$200 Billion in Illustrative Savings

(In billions; savings rounded to nearest $0.1)

	2015 Savings
Domestic:	**$100.2 billion**
Defense:	**$100.1 billion**
Total:	**$200.3 billion**

Leading by Example

2015
$50.4

1. **Reduce Congressional & White House budgets by 15 percent.**[1] Like most areas of government, the budgets for Congress and the Executive Office of the President have grown significantly in recent years. For example, legislative branch appropriations almost doubled from FY2000 through FY2010.[2] In order to tackle our fiscal imbalance, everyone must sacrifice. That should include those at the top. This proposal would cut the budgets for Congress and the White House by 15 percent, saving about $800 million in 2015.

2015
$0.8

2. **Freeze federal salaries, bonuses, and other compensation at non-defense agencies for three years.**[3] During the Great Recession, most private sector employees have seen their wages frozen, and some have even watched wages decline. In contrast, federal workers have seen their wages increase due to automatic formulas in law that provide them with step-in-grade and cost-of-living-adjustments. For example, federal civilian employees received a 2.0 percent raise in 2010, a 3.9 percent raise in 2009, and a 3.5 percent raise in 2008.[4] This proposal would institute a three-year cross-agency freeze on federal pay, including salaries and those benefits linked to pay raises, to reflect the current economic and fiscal climate.

2015
$15.1

The following estimate assumes for FY2012 a 2.3 percent increase on a $145 billion base. For FY2013 through FY2015, the projected rate of growth is 3.9 percent which is consistent with projections in the President's FY2011 budget.

Fiscal Year	2012 Freeze	2013 Freeze	2014 Freeze	Cumulative Annual Savings
2012	$3.3	NA	NA	$3.3
2013	$3.3	$5.7	NA	$9.0
2014	$3.4	$5.8	$5.7	$14.9
2015	$3.4	$5.9	$5.8	$15.1
5 year total	$13.4	$17.4	$11.5	$42.3

[1] According to the Congressional Research Service, approximately $5.12 billion was requested in FY2011 for legislative branch operations. This was an increase of 10 percent over FY2010 levels. The FY2011 request for the Executive Office of the President (not including the Office of National Drug Control Policy) was $535 million according to the White House's official budget submission to Congress.
[2] Ida A Brudnick, "Legislative Branch: FY 2011 Appropriations" Congressional Research Service, April 28, 2010.
[3] Staff estimate.
[4] Patrick Purcell, Federal Employees: "Pay and Pension Increases Since 1969," Congressional Research Service, January 20, 2010.

2015
$13.2

3. **Cut the federal workforce by 10 percent (2-for-3 replacement rate).**[5] The government's civilian, nonmilitary work force peaked in the late 1960s at about 2.3 million. In the 1990s it began to drop, reaching a low of 1.778 million in 2000. Recently, however, the size of the federal workforce has climbed back over 2 million Full-Time Equivalents (FTE).[6] This proposal would reduce the federal workforce by 200,000 by 2020.[7]

   Under this proposal, the government could hire two new workers for every three who leave service.[8] Thus the bill is not a rigid hiring freeze, but a workforce reduction plan that allows the government to continue bringing in new workers at a slower pace. To decrease the impact on overall national employment levels, this proposal would not take effect until 2012. All agencies would be subject to the hiring restrictions. However the president would have discretion to exempt certain agencies if national security were impacted, as long as the overall workforce targets continued to decline and reach the target of 200,000 by 2020.

2015
$18.4

4. **Eliminate 250,000 non-defense service and staff augmentee contractors.**[9] During the 1990s the total size of the federal workforce was reduced by over 402,000 full-time employees (FTE), levels not seen since the Eisenhower Administration.[10] At the same time, there was only a marginal increase in the number of contract jobs, producing considerable savings for taxpayers. In fact, according to Paul Light of New York University, the true size of the federal government was 12,112,000 in 2002, an increase of only 107,000 from 1993, almost all contract slots.[11]

   Yet, from 2002 to 2005, the federal government experienced a marked increase in the number of contract positions. By the end of 2005 (according to Light's estimates), more than 2.4 million additional contractors had been placed on the federal payroll (more than the total number of civilian employees). [12] While contractors provide useful services – sometimes at a lower cost than the federal government – their numbers are simply too high in light of the current budget deficit.

   Under this proposal, non-defense federal agencies would require contractors to provide a headcount of how many employees are working on federal contracts, and what specific jobs they are fulfilling. Second, upon completion of the inventory, non-defense agencies would be required to cut the number of contract slots by 250,000, specifically targeting those contractors who provide services and/or are used to augment the civilian federal workforce. This cut could be across-the-board, or it could be on an agency by agency basis.[13] This would save about $18.4 billion in 2015.

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[5] Staff estimate.
[6] http://www.whitehouse.gov/omb/budget/fy2011
[7] The average annual federal workers compensation in 2008, including pay plus benefits, was $119,982 according to the United States Bureau of Economic Analysis.
[8] According to the Partnership for Public Service, one-third of the 1.9 million member civilian federal workforce is expected to retire or resign in the next five years. The Partnership expects over 240,000 federal employees to retire between 2008 and 2012.
[9] Staff estimate.
[10] Paul Weinstein & Katie McMinn Campbell, Return to Fiscal Responsbility II, Progressive Policy Institute, April, 2007
[11] Light, Paul, "The New True Size of Government," New York University/Wagