645, (September 2015).

<sup>2</sup> Executive Order 13878, *Establishing a White House Council on Eliminating Regulatory Barriers to Affordable Housing*, 84 Federal Register 30853, (June 28, 2019).

**IMPROVING PAYMENT ACCURACY GOVERNMENT-WIDE**  
*Multi-Agency*

The Budget proposes to reduce improper payment reporting burden through several changes to the Improper Payments Information Act of 2002, as amended.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-253	-295	-337	-379	-422	-443	-464	-506	-527	-590	-1,686	-4,216

**Justification**

Focusing on the prevention of monetary loss, using compliance criteria to drive desired behaviors and outcomes, and improving transparency and reporting will reduce improper payments and improve payment integrity in the Federal Government. The Budget proposes making explicit changes to existing improper payment laws intended to have agencies re-direct resources from complying with low-value activities to activities that will prevent improper payments resulting in monetary loss. Through the reinvestment of resources available as a result of the risk-based approach for burden reduction, agencies will strategically focus on implementing measures that directly address the prevention of improper payments resulting in monetary loss. Examples of changes that will improve burden reduction and allow agencies to redirect resources to improving prevention of improper payments resulting in monetary loss are discussed in detail in the Payment Integrity chapter of the *Analytical Perspectives* volume.



## REFORM FEDERAL DISABILITY PROGRAMS AND IMPROVE PAYMENT INTEGRITY

### *Multi-Agency*

The 2021 Budget reaffirms the Administration's commitment to promote greater labor force participation (LFP) of people with disabilities, and adds new proposals to strengthen this effort. Specifically, the Budget would introduce new reforms that remove barriers to work for people with disabilities and improves access to services to help them return to work. The Budget carries forward other existing proposals including a suite of reforms that address inequities in the system, close loopholes that make the programs susceptible to fraud, and reduce unnecessary administrative burdens.

#### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
<b>Promote Greater Labor Force Participation</b>												
Test New Approaches to Increase Labor Force Participation.....	100	100	100	100	100	-2,388	-4,958	-9,045	-12,914	-17,776	500	-46,581
Enhance Work and Income Opportunity for People with Disabilities.....	0	0	-103	22	171	353	523	688	863	1,044	90	3,561
Improve SSI Youth Transition to Work.....	-4	-26	5	40	30	5	-17	-41	-54	-79	45	-141
<b>Other Disability Reform Efforts</b>												
Revise 12 Month Retroactive DI Benefits to Six Months.....	-292	-547	-746	-948	-1,042	-1,116	-1,185	-1,246	-1,304	-1,362	-3,575	-9,788
Create Sliding Scale for Multi-recipient SSI Families.....	-752	-815	-768	-726	-801	-819	-834	-915	-810	-900	-3,862	-8,140
Offset Overlapping Unemployment and Disability Payments.....	0	-75	-194	-229	-251	-267	-280	-289	-297	-306	-749	-2,188
Eliminate Workers' Compensation (WC) and Temporary Disability Reverse Offset.....	0	0	-19	-20	-21	-23	-24	-26	-27	-29	-60	-189
Change the Representative Fee and Approval Process.....	0	3	18	32	46	41	43	43	45	45	99	316
<b>SSA Payment Integrity</b>												
Improve Payment Integrity.....	1	-406	-129	-671	-1,410	-2,021	-2,100	-2,047	-1,957	-1,812	-2,615	-12,552
Total Proposed Change from Current Law.....	-947	-1,766	-1,836	-2,400	-3,178	-6,235	-8,832	-12,878	-16,455	-21,175	-10,127	-75,702

### Justification

#### Promote Greater Labor Force Participation

The robust labor market, combined with the shift from more physically to less physically demanding service-sector jobs in recent decades, enables greater labor force participation for those with functional limitations. Moreover, strong protections for people with disabilities in the workforce allow individuals with impairments to work, except in the most severe cases. Despite these facts, working age people with disabilities have low rates of LFP—33 percent—which is less than half of the rate of the working age population with no disability.<sup>1</sup> We have unprecedented job growth and demand for workers outpaces supply, and we have the responsibility to bring workers off the sidelines.

*Test New Approaches to Increase Labor Force Participation*—This Budget promotes greater LFP of people with disabilities by expanding demonstration authority that allows the Administration to test new program rules and requires mandatory participation by program applicants and beneficiaries. This proposal calls on the Congress to establish an expert panel that will identify specific changes to program rules that increase LFP and reduce participation on disability programs based on the results of successful demonstrations and other evidence. This panel would be responsible for making recommendations to reduce participation levels that would be directly tied to reaching a five percent reduction in Disability Insurance (DI) and Supplemental Security Income (SSI) projected outlays by 2032.

*Enhance Work and Income Opportunity for People with Disabilities*—Current rules governing DI beneficiaries' earnings while they are attempting to return to work are difficult for beneficiaries to understand and very complex to administer, often resulting in an unexpected complete loss of benefits upon reaching certain earnings limits and deterring beneficiaries from attempting to work. The Budget proposes to replace existing return-to-work programs and earnings rules with a simple system of offsetting DI benefits based on an four-tier earnings structure that is simpler and more efficient to administer.

*Improve SSI youth transition to work*—To promote greater self-sufficiency for transition-age youth, the Budget would implement several SSI reforms. First, the Budget would better identify medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development by instituting initial disability reviews at age six and 12. Second, the Budget would improve SSI youth work incentives by disregarding all earned income and eliminating income reporting requirements through age 20, providing a higher disregard of earnings with a gradual phase-down for SSI recipients between ages 21 and 25, and eliminating school enrollment reporting requirements. In addition, the Budget would improve access to vocational rehabilitation services for SSI transition-age youth by allowing the Social Security Administration (SSA) to make referrals to these services.

*Improve Access and Quality of Ticket to Work (TTW) Services*—The Budget proposes to reform the TTW program, which is intended to help beneficiaries find and maintain work. Established in 1999 and administered by SSA, TTW was designed to increase access to and the quality of employment services for eligible disability beneficiaries by creating a competitive market to provide employment services. However, TTW is an administratively burdensome workload that falls outside of SSA's core mission of administering benefit programs. Also, TTW's services often duplicate and are not well coordinated with employment services supported by other Federal agencies, particularly the Department of Labor (DOL). There are persistently low participation rates, and poor return to work outcomes. The Budget proposes to relocate the administration of TTW to DOL and replace the complicated voucher and payment model with performance-based grants to the States. This proposal is not reflected in the table above as there are no fiscal outlay effects.

## **Other Disability Reform Efforts**

*Revise 12 month retroactive DI benefits to six months*—New DI beneficiaries are eligible for up to 12 months of benefits before the date of their application, depending upon the date they became disabled. This proposal would reduce retroactivity for disabled workers, which is the same policy already in effect for individuals receiving retirement benefits. This proposal would not modify retroactivity for Medicare eligibility.

*Create a sliding scale for multi-recipient SSI families*—Currently, multi-recipient SSI families are eligible to receive an equal full benefit amount for each SSI child recipient. However, economies of scale in some types of consumption such as housing reduce per capita living expenses so that two children generally do not need twice the income as one child. Federal poverty guidelines and other means-tested benefits take into account these efficiencies. The Budget proposes to create a sliding scale family maximum for SSI disability benefits that considers the number of additional family recipients, keeping the maximum benefit for one recipient the same, but reducing the maximum amount for all eligible children and parents in the same family for each additional recipient.

*Offset overlapping unemployment and disability payments*—The Budget proposes to close a loophole that allows individuals to receive unemployment insurance (UI) and DI for the same period of joblessness. UI is intended to compensate individuals for short-term bouts of unemployment while they look to return to

work while DI is intended to compensate individuals who cannot return to work on a long-term basis due to a disability. The proposal would offset the DI benefit to account for concurrent receipt of UI benefits.

*Eliminate Workers' Compensation (WC) and Temporary Disability Reverse Offset*—In most States, if an individual concurrently receives WC or Public Disability Benefits (PDB) and DI, SSA may offset his or her DI benefits. Currently, some States instead have “reverse offset,” whereby the WC or PDB is reduced due to the receipt of DI benefits. This proposal would eliminate reverse offsets in these States, allowing SSA to consistently offset DI benefits because of WC or PDB receipt (when needed) regardless of the State in which the WC is being paid, and require all States to provide SSA with State WC and PDB information.

*Change the representative fee and approval process*—This proposal relieves SSA of responsibility for fee approval, withholding, and payment functions; however, it would not affect SSA's ability to prescribe who may and may not represent claimants. This proposal would streamline and decrease SSA's operations and hearings workloads, allowing employees to focus on adjudicating more cases and completing other high priority workloads, thereby better serving the public.

*Allow State Hearing Officers to Hold Disability Hearings*—This proposal would allow State disability hearing officers to conduct hearings resulting from disability cessation determinations issued by a Federal component. This would allow additional flexibility for SSA to manage workloads at a national level, while preserving the individual's right to an evidentiary hearing.

*Eliminate Travel Reimbursement for Claimants' Representatives*—This proposal would eliminate reimbursement for claimant representatives' travel expenses incurred when traveling to reconsideration interviews or proceedings before administrative law judges. This would simplify program administration, decrease costs, and streamline SSA's operations and hearings workloads.

*Modernize the Commissioner's Collection of Medical Evidence*—This proposal would allow SSA to more quickly receive the medical evidence it needs to determine initial and continuing entitlement to disability benefits by allowing custodians to release medical records to SSA without the signed authorization of the person applying for or receiving disability benefits.

In addition, the Budget includes legislative proposals that would avert approximately \$12.6 billion in improper payments in Social Security over 10 years. Detailed information on each proposal, as well as administrative actions to reduce improper payments that result in \$11 billion in outlay savings over 10 years, is available in the Payment Integrity chapter in the *Analytical Perspectives* volume.

## Citations

<sup>1</sup> Bureau of Labor Statistics, *Persons with a Disability Labor Force Characteristics, Table 1*, (2018).

**REFORM MEDICAL LIABILITY**  
*Multi-Agency*

The Budget proposes to reform medical liability beginning in 2021. The reforms are expected to reduce healthcare costs and health insurance premiums by reducing medical liability insurance premiums and defensive medicine practices. Under this proposal, Federal health program costs would decrease (including in Medicare, Medicaid, and the Federal Employee Health Benefits Program) and taxable income and payroll tax receipts would increase.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-160	-593	-1,541	-2,511	-3,562	-4,884	-6,021	-6,799	-6,806	-7,421	-8,367	-40,298

**Justification**

The current medical liability system does not work for patients or providers, nor does it promote high quality, evidence-based care. Providers practice with a threat of potentially frivolous lawsuits, and injured patients often do not receive just compensation for their injuries. The Budget proposes to reform medical liability and reduce defensive medicine beginning in 2020 by implementing a set of provisions to reduce the number of high dollar awards, limit liability, reduce provider burden, promote evidence-based practices, and strengthen the physician-patient relationship. Specifically, the Budget proposal includes: a cap on non-economic damage awards of \$250,000 (increasing with inflation over time); a three-year statute of limitations; allowing courts to modify attorney's fee arrangements; allowing evidence of a claimant's payments from other sources (e.g., workers' compensation, auto insurance) to be introduced at trial; creating a safe harbor for clinicians following evidence-based clinical practice guidelines; and authorizing the Secretary to provide guidance to States to create expert panels and administrative health care tribunals to review medical liability cases.

## ELIMINATE IN-KIND INTERNATIONAL FOOD AID

*Department of Agriculture*

The Budget proposes to eliminate the Food for Progress (FFPr) program because development expertise is concentrated in other agencies, most notably the U.S. Agency for International Development (USAID), which can administer development programs at a much lower cost than FFPr. The FFPr program provides for the donation of U.S. commodities to developing countries. U.S. agricultural commodities donated to recipient countries are sold in the local or third-country markets generally at a significant loss to U.S. taxpayers and the cash proceeds of those sales are used to fund programs that aim to improve agricultural productivity in the recipient county.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-166	-166	-166	-166	-166	-166	-166	-166	-166	-166	-830	-1,660

### Justification

International development programs are better aligned with the USAID mission and expertise. The USAID mission highlights international development and humanitarian responses while the U.S. Department of Agriculture (USDA) mission highlights domestic agricultural production. In line with its mission, USAID seeks to use food aid to address humanitarian objectives.

According to a 2011 Government Accountability Office report, FFPr monetizes food aid shipments (i.e., it ships and sells U.S. commodities abroad), generally at a loss of 42 percent, and uses the proceeds to fund development programs.<sup>1</sup> That is, when USDA buys and delivers a dollar of U.S. food abroad and then sells it to raise proceeds for its development programs, the receipts typically average only 58 cents, for a loss to U.S. taxpayers of 42 cents.

The volume of U.S. commodities purchased by FFPr is a negligible portion of U.S. agricultural production and exports. There are other more effective ways that USDA can support U.S. farmers using its expertise in agriculture, while USAID can use its expertise to most effectively prioritize and implement international development and humanitarian assistance programs. In addition to USAID's central role in humanitarian assistance, USAID administers and directly funds the main bilateral longer-term international agricultural development and food security program for the U.S. Government.

### Citations

<sup>1</sup> Government Accountability Office, International Food Assistance, *Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts*, GAO-11-636, (June 2011).

**ESTABLISH FOOD SAFETY AND INSPECTION SERVICE USER FEE**  
*Department of Agriculture*

The Budget proposes establishing a Food Safety and Inspection Service (FSIS) user fee to cover the costs of all domestic inspection activity, import re-inspection, and most of the central operations costs for Federal, State, and international inspection programs for meat, poultry, and eggs.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	-660	-660	-660	-660	-660	-660	-660	-660	-660	-2,640	-5,940

**Justification**

FSIS inspections benefit the meat, poultry, and egg industries. FSIS personnel are continuously present for all egg processing and domestic slaughter operations, inspect each livestock and poultry carcass, and inspect operations at meat and poultry processing establishments at least once per shift. The inspections cover microbiological and chemical testing, as well as cleanliness and cosmetic product defects. The proposed user fee would recover the costs of inspections, but would not apply to Federal functions such as investigation, enforcement, risk analysis, and emergency response. The Administration estimates this fee would increase the cost of meat, poultry, and eggs for consumers by less than one cent per pound.

**ESTABLISH FOREST SERVICE MINERAL PROGRAM COST RECOVERY FEE**  
*Department of Agriculture*

The Budget proposes new authority for the Forest Service to retain and spend hardrock mining and energy resource extraction cost recovery fees. These fees would offset the Agency costs to review and approve locatable mineral plans of operation, surface use plans of operation for oil and gas leases, and other special use authorizations of National Forest System lands relating to the disposal of locatable and leasable (but not saleable) hardrock minerals.

**Funding Summary**

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-30	-15	0	0	0	0	0	0	0	0	-45	-45

**Justification**

The Forest Service collects, but does not currently retain, user fees that recover costs for analysis, administration, and oversight of special use permits to extract hardrock minerals and energy resources on National Forest System Lands. Congressional authorization to retain these fees would reduce the need for discretionary appropriations to fund permitting and oversight for surface extraction mining operations. Retention of these fees could provide additional resources to expedite the amount of time it takes to review and analyze the potential impacts of hardrock mining plans. The Government Accountability Office has previously encouraged the Forest Service to more fully utilize their existing authorities to charge cost recovery fees and to request from the Congress the authority to retain such fees.<sup>1</sup>

**Citations**

<sup>1</sup> Government Accountability Office, *Hardrock Mining, BLM and Forest Service Have Taken Some Action to Expedite the Mine Plan Review Process but Could do More*, GAO-16-165, (January 2016).

**IMPROVE CHILD NUTRITION PROGRAM INTEGRITY**

*Department of Agriculture*

The Budget proposes administrative improvements to the National School Lunch (NSLP) and School Breakfast (SBP) Programs to strengthen program integrity through increased verification of household applications, and ensure that free meal benefits are better targeted to children from low-income households by closing a participation loophole in the Community Eligibility Provision (CEP).

**Funding Summary**

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-20	-125	-155	-187	-192	-197	-202	-207	-212	-217	-679	-1,714

**Justification**

The NSLP and SBP provide nutritious meals to more than 35 million children every school day. Children from low-income households are eligible to receive meals at low or no cost based on their participation in other means-tested assistance programs like the Supplemental Nutrition Assistance Program (SNAP), or based on self-reported information about their household income and circumstances provided to their child's school. The Budget includes two proposals that will help ensure that children receiving free meals are indeed eligible for them.

The Budget would require local educational agencies to verify the information reported on eight percent of household applications, which is a modest increase from the current maximum of three percent. This would strengthen the integrity of the benefit eligibility certification process at all levels and help reduce payment error in the NSLP and SBP. The Budget would also limit participation in the CEP to only those schools where 40 percent or more their enrolled students are categorically or automatically eligible for free meals. This would close the loophole that allows local educational agencies to combine entire districts or groups of otherwise ineligible schools with high-poverty schools to serve meals at no charge to all students, better targeting free meal benefits to children in need of assistance.



**REFORM COMMODITY PURCHASES UNDER SECTION 32***Department of Agriculture*

The Budget includes a suite of proposals that would increase transparency within the Section 32 program, while at the same time guaranteeing that the Department of Agriculture (USDA) would have future funding available to fully meet the needs of the school lunch program and other USDA domestic food assistance programs, and adequate funding for surplus commodity purchases and Department of Commerce (DOC) fishery activities. The Budget proposes to fund these programs directly and permanently from the U.S. Treasury instead of relying on a portion of U.S. customs receipts.

**Funding Summary**

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-415	-436	-457	-479	-502	-524	-546	-570	-594	-618	-2,289	-5,141

**Justification**

Since 1935, 30 percent of all U.S. Customs receipts have been transferred to USDA each year and used to fund a range of programs. Over the decades, large balances have built up due to the fluctuation in receipts, and the Congress has periodically capped and rescinded these funds to offset spending in other areas. This complicated process is not consistent with contemporary Federal budgeting practices, and is not transparent to the public. This proposal would increase transparency by providing mandatory appropriations in lieu of customs receipts, thereby reducing the variability from fluctuating receipts and providing funding for all programmatic needs. In addition, the proposal would eliminate the likelihood that large unobligated balances could accrue and be rescinded over time.

The Budget proposes mandatory funding for the Agricultural Marketing Service (AMS), the Food and Nutrition Service (FNS), and DOC that would be available without further appropriation and for the same purposes as previous receipt-funded activities. Specifically, the proposal would provide AMS with an historical average spending level for commodity purchases, adjusted annually for inflation, and FNS a permanent mandatory appropriation of approximately \$13.7 billion in 2021. This initial level would be equal to the amount that would have otherwise been made available by transfer from AMS, includes the cost associated with commodity purchase activities traditionally carried out under Section 32, and would be adjusted annually based upon the Consumer Price Index. DOC would be provided funding for fisheries activities in 2021, equal to the level of funding that would otherwise have been provided by Section 32, and inflated annually in future years.

## REFORM THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

*Department of Agriculture*

Building upon the Administration's regulatory efforts to reform Supplemental Nutrition Assistance Program (SNAP) by improving program integrity and promoting self-sufficiency, the Budget proposes commonsense SNAP work requirements that would require all able-bodied adult participants to work, find, or train for employment in order to move those who continue receiving benefits toward self-sufficiency. The Budget would also create a new, cost-effective approach to nutrition assistance that combines traditional SNAP benefits with nutritious, American-grown, U.S. Department of Agriculture (USDA) foods provided directly to households. These reforms, combined with new initiatives to bolster program integrity and streamline State operations by improving data matching and oversight, ensure that SNAP benefit dollars are targeted to the neediest households while significantly reducing the costs to taxpayers.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-15,348	-16,108	-17,413	-17,599	-18,013	-18,771	-18,887	-19,311	-20,127	-20,282	-84,481	-181,859

**Justification**

SNAP provides low-income households with electronic benefits they can use to buy groceries at authorized retailers. As a primary component of the social safety net, SNAP participation grew to historic levels during the recession. However, despite significant economic improvement and a strong job market, participation has not yet declined to pre-recession levels, and too many people are still missing the opportunity to move from dependence to self-sufficiency.

The Administration has made significant reforms to SNAP through the regulatory process, including changes to close eligibility loopholes and eliminate States' misuse of work requirement waivers. Building upon these regulatory successes, which in total are estimated to save nearly \$50 billion over 10 years, the Budget proposes to overhaul the SNAP work requirements by requiring that all able-bodied adult participants between the ages of 18 and 65 engage in at least 20 hours or more of employment, employment-related training, or community service in order to receive benefits. This would help more people get off the sidelines of this booming economy and onto the path toward self-sufficiency.

The Budget also retains the America's Harvest Box proposal which would combine traditional SNAP benefits with nutritious and 100 percent American-grown food provided directly to households. Under the proposal, households receiving \$90 or more per month in SNAP benefits would receive a portion of their benefit in the form of a USDA Foods package, which would include items such as shelf-stable milk, ready to eat cereals, pasta, peanut butter, beans, canned fruit, vegetables, and meat, poultry or fish. The remainder of their benefit would continue to be provided on an Electronic Benefit Transfer card for use at approved grocery retailers. This cost-effective approach would ensure SNAP households receive nutritious food while supporting American agriculture. In addition it would result in no loss in the food benefits to participants, while generating significant savings to taxpayers. States would have substantial flexibility in designing the food box delivery system using existing infrastructure, and the proposal would expand opportunities for innovative approaches to public or private partnerships for benefit delivery and fresh produce options.

In addition, the Budget proposes new program integrity initiatives that would increase monitoring and oversight, maximize the use of data sharing, and increase administrative efficiencies. These proposals would improve the accuracy of SNAP eligibility determinations and reduce incidences of duplicate participation in multiple States, thereby decreasing improper payments and ensuring benefit dollars are appropriately targeted to eligible households.

## REFORMS TO AGRICULTURAL SUBSIDIES, PAYMENTS, AND OTHER PROGRAMS

### *Department of Agriculture*

The 2018 Farm Bill reauthorized, and in some cases expanded, farm safety net programs, increasing the Federal deficit. Farm subsidies should be targeted to the farmers who have fewer options to manage risk through the private sector. The Budget proposes to maintain a strong safety net for farmers while achieving savings by: eliminating subsidies to higher-income farmers; reducing overly generous crop insurance subsidies to producers and companies; and eliminating some programs that have no Federal purpose or are duplicative.

#### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Limit Eligibility for Agricultural Commodity Payments to \$500,000 AGI.....	-63	-117	-132	-124	-114	-126	-154	-148	-164	-164	-550	-1,306
Streamline Conservation Programs.....	-215	-427	-672	-892	-1,094	-1,131	-1,171	-1,181	-1,181	-1,181	-3,300	-9,145
Eliminate Lower Priority Farm Bill Programs.....	-103	-128	-138	-91	-92	-93	-93	-93	-93	-93	-552	-1,017
Tighten Farm Payment Limits.....	-149	-143	-141	-137	-135	-132	-130	-128	-127	-126	-705	-1,348
Eliminate Livestock Forage Program.....	-480	-482	-487	-490	-500	-508	-515	-525	-527	-526	-2,439	-5,040
Eliminate the Crop Insurance 508(h) Program.....	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-60	-120
Limit Crop Insurance Eligibility to \$500,000 AGI.....	0	-58	-58	-65	-66	-67	-68	-78	-89	-101	-247	-650
Limit Crop Insurance Premium Subsidies.....	0	-2,081	-2,107	-2,345	-2,388	-2,428	-2,470	-2,498	-2,529	-2,551	-8,921	-21,397
Cap Crop Insurance Companies' Underwriting Gains.....	0	0	0	-384	-387	-396	-403	-410	-417	-421	-771	-2,818
Rescind Ability to Collect Duplicative Assistance.....	0	-40	-40	-40	-40	-40	-40	-40	-40	-40	-160	-360
<b>Total Proposed Change from Current Law.....</b>	<b>-1,022</b>	<b>-3,488</b>	<b>-3,787</b>	<b>-4,580</b>	<b>-4,828</b>	<b>-4,933</b>	<b>-5,056</b>	<b>-5,113</b>	<b>-5,179</b>	<b>-5,215</b>	<b>-17,705</b>	<b>-43,201</b>

### Justification

*Limit benefits to producers with an Adjusted Gross Income (AGI) of less than \$500,000*—The Budget proposes to eliminate premium subsidies, commodity payments, and conservation program eligibility for farmers with AGIs over \$500,000. It is hard to justify to taxpayers why the Government should provide assistance to farmers with incomes over half a million dollars. Doing so undermines the credibility and purpose of farm programs. In 2013 (a year of record-high farm income), only 2.1 percent of farmers had AGIs in excess of this amount.

*Tighten payment limits and eliminate loopholes*—The Budget proposes to tighten payment limits for farmers and eliminate payment limit loopholes. There is no need for any one producer to receive more than \$125,000 in commodity support payments per year (\$250,000 for married couples), or for peanut producers, who already benefit from higher price supports than most producers,<sup>1</sup> to get special treatment so they are eligible for \$250,000 in payments (\$500,000 for married couples) if they produce other crops.

*Limit crop insurance premium subsidies*—The subsidy the Government currently provides farmers averages 62 percent of their crop insurance premiums. The premium reduction proposal would bring the average premium subsidy down to a more reasonable 48 percent. According to the Government Accountability Office, data show that the impact on a farmer's average per-acre production costs would be limited to between one and two percent depending on the crop. Moreover, row crops such as corn, cotton, wheat, and soybeans,

make up the majority of the liability in the crop insurance program, and those farmers are also eligible for commodity payments. In addition, the Budget proposes to reduce subsidies to crop insurance companies by setting a 12 percent cap in law for underwriting gains, which is considered a reasonable rate of return for the industry.

*Eliminate reimbursements and automatic implementation for 508(h) crop insurance product development*—Few products for large crops are left to develop, and the Farm Bill often directs the development of commodity-specific products when there is a gap. In addition, the Risk Management Agency can still develop products internally. Moreover, the 2014 Farm Bill authorized buy-up coverage for the Non-Insured Assistance Program, which is for crops that are not covered by crop insurance. For those reasons, the Budget proposes to eliminate the reimbursements to the private sector for the development of new crop insurance products and also proposes to make the approval of new products under 508(h) at the discretion of the Federal Crop Insurance Corporation Board rather than mandatory. In addition, the Budget includes language that would remove the ability for producers to receive payments from both the Commodity Credit Corporation permanent disaster programs and crop insurance.

*Reform and streamline conservation programs*—The Budget proposes to maximize the efficient use of conservation program funding by prioritizing funding for those programs that have shown positive outcomes and eliminating funding for those programs with limited outcomes. A 2016 Department of Agriculture Office of Inspector General report found that over 30 percent of Conservation Stewardship Program (CSP) contracts reviewed as part of an audit contained errors or inconsistencies. The errors were due to "ineligible participants receiving CSP contracts and eligible participants receiving excessive program payments."<sup>2</sup> These indicators demonstrate that CSP funding is not always spent in the taxpayers' best interest. In addition, the Budget also proposes a modest reduction of \$40 million to the Agricultural Conservation Easement Program. The Budget's proposed reduction would address restoration work while continuing to enroll priority easement acres.

*Eliminate lower-priority and duplicative programs*—The Federal Government should not be singling out select commodities such as cotton and wool for special assistance, particularly with a poorly designed Economic Adjustment Assistance for textile mills program where the purpose is unclear.<sup>3</sup> In addition, the Federal Government should not be providing mandatory feed assistance for livestock when producers can purchase subsidized pasture, rangeland, and forage insurance to protect against feed losses from drought.

## Citations

<sup>1</sup> Congressional Research Service, *Farm Safety-Net Payments Under the 2014 Farm Bill: Comparisons by Program Crop*, Report R44914, (August 2017).

<sup>2</sup> U.S. Department of Agriculture, Office of Inspector General, *Controls Over the Conservation Stewardship Program*, Audit Report 10601-0001-32, (September 2016).

<sup>3</sup> U.S. Department of Agriculture, Office of Inspector General, *Economic Adjustment Assistance to Users of Upland Cotton*, Audit Report 03601-0002-22, (July 2014).

## LEASE SHARED SECONDARY LICENSES

*Department of Commerce*

To promote efficient use of the electromagnetic spectrum, the Budget proposes to authorize the Department of Commerce to negotiate leases with private entities that would expand their access to Federal spectrum. This authority would complement ongoing efforts to make Federal spectrum available for commercial uses through auctions conducted by the Federal Communications Commission.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-50	-55	-55	-60	-65	-70	-70	-80	-80	-85	-285	-670

### Justification

Under this proposal, the National Telecommunications and Information Administration (NTIA) would be granted authority to lease access to Federal spectrum for commercial use on a non-interference basis, with primary Federal users. Working with other Federal agencies, NTIA would negotiate sharing arrangements on behalf of the Federal Government and would seek to increase the efficiency of spectrum when possible without causing harmful interference to Federal users authorized to operate in the negotiated bands. In addition to Federal spectrum auctions, leases would provide another option for maximizing the economic value of this scarce spectrum resource. The proposal is conservatively estimated to generate approximately \$670 million in net receipts over the next 10 years.

**CREATE SINGLE INCOME-DRIVEN STUDENT LOAN REPAYMENT PLAN**  
*Department of Education*

The Budget proposes to simplify student loan repayment by consolidating multiple Income-Driven Repayment (IDR) plans into a single plan. This proposal reduces inefficiencies in the student loan program and, for undergraduate borrowers, reduces the time until loans are forgiven. To further improve and simplify loan repayment, the Budget proposes to auto-enroll severely delinquent borrowers in IDR.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Create Single Income-driven Student Loan Repayment Plan.....	-936	-3,647	-5,780	-6,845	-6,951	-6,956	-7,178	-7,151	-7,105	-7,216	-24,159	-59,765
Eliminate Standard Repayment Cap.....	-1,942	-2,533	-2,682	-2,728	-2,749	-2,850	-2,929	-3,003	-3,053	-3,088	-12,634	-27,557
Use Combined AGI to Calculate Loan Payments for Married Filing Separately.....	-194	-321	-437	-507	-541	-554	-581	-588	-570	-607	-2,000	-4,900
Total Proposed Change from Current Law.....	-3,072	-6,501	-8,899	-10,080	-10,241	-10,360	-10,688	-10,742	-10,728	-10,911	-38,793	-92,222

**Justification**

In recent years, IDR plans, which offer student borrowers the option of making affordable monthly payments based on factors such as income and family size, have grown in popularity. However, the numerous IDR plans currently offered to borrowers overly complicate choosing and enrolling in the right plan. To simplify student loan repayment, the Budget proposes a single IDR plan that provides a pathway to debt relief for struggling borrowers. All new borrowers would pay 12.5 percent of their discretionary income. For borrowers with undergraduate student debt only, any balance remaining after 15 years of repayment would be forgiven. For borrowers with any graduate debt, any balance remaining after 30 years of repayment would be forgiven. To support this ambitious proposal, the Budget proposes a package of targeted reforms to reduce significant inefficiencies in the program. The Single IDR plan would remove the standard repayment cap to guarantee that high-income, high-balance borrowers pay an equitable share before their remaining balances are forgiven. Severely delinquent borrowers would be auto-enrolled in the Single IDR plan. In addition, the proposed plan would calculate payments for married borrowers filing separately using their combined household Adjusted Gross Income.

**ELIMINATE ACCOUNT MAINTENANCE FEE PAYMENTS TO GUARANTY AGENCIES**  
*Department of Education*

The Budget proposes to eliminate unnecessary fee payments to guaranty agencies.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-466	0	0	0	0	0	0	0	0	0	-466	-466

**Justification**

Despite dwindling business activities since the move to direct student lending, guaranty agencies from the legacy Federal Family Education Loan Program continue to receive account maintenance fees. Given the significantly pared back services provided by guaranty agencies, and their ability to generate significant fee income through debt collection activities, the Budget proposes to discontinue these payments.

**ELIMINATE PUBLIC SERVICE LOAN FORGIVENESS**  
*Department of Education*

The Budget proposes to eliminate the Public Service Loan Forgiveness (PSLF) program and focus assistance on needy undergraduate student borrowers from all professions.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-1,911	-3,348	-4,508	-5,265	-5,738	-5,945	-6,100	-6,198	-6,508	-6,651	-20,770	-52,172

**Justification**

To support the proposal for a single Income-Driven Repayment plan, the Budget proposes a package of targeted student loan reforms and program eliminations, including the elimination of PSLF. PSLF unfairly favors some career choices over others and is complicated for borrowers to navigate. This package would simplify repayment for all new undergraduate borrowers regardless of occupation and create a pathway for expedited debt forgiveness after 15 years of payments instead of after 20 years under current law. PSLF is part of a complex array of Federal aid programs that could benefit from the simplification of aid to needy students. The Budget continues to fully fund Pell Grants to help low-income students afford college, and expands Pell eligibility to high-quality short-term programs, enabling students to obtain the skills they need for today’s workforce more quickly than the traditional two-or four-year degree.



## ELIMINATE SUBSIDIZED STUDENT LOANS

*Department of Education*

The Budget proposes to eliminate inefficient interest subsidies for certain undergraduate loans and focus resources on what are likely more effective forms of support for needy undergraduate students.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-377	-1,180	-1,663	-2,048	-2,216	-2,285	-2,229	-2,111	-2,136	-2,077	-7,484	-18,322

### Justification

To support the proposal for a single Income-Driven Repayment plan, the Budget proposes a package of targeted reforms and program eliminations, including the elimination of subsidized loans. Under current law, the Government pays interest on subsidized loans for eligible low- and middle-income undergraduates while the student is in school or deferment. While the in-school interest subsidy has not been rigorously evaluated, lessons from behavioral economics indicate that the subsidy is less likely to increase postsecondary enrollment, due to the complexity of the interest rate benefit, than straightforward need-based grants to students. The subsidy is also poorly targeted as it is provided to borrowers with low pre-enrollment income but does not consider the income of borrowers during repayment. Borrowers with unaffordable debt burdens relative to their income during repayment can manage their debt through income-driven repayment and ultimately receive forgiveness. Subsidized loans are part of a complex array of Federal aid programs that could benefit from the simplification of aid to needy students.

**PLACE LIMITS ON GRADUATE AND PARENT STUDENT LOANS**  
*Department of Education*

The Budget proposes to institute loan limits for Parent and Grad PLUS loans, which unlike other Federal student loans, have no limits other than the Cost of Attendance (COA) which is developed by institutions.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Limit Graduate Student Loan Borrowing.....	-181	-895	-1,430	-1,894	-2,361	-2,919	-3,684	-4,282	-4,723	-5,212	-6,761	-27,581
Limit Parent Student Loan Borrowing.....	71	467	1,126	1,804	2,258	2,559	2,820	3,039	3,247	3,454	5,726	20,845
Total Proposed Change from Current Law.....	-110	-428	-304	-90	-103	-360	-864	-1,243	-1,476	-1,758	-1,035	-6,736

**Justification**

Parent PLUS loans are made to some borrowers who will likely struggle to pay them back, which is unfair to borrowers and taxpayers. Students with Grad PLUS loans have already earned a bachelor's degree and likely have a credit history. The private market is well equipped to provide capital for these loans and the government should get out of the way. Reasonable limits on Grad PLUS loans will save taxpayers money, rein in the cost of college by moving away from unlimited availability of Federal financing, and allow the private sector to help rationalize these markets.

**REDUCE IMPROPER PAYMENTS IN PELL GRANTS**

*Department of Education*

The Budget includes a proposal to reduce the risk of improper payments in the Pell Grant program, which would help improve the long-term fiscal strength of the program. The legislative proposal would enhance controls to prevent fraudulent activity.

**Funding Summary**

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-2	-4	-4	-4	-4	-4	-4	-4	-4	-4	-18	-38

**Justification**

The Budget proposes to bar someone from receiving another Pell Grant if they have been awarded three consecutive Pell Grants without earning any credits. This will prevent the fraudulent practice of people going from school to school, enrolling long enough to receive a reimbursement but not pursuing any credits.

## DIVEST THE POWER MARKETING ADMINISTRATIONS' TRANSMISSION ASSETS

*Department of Energy*

The Budget proposes to sell the transmission assets of the Department of Energy's Power Marketing Administrations, which include Southwestern Power Administration (SWPA), Western Area Power Administration (WAPA), and Bonneville Power Administration (BPA). The private sector is best suited to own and operate electricity transmission assets. Eliminating or reducing the Federal Government's role in owning and operating transmission assets and increasing the private sector's role encourages a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Divest Southwestern Power Administration Transmission Assets.....	0	-15	0	0	0	0	0	0	0	0	-15	-15
Divest WAPA Transmission Assets.....	0	-794	0	0	0	0	0	0	0	0	-794	-794
Divest Bonneville Power Administration Transmission Assets.....	0	-879	-364	-382	-349	-246	-254	-263	-271	-271	-1,974	-3,279

### Justification

The Budget proposes to sell the electricity transmission assets currently owned by SWPA, WAPA, and BPA. Divestiture of Federal assets can encourage private capital investment in the Nation's infrastructure and relieve long-term pressure on the deficit related to future capital investments. The vast majority of the Nation's electricity infrastructure is owned and operated by for-profit investor owned utilities. Ownership of transmission assets is best carried out by the private sector where there are appropriate market and regulatory incentives.

## REFORM THE LAWS GOVERNING HOW THE POWER MARKETING ADMINISTRATIONS ESTABLISH POWER RATES

*Department of Energy*

The Budget proposes to change the statutory requirement that the Power Marketing Administrations' (PMAs) power rates be limited to recovering costs to a structure that considers appropriate market incentives. A market based approach for establishing rates for power sales from Federal dams encourages a more efficient allocation of economic resources.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-587	-601	-618	-635	-652	-674	-692	-709	-1,114	-1,139	-3,093	-7,421

### Justification

The PMAs sell wholesale electricity generated at multipurpose dams owned and operated by the Army Corps of Engineers and the Bureau of Reclamation. Current law requires the PMAs to generate revenues by establishing rates charged to utility customers to recover all costs, including annual operating and maintenance costs and the taxpayers' investment in the power portions of dams and in transmission lines, and permits the PMAs to defer repayment of prior capital investment by the taxpayers. By contrast, the vast majority of the Nation's electricity needs are met through for-profit investor owned utilities, which are subject to State and/or Federal regulatory oversight in the establishment of rates. Eliminating the requirement that PMA rates be limited to a cost-based structure and requiring instead that these rates be based on consideration of appropriate market incentives, including whether they are just and reasonable, would encourage a more efficient allocation of economic resources and could result in faster recoupment of taxpayer investments.

**REPEAL BORROWING AUTHORITY FOR WESTERN AREA POWER ADMINISTRATION**  
*Department of Energy*

The Budget proposes to repeal Western Area Power Administration's (WAPA) authority to borrow up to \$3.25 billion in emergency funds authorized by the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the purpose of constructing and/or funding projects within WAPA's service territory that deliver, or facilitate the delivery of, power generated by renewable energy resources. Repealing this authority encourages a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-710	-600	-75	-240	1,025	-75	75	-75	25	150	-600	-500

**Justification**

The vast majority of the Nation's electricity needs are met through for-profit investor-owned utilities. Investments in transmission assets are best carried out by the private sector where there are appropriate market and regulatory incentives. Federal financing of transmission assets places unnecessary risk on taxpayers and results in an inefficient allocation of economic resources. In addition, activities under the Recovery Act, which was enacted in response to the 2009 Great Recession, are no longer needed. Since its inception, the program has made less than \$300 million in total loans to three transmission projects. As of the end of 2019, the program held less than \$80 million in outstanding loan balances owed to the Department of the Treasury.

## DISCONTINUE SOCIAL SERVICES BLOCK GRANT FUNDING TO STATES AND TERRITORIES

*Department of Health and Human Services*

The Budget proposes to eliminate funding for the Social Services Block Grant (SSBG) because it lacks strong performance measures, is not well targeted, and is not a core function of the Federal Government. States and territories have broad discretion in their use of SSBG funds and do not have to demonstrate that they are using these Federal dollars effectively in order to continue receiving funding. In addition, SSBG funds services that are also funded through other Federal programs, such as early childhood education services funded through Head Start and child welfare services funded by Title IV-E programs.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-1,360	-1,632	-1,700	-1,700	-1,700	-1,700	-1,700	-1,700	-1,700	-1,700	-8,092	-16,592

### Justification

SSBG is a permanently authorized program that funds a wide variety of services. Examples of services include child care, child and adult protective services, foster care, and special services for individuals with disabilities. Overall, there are 29 broad service categories within SSBG (including "other"). As a result, the funding is highly fragmented and is often duplicative of other, better targeted State and Federal programs that currently fund most of these services. SSBG lacks strong performance metrics and the means to hold States accountable for spending SSBG funds effectively.

## MEDICAID: ADDRESS WASTEFUL SPENDING, FRAUD, AND ABUSE

*Department of Health and Human Services*

The Budget seeks new authorities to address Medicaid program integrity challenges identified by the Department of Health and Human Services (HHS) Office of Inspector General (OIG) and the Government Accountability Office (GAO). These proposals would empower the Federal Government and State governments to be partners in greater fiscal responsibility, preserving and protecting the Medicaid program for Americans who truly need it.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-980	-1,494	-1,570	-1,656	-3,701	-8,346	-8,413	-8,500	-8,587	-8,674	-9,401	-51,921

*Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.*

### Justification

Federal Medicaid spending rapidly increased over the past several years, increasing from \$265 billion in 2013 to an estimated \$452 billion in 2021. However, recent reviews conducted by HHS, GAO, and other stakeholders indicate a significant portion of Medicaid funding is spent improperly. The Administration believes it has a growing and urgent responsibility to ensure sound stewardship and oversight of Medicaid program resources. States and the Federal Government share responsibility for ensuring Medicaid integrity and developing, implementing, and improving program safeguards necessary to ensure proper and appropriate use of Federal and State dollars. The Budget seeks to empower States and the Federal Government to take action to address major risks to Medicaid program integrity identified by OIG and GAO related to improper payments, financing, and personal care services.

### Addressing Improper Payments and Overpayment Recovery

In 2019, the Medicaid improper payment rate increased substantially to 14.9 percent, representing \$57 billion in erroneous payments.<sup>1</sup> Most improper payments resulted from State noncompliance with beneficiary eligibility determination and provider screening and enrollment requirements.

*Beneficiary Eligibility Determinations*—States are responsible for making correct eligibility determinations to prevent misuse of taxpayer dollars and to ensure resources are available for the truly vulnerable. However, recent data identified instances of States enrolling individuals in Medicaid who may not meet eligibility requirements. For example, according to the 2019 Medicaid Payment Error Rate Measurement program (PERM) results, the Centers for Medicare and Medicaid Services estimates that States claimed \$9 billion in Federal funding for payments on behalf of ineligible beneficiaries. The Budget proposes to clarify and strengthen eligibility and enrollment requirements to help States reduce beneficiary-related improper payments. The Budget would also increase HHS’s ability to recoup funds from States that spend Federal resources on ineligible Medicaid beneficiaries.

*Provider Screening and Enrollment*—States are responsible for having an effective provider enrollment screening process to prevent providers who have engaged or are likely to engage in waste, fraud, and abuse from enrolling in Medicaid. However, noncompliance with provider screening and enrollment requirements are the largest drivers of Medicaid improper payments, resulting in over \$20 billion in projected improper payments, according to 2019 PERM findings. The Budget would give States new tools to address and reduce provider-related improper payments, while enacting financial penalties for States that do not make a good faith effort to come into compliance with current law requirements.

*Overpayment Recovery*—Current laws and regulations create barriers to States finding and recovering Federal and State overpayments. The Budget would give States access to the Treasury Offset Program,



which will assist States in recovering overpayments from providers, enforcing third party liability, and ensuring compliance with the sponsor deeming repayment obligations. In addition, the Budget would make the requirement that States establish Recovery Audit Contractor (RAC) programs optional, as recommended by the Medicaid and CHIP Payment and Access Commission (MACPAC), given evidence of declining RAC recoveries as States continue to adopt and expand managed care delivery systems. Making this requirement optional will allow States to prioritize more effective program integrity activities.

## Financing

The Budget would increase accountability in how States finance their Medicaid programs. States may make supplemental payments to providers so long as fee-for-service Medicaid rates to certain facilities result in aggregate provider payments that are lower than what Medicare would have paid for comparable services. GAO has raised concerns about the transparency and oversight of supplemental payments, citing a lack of timely information to determine whether payments meet statutory requirements, and instances of payments to hospitals that greatly exceeded costs.<sup>2,3</sup> To improve fiscal integrity and transparency in Medicaid payment policy, the Budget assumes a new policy to improve timely and complete data collection on Medicaid supplemental payments, including the financing of such payments, and proposes to limit reimbursement to Government providers to no more than the cost of providing services to Medicaid beneficiaries. In addition, the Budget addresses an emerging Medicaid financing scheme in which a provider changes its ownership designation as a privately-owned facility to a Government-owned facility, while the former private owner continues to operate the facility, to inappropriately shift costs to the Federal Government. Finally, the Budget includes proposals to address duplicative or wasteful spending. For example, the Budget proposes to continue the Medicaid Disproportionate Share hospital allotment reductions given expected reductions in uncompensated care.

## Personal Care Services

Many elderly and disabled Medicaid beneficiaries rely on personal care services (PCS) to get care in their communities and maintain independence; however, according to the HHS OIG, fraud involving PCS attendants and agencies continues to grow, accounting for 45 percent of Medicaid Fraud Control Unit convictions in 2018.<sup>4</sup> The Budget proposes to require States to implement claims edits to automatically deny unusual PCS payments such as duplicative services, services provided by unqualified providers, or services provided to those no longer eligible for Medicaid, as recommended by the HHS OIG.<sup>5,6</sup> The Budget also proposes to extend States' authority to investigate and prosecute abuse or neglect in home- and community-based settings.

## Citations

<sup>1</sup> Department of Health and Human Services, *FY 2019 Agency Financial Report*, (2019).

<sup>2</sup> Government Accountability Office, *Medicaid: Federal Guidance Needed to Address Concerns About Distribution of Supplemental Payments*, GAO-16-108, (2016).

<sup>3</sup> Government Accountability Office, *Medicaid: CMS Oversight of Provider Payments Is Hampered by Limited Data and Unclear Policy*, GAO-15-322, (2015).

<sup>4</sup> Department of Health and Human Services, Office of Inspector General, *Medicaid Fraud Control Units Fiscal Year 2018 Annual Report*, OEI-09-19-00230, (2019).

<sup>5</sup> Department of Health and Human Services, Office of Inspector General, *Personal Care Services: Trends, Vulnerabilities, and Recommendations*, OIG-12-12-01, (2012).

<sup>6</sup> Department of Health and Human Services, Office of Inspector General, *Payments Made in Error for Personal Care Services During Institutional Stays*, OEI-07-06-00620, (2008).

## MEDICARE: ADDRESS WASTEFUL SPENDING, FRAUD, AND ABUSE

*Department of Health and Human Services*

The Budget includes a number of proposals that would eliminate excessive spending and distortionary payment incentives, while preserving or improving beneficiaries' access to care. It refines reimbursement for uncompensated care and graduate medical education. It also realigns incentives through site-neutral payment reform for post-acute care and other sites of care to make payments based on clinical needs of the patient, rather than site of service.

The Budget also proposes to strengthen the tools and authorities the Medicare program has to detect and prevent Medicare fraud and abuse and to take action against individuals who look to defraud the Medicare program and harm beneficiaries in the process. Together with investments in the Health Care Fraud and Abuse Control (HCFAC) program, these legislative proposals would help prevent improper payments, eliminate wasteful spending, and reduce time-consuming "pay and chase" activities. Additional information on proposals to address improper payments can be found in the Payment Integrity chapter of the *Analytical Perspectives* volume.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-8,837	-25,087	-32,218	-39,533	-47,208	-53,583	-59,049	-65,274	-70,429	-77,294	-152,883	-478,512

*Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.*

**Justification**

The Budget includes two proposals aimed at reforming how the Federal Government reimburses hospitals for certain "add-on" payments that are not directly tied to Medicare beneficiary care. These reforms improve the sustainability of the Medicare Trust Fund and ensure that Medicare funds are spent on meeting the health needs of the Nation's seniors. In addition, these proposals better align the Medicare program with private sector health insurance business practices.

Medicare currently makes payments to hospitals related to uncompensated care for non-Medicare beneficiaries. The Budget proposes to reform uncompensated care payments by removing the payment from the Medicare payment system, moderating the rate of growth of spending, and establishing a new process to distribute uncompensated care amounts to hospitals based on their share of charity care and non-Medicare bad debt.

The Federal Government spends more than \$15 billion annually in the Medicare, Medicaid, and Children's Graduate Medical Education (GME) programs with little to no accountability for outcomes. Experts have repeatedly recommended improving the distribution of funds to achieve a better distribution of specialties in health care, to address health care professional shortage areas, and to incentivize better training of professionals.<sup>1,2</sup> The Budget proposes to better focus Federal spending on training for health professionals by consolidating GME spending that is currently in the Medicare, Medicaid, and Children's Hospital GME Payment program into a new capped Federal grant program. Funding would be distributed to hospitals based on the proportion of residents training in priority specialties or programs and based on other criteria identified by the Secretary, including addressing health care professional shortages and educational priorities.

The Budget includes several additional proposals aimed at eliminating wasteful spending in Medicare.

*Establish a unified payment system for post-acute care providers*—Currently, Medicare uses separate prospective payment systems to pay for stays in the four main post-acute care settings: skilled nursing facilities; home health agencies; inpatient rehabilitation facilities; and long-term care hospitals. Non-partisan experts have repeatedly found that payment rates significantly exceed the costs of care in these settings, that payments do not align well with patients' clinical needs, and that patients may go to sites of care that

provide more intensive services than are clinically necessary.<sup>3,4,5</sup> Therefore, the Budget would transition payment for post-acute care to site-neutral payments over five years. It would reduce the growth rate of post-acute care payment during the transition period. The proposed value-based payment system is based on the anticipated clinical needs and risk factors of the patient, rather than the site of service. All types of facilities would remain available, and patients with their doctors would determine the right site of care.

*Pay all hospital-owned physician offices located off-campus at the physician office rate*—Most hospital-owned physician practices located off the hospital's main campus receive a higher Medicare payment rate than practices not owned by hospitals. The Bipartisan Budget Act of 2015 addressed this inequity for new off-campus facilities, but grandfathered facilities in existence at the time. The Budget would equalize Medicare payment for all physician practices and off-campus facilities, regardless of whether they are hospital-owned or when established, lowering out-of-pocket costs for seniors receiving services at those facilities.

*Pay on-campus hospital outpatient departments at the physician office rate for certain services*—Currently, Medicare and beneficiaries pay more for services furnished in a hospital outpatient department that is located on the main campus of a hospital than in a physician office. The Budget proposes to make site-neutral payments between on-campus hospital outpatient departments and physician offices for certain services to include imaging tests, clinic visits, and drug administration.

*Authorize long-term care hospital (LTCH) site neutral exceptions criteria*—The Budget proposes to better align payments to LTCHs based on patient need by modifying the criteria for payment. In 2013, the Congress enacted a site neutral payment policy for LTCHs and established criteria to determine which patients should continue to be reimbursed at the higher LTCH rate. Researchers, including the nonpartisan Medicare Payment Advisory Commission (MedPAC), have suggested that the current criterion of at least three days in the intensive care unit (ICU) may be too low, and that a higher number of days may more accurately identify patients who require the intensity of care provided at an LTCH.<sup>6</sup> The Budget proposes to extend the criterion to at least an eight-day stay in an ICU, as recommended by MedPAC, to better identify chronically ill patients who would more likely benefit from an LTCH.

*Reduce Medicare coverage of bad debts*—The Budget would reduce the amount Medicare pays to certain institutional providers to cover copayments or deductibles that beneficiaries fail to pay. Medicare currently reimburses certain providers at 65 percent of bad debt. Private insurance companies do not typically cover any portion of uncollected cost-sharing, which is the responsibility of the beneficiary. The Budget would bring Medicare more in line with the private sector by gradually reducing reimbursement to 25 percent of bad debt over three years.

*Reform and expand durable medical equipment competitive bidding*—The Budget proposes to implement a more rational approach for setting payment rates in competitively bid areas by eliminating the single payment amount, and paying winning durable medical suppliers at their bid amounts. This approach would incentivize suppliers to bid at an appropriate rate to acquire products and support their businesses. In addition, the Budget proposes to expand competitive bidding to all areas of the Nation. If an adequate number of suppliers do not participate in a bid area, rates from other similar areas would be used to set the payment amount in that bid area.

*Expand basis for beneficiary assignment for Accountable Care Organizations (ACOs)*—ACOs are designed to help reduce wasteful Medicare spending and improve quality by coordinating patient care and preventing unnecessary duplication of services. The Budget proposes to provide additional flexibilities to increase savings through ACOs by expanding the basis for beneficiary assignment to a broader set of primary care providers, including nurse practitioners, physician assistants, and clinical nurse specialists, moving more beneficiaries from fee-for-service Medicare to value-based care, without affecting beneficiary access to providers or the care they receive.

*Modify payment for hospice care provided to beneficiaries in skilled nursing and nursing facilities*—Currently, Medicare pays hospices the same rate for care provided in skilled nursing and nursing facilities as it does for care provided in other settings, such as the home. This results in overpayment to hospice providers since nursing facilities are staffed with professional caregivers and are often paid separately under Medicare and Medicaid.<sup>7</sup> Therefore, the Budget proposes to reduce hospice reimbursement by \$10 per day

to account for the separate Medicare and Medicaid payments already provided for personal care services delivered to beneficiaries who elect hospice in skilled nursing and nursing facilities.

*Remove the cap on Medicare Advantage benchmarks and remove the doubling of quality bonus payments in qualifying counties*—The Budget proposes to remove two Medicare Advantage payment mechanisms put in place by the Affordable Care Act. Removing the benchmark caps will allow Medicare Advantage organizations to fully realize their quality bonus payments by removing caps set by spending patterns that are over 10 years old. Removing double bonus payments will eliminate inequitable payments made to plans based on their geographic location that are not tied to quality. Taken together these two proposals result in a streamlined Medicare Advantage payment methodology that also produces net savings to Medicare.

The Budget also includes several proposals that would further address fraud and abuse in Medicare.

*Expand prior authorization to additional Medicare fee-for-service items at high risk of fraud, waste, and abuse*—The Budget proposes to expand the Medicare program's authority to conduct prior authorization on certain items or services that are prone to high improper payments, including, but not limited to, inpatient rehabilitation services. The Centers for Medicare and Medicaid Services (CMS) has tested prior authorization on a couple of items and services that are common targets for high improper payments, such as power wheel chairs and non-emergency ambulance services. Preliminary evaluation results indicate that prior authorization can be an effective tool for dissuading fraudulent actors and reducing inappropriate utilization.<sup>8,9</sup> The proposal would reduce improper payments and save taxpayer dollars from paying for Medicare services that are not medically necessary by ensuring that the right payment goes to the right provider for the appropriate service.

*Prevent fraud by applying penalties on providers and suppliers who fail to update enrollment records*—Currently, providers and suppliers are required to update enrollment records to remain in compliance with the Medicare program. Unreported changes in provider enrollment information could allow problematic providers to continue to bill Medicare. The Budget proposes to increase CMS' authority to enforce appropriate reporting of changes in provider enrollment information through civil monetary penalties or other intermediate sanctions to mitigate the associated risk.

*Pass Treasury collection fees for CMS overpayment collections onto debtor*—CMS passes overpayments that have not been repaid within 60 days onto Treasury for collection. Treasury keeps a percentage of the collected overpayment as a collection fee. Currently, this fee is taken directly from the overpayment amount resulting in CMS recouping less than the overpayment. This proposal would require the debtor to pay the collection fee on top of the overpayment amount owed to CMS, resulting in all of the overpayment going back to the Medicare program.

## Citations

<sup>1</sup> Medicare Payment Advisory Commission, *Aligning Incentives in Medicare: Graduate Medical Education Financing: Focusing on Educational Priorities*, Report to the Congress, (June 2010).

<sup>2</sup> National Academies of Sciences, Engineering, and Medicine, *Graduate Medical Education That Meets the Nation's Health Needs*, (July 2014).

<sup>3</sup> Medicare Payment Advisory Commission, *Medicare Payment Policy: Chapters 8-11*, Report to the Congress, (March 2017).

<sup>4</sup> Medicare Payment Advisory Commission, *Medicare Payment Policy: Chapters 8-11*, Report to the Congress, (March 2018).

<sup>5</sup> Medicare Payment Advisory Commission, *Medicare Payment Policy: Chapters 8-11*, Report to the Congress, (March 2019).

<sup>6</sup> Medicare Payment Advisory Commission, *Medicare Payment Policy, Chapter 11; Long-term care hospital services*, Report to the Congress, (March 2014).

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<sup>7</sup> Office of the Inspector General, *Vulnerabilities in the Medicare Hospice Program Affect Quality Care and Program Integrity: An OIG Portfolio*, (July 2018).

<sup>8</sup> Asher et al. *First Interim Evaluation Report of the Medicare Prior Authorization Model for Repetitive Scheduled Non-Emergent Ambulance Transport (RSNAT)*, (2018).

<sup>9</sup> Centers for Medicare and Medicaid Services, *Medicare Prior Authorization of Power Mobility Devices Demonstration Status Update*, (2017).

## MODERNIZE MEDICAID AND CHIP

*Department of Health and Human Services*

The Budget would modernize Medicaid benefits, target eligibility, and would bolster the CHIP safety net for States experiencing funding shortfalls. In determining Medicaid eligibility, the Budget would enable States to consider savings and other assets, ensure Federal funds are only available for individuals with verified immigration status, and improve consistency across welfare programs through a uniform work requirement. The Budget also proposes to allow States to increase co-payments for non-emergency use of the emergency department, and creates a permanent Money Follows the Person option.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-8,320	-15,924	-16,952	-18,088	-18,972	-20,079	-21,138	-22,307	-25,239	-26,372	-78,256	-193,391

*Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.*

**Justification**

Medicaid spending is increasing at an unsustainable rate, and it is critical that benefits be maintained for the most vulnerable populations. The Administration believes States, not the Federal Government, are in the best position to assess the needs of their Medicaid population, target benefits appropriately, and implement innovative reforms. The Budget would grant States additional flexibility in designing their Medicaid programs and support greater efficiency by providing options to increase co-pays for improper use of the emergency department, support transitional services to promote care in the community, and modify eligibility requirements to ensure the safety net is reserved for the most vulnerable populations.

The Budget would improve consistency between work requirements in federally funded public assistance programs, including Medicaid, Temporary Assistance for Needy Families, Supplemental Nutrition Assistance Program, and rental assistance, by requiring that able-bodied, working-age individuals find employment, train for work, or do community service in order to receive welfare benefits. This would enhance service coordination, improve the financial well-being of those receiving assistance, and ensure these public assistance programs are reserved for the most vulnerable populations.

The Budget would further enable States to focus on the most vulnerable populations. By allowing States to consider savings and other assets in determining Medicaid eligibility, the Budget would focus Medicaid spending on individuals who do not have significant assets. The Budget also proposes to not pay for medical assistance of individuals who have not verified their immigration status, and thus their eligibility for Medicaid. In addition, the Budget proposes to strengthen the safety net available to States experiencing CHIP funding shortfalls, while eliminating funding streams that do not support children’s health. By creating a Shortfall Fund comprised of unused annual appropriations and repealing the Performance Bonus Fund and Child Enrollment Contingency Fund, the Budget would make it easier for States and territories to access needed funding when facing a shortfall.

By allowing States to increase co-payments for non-emergency use of the emergency department, the Budget would encourage beneficiaries to engage in personal financial responsibility and proper use of healthcare resources. Medicaid beneficiaries use the emergency department at an almost two-fold higher rate than the privately insured.<sup>1,2</sup> The Centers for Medicare and Medicaid Services has already granted waivers to several States to increase co-payments for non-emergency use of the emergency department. The Budget would allow States to pursue this flexibility without going through the waiver process.

The Budget also creates a permanent Money Follows the Person option, giving States flexibility to provide additional transitional services to promote care in the community. States with high rates of institutionalization would receive time-limited enhanced funding to support necessary structural changes.

This new option is expected to save \$91 million in Medicaid overall as beneficiaries transition to more appropriate, lower cost settings.

**Citations**

<sup>1</sup> Garcia et al. *Emergency Department Visitors and Visits: Who Used the Emergency Room in 2007?*, CDC, NCHS Data Brief No 38, (2010).

<sup>2</sup> Mann, Cindy, *Reducing Nonurgent Use of Emergency Departments and Improving Appropriate Care in Appropriate Settings*, CMCS Informational Bulletin, (January 2014).

**REIMAGINE THE SAFETY NET AND REFORM TANF**  
*Department of Health and Human Services*

The Budget proposes to foster State innovation in strengthening the safety net through promoting opportunity and economic mobility demonstrations, which would allow States to integrate Temporary Assistance for Needy Families (TANF) and other safety net programs and tailor services to their populations' needs. The Budget would also reduce the TANF block grant by 10 percent, which is the portion that States may transfer to the Social Services Block Grant (SSBG), and proposes to eliminate the TANF Contingency Fund, as it fails to provide well-targeted counter-cyclical funding to States. Accompanying these proposed cuts is a comprehensive package of legislative proposals to improve the TANF program by holding states accountable for achieving employment outcomes, improving the integrity of TANF spending, and ensuring that States allocate sufficient funds to work, education, and training activities.

**Funding Summary**  
 (In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Promote Opportunity and Economic Mobility Demonstrations.....	22	41	60	79	98	78	59	40	21	2	300	500
Reduce TANF Block Grant.....	-1,095	-1,442	-1,513	-1,547	-1,607	-1,603	-1,595	-1,615	-1,618	-1,594	-7,204	-15,229
Eliminate the TANF Contingency Fund.....	-608	-608	-608	-608	-608	-608	-608	-608	-608	-608	-3,040	-6,080
Total Proposed Change from Current Law.....	-1,681	-2,009	-2,061	-2,076	-2,117	-2,133	-2,144	-2,183	-2,205	-2,200	-9,944	-20,809

**Justification**

*Promoting Opportunity and Economic Mobility Demonstrations*—Recognizing the value of State innovation in strengthening America's safety net, the Budget would provide States with the opportunity to apply for demonstrations to streamline funding from multiple public assistance programs, and provide services that are tailored to their constituents' specific needs. By holding States accountable for achieving targeted outcomes that focus on fostering employment, reducing welfare dependency, and promoting child and family well-being, these projects will serve to build the evidence base of best practices for helping low-income individuals achieve self-sufficiency. The Budget would provide \$100 million per year for five years to cover start-up costs, rigorous evaluations, and technical assistance related to these demonstrations.

*Reducing the TANF Block Grant while Strengthening the Program's Integrity and Accountability*—The Budget reduces the TANF block grant by 10 percent, which is the portion that States may transfer to the Social Services Block Grant. While this proposal would reduce the amount available to States for cash assistance and other benefits that promote self-sufficiency, it also recognizes that TANF's flexible spending rules have resulted in States using a large portion of TANF funds for benefits and services that do not directly serve the core intent of the program to help low-income families meet their basic needs and move them towards self-sufficiency. The Budget would ensure sufficient TANF investments in work promotion activities by adding a requirement that States spend at least 30 percent of all funds on activities that directly promote work. It also requires that all TANF expenditures be targeted to families with incomes below 200 percent of the Federal poverty line, which will ensure that States focus resources on the most vulnerable families and children. In addition, the package of TANF reforms includes new proposals that will eliminate ineffective uses of TANF funding by requiring that expenditures be directly related to achieving TANF's purposes and by phasing out the ability for states to use TANF funds for, "activities authorized solely under prior law," an outdated expenditure category. Finally, the Budget includes a proposal that would allow TANF to come into compliance with improper payment reporting requirements, underscoring this Administration's commitment to program integrity.

The Budget also includes a new proposal to hold states accountable to achieving employment outcomes, which will further the goal of incentivizing cooperation and service integration between TANF and Workforce



Innovation and Opportunity Act programs to promote work. States would also be held accountable to achieving an engagement performance measure that aligns with the adoption of a universal engagement approach in TANF, where all work-eligible individuals receiving TANF cash assistance would be expected to participate in individualized work activities a minimum of 20 hours per week, unless they fall into an exempt category or have individual or geographic hardship.

*Eliminating the TANF Contingency Fund*—The Budget proposes to eliminate the TANF Contingency Fund, recognizing its failure to provide well-targeted counter-cyclical funding to States. While the intent of the Contingency Fund has been to assist States experiencing increased demand for cash assistance during economic downturns, States may use these funds for any TANF purpose, many of which have no direct relationship to helping families meet basic needs in hard economic times. Some States have used contingency funds to simply replace existing block grant funds (i.e., building up their unobligated balances), without actually spending more to address increased need. In addition, because the triggers for eligibility for the Contingency Fund have not been updated, nearly all States have been eligible to access the Fund in every month since June 2009.

## STRENGTHEN THE CHILD SUPPORT ENFORCEMENT PROGRAM

*Department of Health and Human Services*

The Budget includes a number of proposals to strengthen the Child Support Enforcement Program, which would provide State agencies additional tools to increase efficiency, facilitate family self-sufficiency, and promote responsible parenthood.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Strengthen Child Support Enforcement and Establishment.....	-14	-25	-39	-44	-50	-51	-53	-54	-56	-57	-172	-443
Get Noncustodial Parents to Work.....	9	11	13	14	17	20	22	24	26	28	64	184
Fund States to Provide Parenting Time Services.....	1	1	2	2	2	3	3	4	4	4	8	26
Total Proposed Change from Current Law.....	-4	-13	-24	-28	-31	-28	-28	-26	-26	-25	-100	-233

**Justification**

*Strengthen child support enforcement and establishment*—The Budget would strengthen child support enforcement and establishment through a package of proposals that would increase child support collections resulting in savings to Federal benefits programs. The package would expand the ability to intercept sources of income for payment of child support, including insurance settlements, lump-sum payments provided by employers, gaming winnings from casinos, and State workers' compensation claims. The package would also improve enforcement procedures related to freezing and seizing certain assets held by delinquent non-custodial parents, and would require independent contractors to report their Social Security Number to State directories used to locate non-custodial parents and identify sources of income. The package of proposals would also provide States and Tribes with access to better financial data matching programs, as well as tools that promote interstate cooperation.

*Get non-custodial parents to work*—The Budget also proposes to get non-custodial parents to work by expanding the work requirement in the Child Support Enforcement Program, while allowing for limited Federal funding to support employment and training services for non-custodial parents who are behind in their child support payments. The proposal recognizes that a mandated work requirement for this population is an evidence-based and cost-effective approach to obtaining regular child support payments. It would promote personal responsibility, would enable non-custodial parents to provide for their children, and would allow their families to avoid Government dependence.

*Fund States to provide parenting time services*—The Budget would fund States to provide parenting time services. Parenting time is the time the non-custodial parent spends with the child, which research suggests would improve parent-child relationships, outcomes for children, and child support collections.

**ESTABLISH AN IMMIGRATION SERVICES SURCHARGE***Department of Homeland Security*

The Budget proposes to add a 10 percent surcharge on all requests received by U.S. Citizenship and Immigration Services, including applications for citizenship, adjustment of status, and petitions for temporary workers. These collections would be deposited into the General Fund of the U.S. Treasury for deficit reduction.

**Funding Summary**

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-389	-398	-407	-416	-426	-436	-446	-456	-466	-477	-2,036	-4,317

**Justification**

Those who request immigration services derive benefits beyond the direct costs to the Federal Government of adjudicating those requests. Consistent with this, the Budget would ensure that these requestors contribute to deficit reduction.

**EXTEND EXPIRING CUSTOMS AND BORDER PROTECTION USER FEES**  
*Department of Homeland Security*

This proposal would extend the Merchandise Processing Fee (MPF) and other Customs User Fees set to expire on September 30, 2029. It would also make permanent the current MPF rate.

**Funding Summary**  
 (In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	0	0	0	0	0	0	0	0	-5,477	0	-5,477

**Justification**

The Budget proposes to extend the MPF beyond its current expiration date of September 30, 2029, to September 30, 2030, and makes permanent the rate increase (from 0.21 percent ad valorem to 0.3464 percent ad valorem) enacted in section 503 of Public Law 112-41, the U.S.-Korea Free Trade Agreement Implementation Act. It also proposes to extend the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) fees (statutorily set under the Act) and the Express Consignment Courier Facilities (ECCF) fee created under the Trade Act of 2002 beyond their current expiration date of September 30, 2029 to September 30, 2030.

## INCREASE CUSTOMS USER FEES

*Department of Homeland Security*

The Budget proposes to increase Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and Express Consignment Courier Facilities (ECCF) fees, and adjust for inflation.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-272	-201	-216	-225	-237	-254	-269	-286	-299	-320	-1,151	-2,579

### Justification

This proposal will increase COBRA customs user fees by \$2 for certain air and sea passengers and increase all other COBRA rates and caps by proportionate amounts. This fee was last adjusted in April 2007, yet international travel volumes continue to grow and U.S. Customs and Border Protection (CBP) costs for customs inspections continue to increase. As a result, CBP relies on its annually appropriated funds to support the difference between fee collections and the costs of providing customs inspection services. The Government Accountability Office's most recent review of these COBRA user fees in July 2016 identified that CBP collected \$686 million in COBRA/Express Consignment Carrier Facilities Fee (ECCF) fees compared to \$870 million in operating costs, exhibiting a recovery rate of only 78 percent.<sup>1</sup> With the fee increase, CBP would potentially collect the same amount it incurs in COBRA/ECCF eligible costs in 2021. In addition, the proposal would amend the statutory hierarchy of eligible reimbursable costs to prioritize the salaries of full-time inspection personnel within the hierarchy. CBP estimates raising the fee and changing the hierarchy could offset the cost of an estimated 1,700 Customs CBP Officer full time equivalents. The proposed legislation would close the gap between costs and collections, and would enable CBP to provide improved inspection services to those who pay this user fee.

### Citations

<sup>1</sup> Government Accountability Office, *Enhanced Oversight Could Better Ensure Programs Receiving Fees and Other Collections Use Funds Efficiently*, GAO-16-443, (July 2016)

**INCREASE IMMIGRATION USER FEES**  
*Department of Homeland Security*

This proposal would increase the Immigration Inspection User Fee (IUF) by two dollars and would eliminate a partial fee exemption for sea passengers arriving from the United States, Canada, Mexico, or adjacent islands. These two adjustments would result in a total fee of nine dollars for all passengers, regardless of mode of transportation or point of departure.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-68	-2	-9	-2	-15	-2	-17	-2	-10	-3	-96	-130

**Justification**

This proposal would increase the Immigration Inspection User Fee (IUF) by \$2 and eliminate a partial fee exemption for sea passengers arriving from the United States, Canada, Mexico, or adjacent islands. These two adjustments will result in a total fee of \$9 for all passengers, regardless of mode of transportation or point of departure. This fee was last adjusted in November 2001, yet international travel volumes continue to grow at an annual rate of 3-4 percent and U.S. Customs and Border Protection (CBP) costs for immigration inspections continue to increase. For example, 21.8 million international travelers visited the United States in 2001, compared with 77 million in 2015. As a result, CBP relies on its annually appropriated funds to support the difference between fee collections and the costs of providing immigration inspection services. The Government Accountability Office’s most recent review of IUF in July 2016 identified that CBP collected \$728 million in IUF fees compared to \$1,003 million in operating costs, exhibiting a recovery rate of only 73 percent.<sup>1</sup> To prevent this gap from widening again in the future, the proposal would authorize CBP to adjust the fee without further statutory changes. CBP estimates raising the fee and lifting the exemption could support the cost of an estimated 1,480 Customs CBP Officer full time equivalents.

**Citations**

<sup>1</sup> Government Accountability Office, *Enhanced Oversight Could Better Ensure Programs Receiving Fees and Other Collections Use Funds Efficiently*, GAO–16–443, (July 2016).

## INCREASE WORKSITE ENFORCEMENT PENALTIES

*Department of Homeland Security*

The Budget proposes to increase by 35 percent all penalty amounts charged against employers who violate Immigration and Nationality Act provisions on the unlawful employment of aliens.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-13	-14	-15	-15	-15	-15	-15	-15	-15	-15	-72	-147

### Justification

According to a 2018 estimate,<sup>1</sup> there were some 7.8 million unauthorized workers in the U.S. civilian labor force in 2016. As U.S. Immigration and Customs Enforcement increases its efforts to stop businesses from employing those who should not be working in the United States, the Administration proposes increasing by 35 percent the fines and penalties charged to those employers found to be violating the law.

### Citations

<sup>1</sup> Pew Research Center, *U.S. Unauthorized Immigrant Total Dips to Lowest Level in a Decade*, (November 2018).

**CANCEL SOUTHERN NEVADA PUBLIC LANDS MANAGEMENT ACT BALANCES**  
*Department of the Interior*

The Budget proposes to cancel \$230 million in unobligated balances in a special account established under the Southern Nevada Public Lands Management Act (SNPLMA), which has already generated over \$3.5 billion to address the most important projects in Nevada.

**Funding Summary**  
 (In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-83	-69	-78	0	0	0	0	0	0	0	-230	-230

**Justification**

Enacted in 1998, SNPLMA authorizes the Bureau of Land Management to sell specified public lands around Las Vegas, NV, and retain 85 percent of the proceeds in a special account to use for capital improvements and various conservation, restoration, and recreational purposes at the discretion of the Secretary of the Interior. Since its enactment, the Department of the Interior has received over \$3.5 billion from land sales under SNPLMA authority, and the proceeds have funded over 1,200 conservation, restoration, and infrastructure projects across Nevada, with notable investments in Lakes Tahoe and Mead. However, in recent years the program is increasingly in search of qualified ‘critical need’ projects, which has led to lingering unobligated balances. This proposal would only reduce a portion of the over \$800 million in remaining balances and would not affect any specific projects currently identified.



**REPEAL ENHANCED GEOTHERMAL PAYMENTS TO COUNTIES***Department of the Interior*

The Budget proposes to repeal Section 224(b) of the Energy Policy Act of 2005, to permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the U.S. Treasury.

**Funding Summary**

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-20	-40

**Justification**

The Energy Policy Act of 2005 changed the distribution of receipts from geothermal leases to provide 50 percent to States, 25 percent to counties, and 25 to the Federal Government. In almost all other situations where leasing revenues are generated on Federal lands, the receipts are split between the Federal Government and the affected State. The extra 25 percent in county payments is inconsistent with this longstanding revenue-sharing approach, and effectively reduces the return to Federal taxpayers from geothermal leases on Federal lands.

**ESTABLISH AN UNEMPLOYMENT INSURANCE SOLVENCY STANDARD**

*Department of Labor*

States are responsible for funding the benefits they provide under the State-administered Unemployment Insurance (UI) program. In order to avoid raising taxes on employers in the middle of a recession, States should build balances that would allow them to cover benefits when unemployment spikes. However, despite years of recovery since the Great Recession, many States' UI accounts are still not adequately financed—as of December 2019, only 29 States had sufficient reserves to weather another recession. The Budget proposes to strengthen the incentive for States to prepare for the next recession and adequately fund their UI systems by reducing Federal tax credits in States with particularly low reserve balances.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	0	-537	-944	-1,453	-775	-991	-1,217	-1,487	-138	-2,934	-7,542

**Justification**

States are expected to build up sufficient reserves in their UI programs during non-recessionary periods to allow them to pay for benefits during the next recession. When States fail to build up sufficient balances, they either need to increase taxes on employers in the middle of a recession or borrow from the Federal Government, which can trigger increased taxes on employers through automatic Federal Unemployment Tax Act "credit reductions."

Currently, just over half of the States have sufficient reserves to cover a full year of benefits during a recession—the common measure of State solvency in the UI program. The Budget proposes to encourage States to build up reserves in their Unemployment Trust Fund accounts by implementing a minimum solvency standard, equal to the level of reserves that would be sufficient to pay six months of benefits during an average recession (half of the common solvency target). This proposal would impose credit reductions on States that fail to meet the solvency standard for two consecutive years, rather than only imposing the credit reduction once States have been borrowing from the Federal Government for two consecutive years. This would strengthen States' incentive to adequately fund their UI systems before their Trust Funds face any future recessionary demands, resulting in a decrease in the likelihood of insolvency and the need to borrow. All funds received through the credit reduction would be applied to State Unemployment Trust Fund accounts to help States rebuild their balances.

## IMPROVE PENSION BENEFIT GUARANTY CORPORATION MULTIEMPLOYER SOLVENCY

*Department of Labor*

The Budget proposes to improve the solvency of the Pension Benefit Guaranty Corporation (PBGC) by increasing the insurance premiums paid by underfunded multiemployer pension plans by \$26 billion over 10 years. PBGC premiums are currently far lower than what a private financial institution would charge for insuring the same risk. The proposed premium reforms would improve PBGC's financial condition and are expected to be sufficient to fund the multiemployer program for the next 20 years. The Administration looks forward to working with the Congress on additional comprehensive reforms to resolve the multiemployer pension crisis.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	15	-2,585	-2,660	-2,698	-2,416	-3,102	-2,871	-2,923	-3,020	-3,105	-10,344	-25,365

*Note: The funding summary reflects premium changes proposed for the multiemployer program only. Premium changes for both the multiemployer and single-employer proposals total \$27.006 billion, as reflected in Table S-6 of the Budget Volume.*

### Justification

PBGC provides pension insurance for private sector-defined benefit retirement plans through the single-employer and multiemployer programs. PBGC collects premiums that are set by the Congress separately for each of the programs. Under the multiemployer insurance program, when a plan runs out of money, PBGC provides financial assistance to the plan so that the plan can pay benefits at the guaranteed level.

The multiemployer insurance program covers over 10 million participants and is in dire financial condition. The program's 2019 deficit was \$65.2 billion, with only \$2.9 billion in assets and \$68 billion in liabilities. PBGC projects the multiemployer program will be insolvent by the end of 2025, at which point participants in insolvent plans would see their guaranteed benefits cut by as much as 90 percent. Multiemployer premiums are very low—a flat rate of just \$30 per participant in 2020. In order to better align multiemployer premiums with the risk PBGC is insuring and to prevent insolvency, the Budget proposes to create a variable-rate premium (VRP) based on plan underfunding, as exists in the single-employer program, and an exit premium assessed on employers that withdraw from a plan to compensate for the additional risk imposed on PBGC. Additional reforms are necessary to secure the future of the multiemployer system and protect the pension benefits of over 10 million hard working Americans. The Administration stands ready to work with the Congress on a long-term solution that protects retirees, prevents the collapse of the multiemployer pension system, limits the burden on taxpayers, saves the federal backstop, and prevents a future crisis.

In contrast, PBGC's single-employer program reached a modest positive net position in 2019 for the second year in a row. The Budget proposes to freeze for three years premium rates for many single-employer pension plans and adjust the variable-rate premium cap to restore the incentive for employers to improve funding of promised pensions.

**IMPROVE UNEMPLOYMENT INSURANCE PROGRAM INTEGRITY**  
*Department of Labor*

The Budget includes proposals aimed at improving integrity in the Department of Labor's Unemployment Insurance (UI) program. The proposals would result in \$2.3 billion in savings over 10 years.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-111	-234	-268	-269	-277	-317	-277	-235	-310	-238	-1,159	-2,536

**Justification**

The Budget proposes to reduce improper payments in the UI program with a package of reforms that would allow States to target more tools and resources toward the problem. The package includes reforms to: require State use of the Separation Information Data Exchange System; mandate that States cross-match against the National Directory of New Hires; mandate that States cross-match against the databases available through the UI Integrity Center of Excellence; allow the Secretary of Labor to establish corrective measures for poor State performance; require States to cross-match against the Prisoner Update Processing System; allow States to retain overpayment and tax investigation recoveries to fund program integrity activities; and require States to use penalty and interest collections for UI administration, including for program integrity activities. Combined, these proposals would reduce State UI improper payment rates by allowing the use of additional funds to fight improper payments and by ensuring that States are using all available tools to ensure that benefits are only going to eligible claimants.

## REFORM THE FEDERAL EMPLOYEES' COMPENSATION ACT

*Department of Labor*

The Federal Employees' Compensation Act (FECA) program provides wage replacement and medical benefits to Federal civilian employees who suffer from occupational injury or disease, or to their survivors. The Budget proposes to improve the program by simplifying FECA benefit rates, modernizing benefit administration, and enhancing controls to prevent fraud and limit improper payments.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-31	-24	-28	-16	-17	-17	-19	-19	-21	-20	-116	-212

### Justification

FECA has not been substantially updated since 1974. The FECA program pays two-thirds of the individual's basic pay, or up to 75 percent for individuals with dependents, higher than the majority of State workers' compensation programs. This compensation is adjusted for inflation annually and not taxed. FECA benefits typically exceed Federal retirement benefits, enticing individuals to remain on FECA past when they would otherwise have retired. Individuals can receive FECA benefits indefinitely, as long as their injury or illness diminishes their wage-earning capacity.

The Budget proposal would: reform the FECA program prospectively to provide a single rate of compensation for new injuries at 66 2/3 percent of the injured workers' pay; convert retirement-age beneficiaries to a retirement annuity-level benefit; establish an up-front waiting period for benefits for all beneficiaries; increase benefits for disfigurement and burial; suspend payments to indicted medical providers; and make other changes to improve the program integrity and reduce improper payments. A number of these reforms echo longstanding Department of Labor Inspector General and Government Accountability Office recommendations.

**REFORM THE TRADE ADJUSTMENT ASSISTANCE PROGRAM**  
*Department of Labor*

The Trade Adjustment Assistance (TAA) program, which provides cash benefits and training to workers who have been displaced by international trade, is in need of reform. A 2012 evaluation of the program demonstrated that program participants were slightly worse off than non-participants at the end of a four-year follow-up period.<sup>1</sup> The Budget proposes legislative changes to refocus the TAA program on apprenticeship and on-the-job training, earn-as-you-learn strategies that ensure that participants are getting job-relevant training.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-55	-119	-133	6	55	23	-2	-28	-50	-75	-246	-378

**Justification**

A rigorous 2012 evaluation of the TAA program demonstrated that workers who participated in the program had lower earnings than the comparison group at the end of a four-year follow-up period, in part because they were more likely to participate in long-term job training programs rather than immediately reentering the workforce.<sup>1</sup> However, this training was not targeted to in-demand industries and occupations—only 37 percent of participants became employed in the occupations for which they trained. The Budget proposes to refocus the TAA program on apprenticeship and on-the-job training, earn-as-you-learn strategies that would improve participants' workforce outcomes by helping to place them in relevant occupations. States would also be encouraged to place a greater emphasis on intensive reemployment services for workers who are not participating in work-based training, getting those individuals back into the workforce more quickly.

**Citations**

<sup>1</sup> Mathematica Policy Research, Inc. and Social Policy Research Associates, *The Evaluation of the Trade Adjustment Assistance Program*, (December 2012).

## INCREASE DEBT COLLECTION

*Department of the Treasury*

The Budget includes three legislative proposals that would authorize the Department of the Treasury (Treasury) to collect more of the debt that is due to the Federal Government.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Increase and Streamline Recovery of Unclaimed Assets.....	-6	-6	-6	-6	-6	-6	-6	-6	-7	-7	-30	-62
Expand the Treasury Offset Program.....	-96	-96	-96	-96	-96	-96	-96	-96	-96	-96	-480	-960
Fund the Federal Payment Levy Program via Collections.....	16	22	22	22	22	22	22	22	22	22	104	214
Total Proposed Change from Current Law.....	-86	-80	-80	-80	-80	-80	-80	-80	-81	-81	-406	-808

### Justification

*Increase and streamline recovery of unclaimed assets*—This proposal would authorize Treasury to recover unclaimed assets and to retain a portion of amounts collected to pay for the costs of recovery. States and other entities hold assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to lack of expertise and funding. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training to recover these assets.

*Expand the Treasury Offset Program*—This proposal would allow the offset of Federal tax refund payments to collect State debts to encourage State participation in the State Reciprocal Program (SRP) and increase Federal debt collections. Currently, under the SRP, States can collect their debts through the offset of Federal non-tax payments in exchange for Treasury to collect Federal non-tax debts through the offset of State payments. For States participating in the SRP, State payments subject to levy under this proposal could include State tax refunds, vendor payments, and payments to Medicaid service providers.

*Fund the Federal Payment Levy Program via collections*—The Administration proposes to allow the Bureau of Fiscal Service to retain a portion of the funds collected under the Bureau's Fiscal Levy Program which processes and collects delinquent tax debts. Delinquent taxpayers would still receive credit based on the full amount collected before any deduction for Fiscal Service's costs and would not be impacted by the proposal. By allowing the Fiscal Service to recover its costs from levy collections, this structure would reduce administrative and overhead costs for both the Fiscal Service and the Internal Revenue Service and is similar to how Fiscal Service recovers its costs for Federal non-tax and State debts.

## IMPLEMENT TAX ENFORCEMENT PROGRAM INTEGRITY CAP ADJUSTMENT

*Department of the Treasury*

The Budget includes a proposal to increase discretionary funding for the Internal Revenue Service (IRS) by \$15 billion over 10 years. This investment would result in the collection of an additional \$79 billion in tax revenue, with a net savings of \$64 billion over 10 years.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Implement Tax Enforcement Program Integrity Cap Adjustment.....	-264	-542	-3,106	-5,158	-7,356	-9,682	-12,005	-12,974	-13,813	-14,495	-16,426	-79,395
Increase Discretionary Outlays from Tax Enforcement Program Integrity Cap Adjustment.....	353	757	1,110	1,459	1,810	1,948	1,971	1,983	1,992	2,002	5,489	15,385
Total Proposed Change from Current Law.....	89	215	-1,996	-3,699	-5,546	-7,734	-10,034	-10,991	-11,821	-12,493	-10,937	-64,010

### Justification

The Budget proposes to establish and fund a new adjustment to the discretionary caps for program integrity activities related to IRS program integrity operations starting in 2021. The IRS base appropriation funds current tax administration activities, including all tax enforcement and compliance program activities, in the Enforcement and Operations Support accounts. The proposed \$400 million cap adjustment would fund new and continuing investments to expand and improve the effectiveness and efficiency of the IRS's tax enforcement program. The activities are estimated to generate \$79 billion in additional revenue over 10 years and cost approximately \$15 billion, resulting in an estimated net savings of \$64 billion. Once the new enforcement staff are trained and become fully operational these initiatives are expected to generate roughly five dollars in additional revenue for every one dollar in IRS expenses. This return is likely understated because it only includes amounts received; it does not reflect the effect that enhanced enforcement has on deterring noncompliance. This indirect deterrence helps to ensure the continued payment of \$3.6 trillion in taxes paid each year without direct enforcement measures.



## IMPROVE TAX ADMINISTRATION

*Department of the Treasury*

The Budget includes a suite of proposals that would improve tax administration including: improving the accuracy of tax returns filed by paid preparers; providing the Internal Revenue Service (IRS) with additional authority to correct errors on a taxpayer's tax return; improving wage and information reporting; and ensuring that only those eligible for refundable tax credits receive them.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Require SSN for Child Tax Credit, EITC, and Credit for Other Dependents.....	-1,927	-7,134	-7,250	-7,330	-7,488	-7,776	-8,027	-8,294	-8,631	-8,938	-31,129	-72,795
Increase Oversight of Paid Tax Return Preparers.....	-5	-23	-39	-43	-48	-53	-58	-63	-70	-77	-158	-479
Provide More Flexible Authority for the IRS to Address Correctable Errors.....	-1,048	-1,551	-1,599	-1,657	-1,709	-1,763	-1,830	-1,902	-1,979	-2,073	-7,564	-17,111
Improve Clarity in Worker Classification and Information Reporting Requirements.....	29	37	10	-3	-8	-6	-4	-8	-10	-28	65	9

### Justification

*Increasing Oversight of Paid Tax Return Preparers*—This proposal would give the IRS the statutory authority to increase its oversight of paid tax return preparers. Paid tax return preparers have an important role in tax administration because they assist taxpayers in complying with their obligations under the tax laws. Increasing the quality of paid preparers lessens the need for after-the-fact enforcement of tax laws and increases the amount of revenue that the IRS can collect. This proposal would save \$479 million over 10 years.

*Provide More Flexible Authority for the IRS to Address Correctable Errors*—The Budget proposes to give IRS expanded authority to correct errors on taxpayer returns. Under current law the IRS is only allowed to correct errors on returns in certain limited instances, such as basic math errors or the failure to include the appropriate Social Security Number or Taxpayer Identification Number. This proposal would expand the instances in which the IRS could correct a taxpayer's return. For example, with this new authority, the IRS could deny a tax credit that a taxpayer had claimed on a tax return if the taxpayer did not include the required paperwork, where Government databases showed that the taxpayer-provided information was incorrect, where the taxpayer had exceeded the lifetime limit for claiming a deduction or credit, or where the taxpayer had failed to include with the tax return documentation that was required to be included or attached to the return. This proposal would save \$17.1 billion over 10 years.

*Improve Clarity in Worker Classification and Information Reporting Requirements*—The Budget would require that Form 1099-K be filed by January 31 and would expand electronic wage reporting. Under current law Form 1099-K must be furnished to the recipient by January 31 and filed with IRS by March 31. The proposal would change the filing requirement to January 31. The IRS would also eliminate the regulations that allow for an automatic 30-day filing extension. This would allow IRS to receive information about some sources of self-employment income earlier in the filing season. The proposal saves \$9 million over 10 years and includes an existing proposal to improve clarity in worker classification and information reporting requirements.

*Require a Social Security Number (SSN) That Is Valid for Employment to Claim the Earned Income Tax Credit (EITC), Child Tax Credit, and Credit for Other Dependents*—The Budget includes a proposal to require an SSN that is valid for employment in order to claim the Child Tax Credit and the credit for other dependents. This requirement extends to all filers and all qualifying children or dependents claimed on the

tax return. While this is already current law for the EITC, the proposal would fix an administrative gap to strengthen enforcement of this provision. This proposal would ensure that only individuals who are authorized to work in the United States are able to claim these credits. This proposal would save \$72.8 billion over 10 years.

## INCREASE AND EXTEND GUARANTEE FEE CHARGED BY GOVERNMENT SPONSORED ENTERPRISES

*Department of the Treasury*

The Budget proposes to increase the guarantee fee charged by Fannie Mae and Freddie Mac from 0.10 to 0.20 percentage points in 2021, and extend the 0.20 percentage point fee through 2025. This proposal is expected to generate approximately \$34 billion over the 10-year Budget window.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-202	-1,053	-2,250	-3,588	-4,644	-5,291	-5,123	-4,587	-4,075	-3,625	-11,737	-34,438

### Justification

Under current law, Fannie Mae and Freddie Mac (Government Sponsored Enterprises or GSEs) impose a 0.10 percentage point fee above and beyond their normal guarantee fees that is collected and remitted to the U.S. Treasury for deficit reduction pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 (TPTCCA). This existing TPTCCA fee is currently in effect through 2021 and generates approximately \$31 billion in deficit savings over the 10-year Budget window. This proposal, projected to generate an additional \$34 billion, would help to level the playing field for private lenders seeking to compete with the GSEs.

**CAP POST-9/11 GI BILL FLIGHT TRAINING PROGRAMS AT PUBLIC SCHOOLS**  
*Department of Veterans Affairs*

Under the Post-9/11 GI Bill, the Department of Veterans Affairs (VA) pays full tuition and fees for eligible veterans at public institutions of higher learning. Some flight training programs offered through these institutions (often at private, contracted schools) are much more expensive than other courses of study, often surpassing the maximum benefit level provided by the GI Bill. This proposal would cap the maximum benefit for all VA funded flight programs at the private school benefit cap (currently about \$24,447 per year).

**Funding Summary**  
 (In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-7	-7	-8	-8	-8	-8	-8	-9	-9	-9	-38	-81

**Justification**

The Post-9/11 GI Bill provides eligible veterans with full tuition and fees at public universities, and tuition and fees at private universities up to a cap of about \$23,700 per year. Over the past several years, certain public schools have been offering flight training, often through contracts with private institutions at a cost significantly higher than other courses of study. Capping the benefit at the maximum benefit provided for private schools would maintain a robust benefit but would reduce the likelihood that VA would pay excessive amounts for these programs.

## REINSTATE COLA ROUND-DOWN

*Department of Veterans Affairs*

For nearly 15 years, until 2013, the Department of Veterans Affairs (VA) rounded down payment rates to all disability compensation beneficiaries. This proposal would reestablish the practice of rounding down to the nearest dollar the annual Cost of Living Adjustments (COLA) for service-connected disability compensation, dependency and indemnity compensation, and certain education programs.

### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Reinstate COMP COLA Round-down.....	-39	-76	-126	-184	-252	-278	-286	-307	-317	-335	-677	-2,200
Reinstate RB COLA Round-down.....	-2	-2	-2	-4	-4	-4	-6	-9	-9	-10	-14	-52
Total Proposed Change from Current Law.....	-41	-78	-128	-188	-256	-282	-292	-316	-326	-345	-691	-2,252

### Justification

Each year, veterans in receipt of certain disability benefits receive a yearly COLA increase to ensure that the purchasing power of VA benefits is not eroded by inflation. For nearly 15 years, until 2013, VA rounded down payment rates to all disability compensation beneficiaries. This proposal would reinstate that round-down, which has only a minimal impact, estimated at no more than \$12 per year on individual veterans.

**STANDARDIZE AND ENHANCE VA COMPENSATION AND PENSION BENEFIT PROGRAMS**

*Department of Veterans Affairs*

This set of proposals would improve the disability compensation rating process to reflect the expansion of conditions covered under the Department of Veterans Affairs' (VA) Schedule for Rating Disabilities (VASRD), would clarify the disability compensation claim payment effective date, and would make other improvements and efficiencies in disability compensation and pension claims processing.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-752	-840	-930	-1,022	-1,116	-1,212	-1,310	-1,409	-1,665	-1,425	-4,660	-11,681

**Justification**

These proposals would help rationalize and standardize VA disability compensation system. For example, VA now regularly reviews its VASRD to accurately reflect current medical science and the appropriate levels of impairment for each disability. Benefits now align with the law requiring VA to compensate service-disabled veterans based on loss of earnings capacity. With VA leveraging empirical and scientific/medical data, it is no longer necessary to have a separate Extra Scheduler rating system to compensate veterans. In addition, VA currently has to evaluate claims for upward adjustments with regard to how the disabling condition being claimed has changed within one year of the actual date of claim. This requires significant research by the VA claims examiners to determine the most appropriate effective date and is exceptionally confusing to veterans and claims personnel. The proposal would simply standardize the actual date of claim as the effective date, rather than requiring VA to subjectively determine an appropriate claim date. There are also a large number of smaller proposals designed to maximize efficiency in the disability claims process.

## DIVEST WASHINGTON AQUEDUCT

### *Corps of Engineers*

The Budget proposes to divest the Federal Government of the Washington Aqueduct (Aqueduct), which is the wholesale water supply system for Washington, D.C. and parts of northern Virginia, including: Arlington County; the City of Falls Church; and parts of Fairfax County. Eliminating the Army Corps of Engineers' (Corps) role in local water supply and increasing the State, local, or private sector's role would encourage a more efficient allocation of economic resources and mitigate risk to taxpayers.

#### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	0	-118	0	0	0	0	0	0	0	-118	-118

#### Justification

Corps is a Federal agency that owns and operates the Aqueduct, which is the only local water supply system in the Nation owned and operated by the Corps. The Aqueduct's wholesale customers pay the Corps to cover the cost of routine Aqueduct operations. The Corps borrowed \$75 million from the Treasury in the mid-1990s to pay for certain capital improvements (Aqueduct customers are in the process of repaying that amount to the U.S. Treasury). Ownership of local water supply is best carried out by State or local government or the private sector where there are appropriate market and regulatory incentives.

**REFORM INLAND WATERWAYS FINANCING**  
*Corps of Engineers*

The Administration proposes to reform the laws governing the Inland Waterways Trust Fund, including establishing an annual fee to increase the amount paid by commercial navigation users of the inland waterways. The additional revenue would support infrastructure investment and economic growth by helping finance the users' share of future capital investments, as well as 10 percent of the operation and maintenance cost in these waterways. The current excise tax on diesel fuel used in inland waterways commerce will not produce the revenue needed to cover these costs.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-180	-180	-180	-180	-180	-180	-180	-180	-180	-180	-900	-1,800

**Justification**

The Army Corps of Engineers (Corps) inland waterways program constructs, operates, and maintains 229 lock chambers at 187 dam sites, and other features that make it possible to move cargo by barge on 12,000 miles of developed inland channels. Nearly all of the Federal cost to support navigation on the inland waterways involves Corps spending on the locks and dams—to construct, operate, maintain, repair, replace, and rehabilitate them; and to expand the level of service that they provide. Under current law, barge owners pay 50 percent of the cost of most inland waterways capital investments (with the exception of the Olmsted Locks and Dam Project). The General Fund pays the other 50 percent of these costs, plus all of the operation and maintenance. The central financing challenge now facing the inland waterways program is that the current diesel fuel tax (which the Congress increased from 20 cents per gallon to 29 cents per gallon in 2014) will not generate enough revenue to support the user-financed 50 percent share of the capital investments that will be needed over the next 10 to 15 years. The Budget proposes to increase revenue to support additional work on the inland waterways through a new user fee. This proposal would raise about \$1.8 billion over the 10 year window to finance part of the cost of anticipated capital investment projects and operation and maintenance activities on the inland waterways.



## INCREASE EMPLOYEE CONTRIBUTIONS TO 50 PERCENT OF COST, PHASED IN AT ONE PERCENT PER YEAR

### *General Services Administration*

*The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation.*

This proposal would increase Federal employee contributions to the Federal Employees Retirement System (FERS) such that the employee and employer would each pay half the normal cost. For Federal workers in certain occupations, such as law enforcement and firefighting, employee contributions would increase, but the Government would continue to pay a higher share of the normal cost.

By increasing the employee share, the Federal Government's costs would be reduced. To mitigate the impact on employees, this provision would be phased in over several years, with individuals contributing an additional one percent of their salary each year.

#### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	-2,194	-4,697	-7,221	-9,506	-11,120	-12,503	-13,314	-13,384	-13,447	-23,618	-87,386

*Note: Savings exclude non-scoreable impacts due to the loss of intragovernmental employer share receipts. Savings also do not include the Budget proposal to reduce the discretionary spending limits to reflect the reductions in normal cost contributions paid by Federal agencies.*

### Justification

The Congressional Budget Office (CBO) concluded in a series of recent reports that Federal employees are, on average, compensated with combined pay and benefits higher than the private sector. Most recently, in 2017<sup>1</sup>, CBO found a 17-percent disparity on average, in total compensation, between Federal employees and their private sector peers. The disparity—which varies significantly by education level—is overwhelmingly attributable to benefits. As the CBO study shows, in comparison to the private sector, the Federal Government continues to offer a very generous package of retirement benefits, even when controlling for certain characteristics of workers. At large private sector firms, only approximately 35 percent of workers had access to a combination of defined benefit and defined contribution programs.

Another benefit of this proposal is that it would generally equalize the percentage of salary that civilian workers pay toward their pension benefit. At present, newer cohorts of employees pay a higher percentage than do those with greater seniority.

The Administration has lessened the impact of the proposal to increase employee contribution to FERS, by phasing in the implementation with a one percent increase in contributions each year. In the context of the broader labor environment, the Administration believes the implementation and phasing in of retirement benefit changes would not impact the Federal Government's recruiting and retention efforts.

### Citations

<sup>1</sup> *Congressional Budget Office, Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015, (April 2017).*

**MODIFY THE GOVERNMENT CONTRIBUTION RATE TO FEDERAL EMPLOYEES  
HEALTH BENEFITS PROGRAM PREMIUMS**

*General Services Administration*

*The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation.*

This proposal would revise the Government contribution rate to base it on a plan’s score from the Federal Employees Health Benefits (FEHB) Program Plan Performance Assessment. Currently all FEHB carriers participate in the assessment, which includes 19 measures of health outcomes, quality, and efficiency. Under this proposal, the base Government contribution would be the lesser of 71 percent of the weighted average of all health plans or 75 percent of that plan option’s individual premium. Higher performing plans would receive a five percent increase to the Government contribution, while all others would receive the base rate. This proposal would encourage enrollment in high-performing health plans.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	0	-224	-351	-371	-394	-417	-441	-467	-494	-946	-3,159

**Justification**

FEHB covers approximately 8.2 million Federal civilian employees, retirees, and their families. The Government contribution to premiums is currently set in statute at 72 percent of the weighted average of all plan premiums, not to exceed 75 percent of any given plan’s premium. Under the current structure, enrollees have few incentives to choose less expensive, higher value plans. This proposal would incentivize enrollees to select high-performing, high-value plans by making them more affordable. The proposal would also provide carriers with greater incentive to compete on price and quality, help driving down overall program costs.

## REDUCE FEDERAL RETIREMENT BENEFITS

### *General Services Administration*

*The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation.*

This proposal would reduce the cost of Federal employee annuities via revisions to the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS). The proposal would eliminate cost of living adjustments (COLAs) for FERS retirees, and would reduce CSRS retiree COLAs by 0.5 percent. It would also eliminate the FERS Special Retirement Supplement for those employees who retire before Social Security eligibility age, calculate employees' annuity based on the "High-5" salary years instead of "High-3" salary years, and reduce the G Fund interest rate. The employee compensation landscape continues to evolve. Private sector employers provide a smaller share of compensation in the form of retirement benefits than does the Federal Government. Recent decades have seen a dramatic shift by private employers away from defined benefit retirement programs. The Federal Government, in contrast, provides a much greater share of its employees' compensation in the form of retirement benefits—including pension benefits and post-retirement health care benefits. The provisions of this proposal would bring Federal retirement benefits more in line with the private sector, while reducing their long-term costs.

#### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Eliminate Federal Employees Retirement System COLA, Reduce Civil Service Retirement System COLA by 0.5 percent.....	-676	-1,526	-2,442	-3,430	-4,490	-5,625	-6,837	-8,127	-9,498	-10,952	-12,564	-53,603
Eliminate the Special Retirement Supplement.....	-213	-657	-1,141	-1,667	-2,064	-2,314	-2,573	-2,841	-3,119	-3,360	-5,742	-19,949
Change Retirement Calculation from High-3 Years to High-5 Years.....	-443	-517	-594	-673	-754	-837	-923	-1,012	-1,104	-1,198	-2,981	-8,055
Reduce the G Fund Interest Rate.....	-755	-996	-1,236	-1,427	-1,281	-1,305	-1,034	-890	-809	-782	-5,695	-10,515
Total Proposed Change from Current Law.....	-2,087	-3,696	-5,413	-7,197	-8,589	-10,081	-11,367	-12,870	-14,530	-16,292	-26,982	-92,122

*Note: Savings exclude non-scoreable impacts due to the loss of intragovernmental employer share receipts. Savings also do not include the Budget proposal to reduce the discretionary spending limits to reflect the reductions in normal cost contributions paid by Federal agencies.*

### Justification

The Congressional Budget Office (CBO) concluded in a series of recent reports that Federal employees are, on average, compensated with combined pay and benefits higher than the private sector. Most recently, in 2017, CBO found a 17-percent disparity on average in total compensation between Federal employees and their private sector peers.<sup>1</sup> The disparity—which varies significantly by education level—is overwhelmingly attributable to benefits. As the CBO study shows, in comparison to the private sector, the Federal Government continues to offer a very generous package of retirement benefits, even when controlling for certain characteristics of workers. At large private sector firms, only approximately 35 percent of workers had access to a combination of defined benefit and defined contribution programs.

*Eliminate FERS COLA, Reduce CSRS COLA by 0.5 percent*—FERS and CSRS COLAs for annuitants are currently determined based on statutory formulas tied to the Consumer Price Index. However, FERS annuitants are somewhat protected from economic effects, because their retirement packages include Social Security benefits and the Thrift Savings Plan (TSP)—a defined contribution plan for Federal Government

employees—in addition to the FERS annuity. Eliminating the FERS COLA and reducing the CSRS COLA payments would reduce both FERS and CSRS annuity benefits, bringing compensation more in line with the private sector.

*Eliminate the Special Retirement Supplement*—When a FERS employee retires before Social Security eligibility age, and meets certain employment longevity requirements, they currently receive a supplement in addition to the FERS annuity and TSP payouts. This supplement partially replaces the Social Security portion of the retirement package. When private sector employees retire before Social Security eligibility age, no such supplement is provided. This proposal would eliminate this “extra” benefit, which is not typically provided in private sector annuity plans.

*Change Retirement Calculation from High-3 years to High-5 years*—Currently, Federal retirement annuity calculations are based on the average of the Federal employee’s three highest salary-earning years. Private sector pension companies commonly base employee annuity calculations on the employee’s five highest salary-earning years, a formula more representative of an employee’s career earnings track record. Switching the Federal employee annuity formula from a “High-3” to a “High-5” calculation would create greater alignment with the private sector.

*Reduce the G Fund Interest Rate*—This proposal includes a change to the G Fund, an investment vehicle available only through the TSP. G Fund investors currently benefit from receiving a medium-term rate of return on what is essentially a short-term security. Basing the yield on a short-term T-bill rate instead of the current rate (an average of medium and long term Treasury bond rates) would reduce both the projected rate of return to investors and the cost of the fund to the Treasury.

#### **Citations**

<sup>1</sup> *Congressional Budget Office, Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015, (April 2017).*

**CONSOLIDATE THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**  
*Other Independent Agencies*

The Budget proposes to consolidate the functions and responsibilities of the Public Company Accounting Oversight Board (PCAOB) into the Securities and Exchange Commission (SEC) beginning in 2022.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	-57	-58	-60	-62	-64	-66	-69	-71	-73	-237	-580

**Justification**

The Sarbanes-Oxley Act of 2002 established PCAOB to oversee the audits and auditors of both public companies that are subject to Federal securities law and broker-dealers registered with SEC. The Budget proposes to consolidate the authorities and responsibilities of PCAOB into SEC beginning in 2022. SEC is already charged with investigating Federal securities law violations and has the authority to impose disciplinary action, including for public accounting firms that are also overseen by PCAOB. Consolidating these functions within SEC will reduce regulatory ambiguity and duplicative statutory authorities. SEC is also subject to discretionary appropriations, which ensures oversight and constraint over the fees assessed on market participants.

**DIVEST TENNESSEE VALLEY AUTHORITY TRANSMISSION ASSETS**  
*Other Independent Agencies*

The Budget proposes to sell the transmission assets of the Tennessee Valley Authority (TVA). The private sector is best suited to own and operate electricity transmission assets.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	216	-4,997	-83	-83	-83	-83	-83	-83	-83	-110	-5,030	-5,472

**Justification**

The Budget proposes to sell the electricity transmission assets of the Tennessee Valley Authority. The vast majority of the Nation's electricity infrastructure is owned and operated by for-profit investor owned utilities. Ownership of transmission assets is best carried out by the private sector where there are appropriate market and regulatory incentives. Eliminating the Federal Government's role in owning and operating transmission assets would encourage a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers.

**ELIMINATE CORPORATION FOR TRAVEL PROMOTION BRAND USA**  
*Other Independent Agencies*

The Budget proposes to eliminate funding for the Corporation for Travel Promotion (also known as Brand USA) as part of the Administration's plans to move the Nation toward fiscal responsibility and to redefine the proper role of the Federal Government. The Budget redirects the Electronic System for Travel Authorization (ESTA) surcharge currently deposited in the Travel Promotion Fund to the U.S. Treasury to reduce the deficit. Eliminating Brand USA and permanently extending the authority to collect the ESTA fee would save U.S. taxpayers approximately \$1.7 billion.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-100	-100	-100	-100	-100	-100	-100	-316	-321	-328	-500	-1,665

**Justification**

The Corporation for Travel Promotion (also known as Brand USA) was established by the Travel Promotion Act in 2010 to lead the nation's first global marketing effort to promote the United States as a travel destination and to communicate U.S. entry/exit policies and procedures. The nonprofit corporation, funded through a combination of private sector contributions and Federal matching funds, works with the travel industry to encourage travel and tourism in the United States. A surcharge to the Electronic System for Traveler Authorization (ESTA) fee that travelers from visa waiver countries pay before arriving in the United States provides Brand USA's Federal matching funds. Authorization to collect the surcharge under the Travel Promotion Act was set to expire on September 30, 2020, but was extended to September 30, 2027, in the Brand USA Extension Act (part of Public Law 116-94, the Further Consolidated Appropriations Act, 2020).

Brand USA spends the majority of its funding on marketing campaigns in foreign countries to encourage travel to the United States. These expenditures do not reflect the proper role for Federal Government spending. The private sector or particular destinations, such as States or localities, are better suited to lead promotional activities in foreign countries. The Federal Government strongly supports travel to the U.S. through the publication of key travel statistics and reducing institutional barriers to tourism. The National Travel and Tourism Office coordinates these efforts across the Government through the Tourism Policy Council.

In addition to unnecessarily extending the authority for Brand USA, the Brand USA Extension Act broadens the mission of the Agency and lowers the standards for the program's matching requirements to allow for more in-kind contributions of goods and services from non-Federal sources. These changes dilute the potential impact of the program and require less investment from non-Federal partners, both moves in the wrong direction for U.S. taxpayers.

The Budget proposes to end this wasteful program, redefining the proper role of the Federal Government and use the approximately \$1.7 billion saved to move the Nation to a more responsible fiscal path.

**ELIMINATE THE SECURITIES AND EXCHANGE COMMISSION RESERVE FUND**  
*Other Independent Agencies*

The Budget proposes to eliminate the Securities and Exchange Commission's (SEC or Commission) reserve fund in order to restore accountability to the American taxpayer.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	0	-17	-41	-50	-50	-50	-50	-50	-50	-50	-158	-408

**Justification**

The Dodd-Frank Wall Street Reform and Consumer Protection Act created the SEC's mandatory reserve fund, which gives the Commission broad authority to spend up to \$100 million per year as it deems necessary to carry out its functions. While the fund is outside of the congressional appropriations process, it has come to represent an extension of the SEC's regular appropriation rather than the emergency reserve it was intended to be. This proposal would restore the SEC's accountability by diverting reserve fund resources to the U.S. Treasury for deficit reduction and requiring the SEC to request any additional appropriations from the Congress beginning in 2022.



**ENACT SPECTRUM LICENSE USER FEE**  
*Other Independent Agencies*

The Budget proposes to provide the Federal Communications Commission (FCC) with new authority to use economic mechanisms, such as fees, as a spectrum management tool.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-50	-150	-300	-450	-500	-500	-500	-500	-500	-500	-1,450	-3,950

**Justification**

To promote the efficient use of the electromagnetic spectrum, the Administration proposes to provide FCC with new authority to use economic mechanisms, such as fees, as a spectrum management tool. The FCC would be authorized to set user fees on unauctioned spectrum licenses based on spectrum-management principles. Fees would be phased in over time as part of an ongoing rulemaking process to determine the appropriate application and level of fees that maximize spectrum utilization.

## REFORM THE POSTAL SERVICE

### *Other Independent Agencies*

The Budget proposes to reform the United States Postal Service to allow the Agency to meet its financial and service obligations with business revenue, as intended, rather than a taxpayer-financed bailout. The Budget proposes reforms based on the recommendations of the President’s Task Force on the United States Postal System.<sup>1</sup> The Task Force made recommendations for changes to governance, the Postal Service’s universal service obligation, pricing, cost allocation, operating costs, labor model, retiree health benefits, and revenue sources.

**Funding Summary**  
(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-7,007	-7,481	-7,801	-8,261	-8,760	-9,275	-9,892	-10,535	-11,208	-11,200	-39,310	-91,420

*Note: This proposal would begin in 2020, with estimated savings of -\$2,209 million, for a total estimated savings of -\$93,629 million in the Budget window.*

### Justification

The Postal Service's business model relies on stable First-Class Mail revenue to support the substantial fixed costs of providing universal mail service to more than 158 million delivery points. However, persistent declines in mail volume resulting from the transition to digital communication have fundamentally undermined this model, and the Postal Service has reported multi-billion dollar losses for many years. Since 2012, the Postal Service has prioritized payments to employees and vendors, while defaulting on required payments of more than \$5 billion each year for current and former employee benefits costs. To reverse this trend, the Agency must be given the ability to address their expenses—including the cost of personnel—and take appropriate actions to balance service levels with revenue.<sup>2</sup> The Postal Service must also have the flexibility to raise the revenue necessary to support its operations.<sup>3</sup>

The Budget proposes a combination of operational reforms and retiree health and pension changes to restore solvency to the Postal Service and ensure that it funds existing commitments to current and former employees from business revenues rather than taxpayer funds. Operational reforms include: changes to how rates are set for products that are deemed outside the universal service obligation; changes to delivery processing, mode, and frequency; increased use of private sector partners; more closely aligning Postal Service employee wages with those of other Federal employees; licensing access to the mailbox; and providing additional Government services at retail locations. In addition to Government-wide changes to health and pension programs that will reduce Agency operating costs, the Budget also proposes to re-amortize the payments to the Retiree Health Benefits Fund, including those payments missed in previous years, based on the Postal employee population at or near the retirement age.

In total, the Budget estimates that these reforms would reduce the unified budget deficit by \$91 billion over 10 years and result in on-budget savings as the Postal Service resumes statutory payments to on-budget accounts.

### Citations

<sup>1</sup> U.S. Department of the Treasury, *United States Postal Service: A Sustainable Path Forward*, (December 2018).

<sup>2</sup> U.S. Government Accountability Office, *Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, GAO-19-157SP, (March 2019).

<sup>3</sup> U.S. Postal Service Office of Inspector General, *Funding the Universal Service Obligation*, RARC-WP-16-005, (March 2016).

## RESTRUCTURE THE CONSUMER FINANCIAL PROTECTION BUREAU

### *Other Independent Agencies*

The Budget proposes to restructure the Consumer Financial Protection Bureau (CFPB), limit its mandatory funding in 2021, and provide discretionary appropriations beginning in 2022.

#### Funding Summary

(In millions of dollars)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-25	2021-30
Proposed Change from Current Law.....	-110	-625	-639	-657	-675	-692	-710	-728	-746	-765	-2,706	-6,347

#### Justification

The CFPB, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, is an independent agency that draws funding from the Federal Reserve. The CFPB has broad authority to develop and enforce regulations governing financial products and services.

The Budget proposes legislative reforms to restructure and bring accountability to the CFPB. The proposed reforms would reinforce financial discipline, reduce unnecessary spending, and ensure appropriate congressional oversight by subjecting the CFPB to discretionary appropriations starting in 2022. The proposal would also cap transfers by the Federal Reserve Board to the CFPB during 2021 to \$485 million, equivalent to the 2015 level. These changes would allow the CFPB to focus its efforts on enforcing enacted consumer protection laws.



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# Appendix

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## Recommended Terminations and Modifications to Statutorily Required Federal Advisory Committees

### Department of Agriculture

National Urban and Community Forestry Advisory Council  
 National Advisory Council on Maternal, Infant, and Fetal Nutrition  
 Arizona National Scenic Trail Advisory Council  
 Forest Resource Coordinating Committee  
 Opal Creek Scenic Recreation Area Advisory Committee  
 National Advisory Committee for Tobacco Inspection Services  
 Advisory Committee on Emerging Markets  
 Edward R. Madigan United States Agricultural Excellence Board of Evaluators

### Department of Commerce

Advisory Council on Children's Educational Television  
 Technology Innovation Program Advisory Board

### Department of Defense

Lake Eufaula Advisory Committee  
 Missouri River (North Dakota) Task Force  
 Missouri River (South Dakota) Task Force  
 Ocean Research Advisory Panel  
 Veterans' Advisory Board on Dose Reconstruction

### Department of Education

National Board of the Fund for Improvement of Postsecondary Education  
 Institute for Education Sciences - National Board for Education Sciences (modify)

### Department of Energy

National Quantum Initiative Advisory Committee (modify)  
 Biomass R&D Technical Advisory Committee (modify)  
 State Energy Advisory Board (modify)

### Department of Health and Human Services

Advisory Board on Child Abuse and Neglect  
 Advisory Board on Elder Abuse, Neglect, and Exploitation  
 Advisory Committee for Injury Prevention and Control  
 Advisory Committee on the Maternal, Infant and Early Childhood Home Visiting Program Evaluation  
 Advisory Council on Hazardous Substances Research and Training  
 Community Living Assistance Services and Supports CLASS Independence Advisory Council  
 Disability, Independent Living and Rehabilitation Research Advisory Council  
 End-Stage Renal Disease Data Advisory Committee, HCFA, NIDDK  
 Federal Council on the Aging  
 Federal Hospital Council  
 Interagency Breast Cancer and Environmental Research Coordinating Committee  
 National Advisory Board for Arthritis and Musculoskeletal and Skin Diseases  
 National Commission on Alcoholism and Other Alcohol-Related Problems  
 National Deafness and Other Communication Disorders Advisory Board  
 National Diabetes Advisory Board  
 National Digestive Diseases Advisory Board  
 National Kidney and Urologic Diseases Advisory Board  
 Personal Care Attendants Workforce Advisory Panel  
 Scientific Management Review Board  
 Task Force on Aging Research

### Department of Homeland Security

Houston-Galveston Navigation Safety Advisory Committee  
 U.S. Customs Service COBRA Fees Advisory Committee  
 Lower Mississippi River Waterway Safety Advisory Committee

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## Recommended Terminations and Modifications to Statutorily Required Federal Advisory Committees

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### Department of the Interior

Boston Harbor Islands Advisory Council  
Cedar Creek and Belle Grove National Historical Park Commission  
Chesapeake and Ohio Canal National Historical Park Commission  
Gettysburg National Military Park Advisory Commission  
Jimmy Carter National Historic Site Advisory Committee  
Mary McLeod Bethune Council House National Historic Site Advisory Commission  
National Park of American Samoa Advisory Board  
Star-Spangled Banner National Historical Trail Advisory Council  
Tallgrass Prairie National Preserve Advisory Committee  
Gila Box Riparian National Conservation Area Advisory Committee  
North Slope Science Initiative Science Technical Advisory Panel  
Santa Rosa and San Jacinto Mountains National Monument Advisory Committee  
Cold War Advisory Committee

### Department of Justice

Coordinating Council on Juvenile Justice and Delinquency Prevention

### Department of Labor

Advisory Council on Employee Welfare and Pension Benefit Plans (modify)  
Pension Benefit Guaranty Corporation Advisory Committee (modify)

### Department of State

Advisory Panel to the United States Section of the North Pacific Anadromous Fish Commission

### Department of Transportation

Intelligent Transportation Systems Program Advisory Committee  
Emergency Route Working Group  
Advisory Committee on Human Trafficking

### Department of the Treasury

Advisory Committee of the Community Adjustment and Investment Program

### Department of Veterans Affairs

Veterans' Advisory Committee on Environmental Hazards

### National Aeronautics and Space Administration

International Space Station National Laboratory Advisory Committee







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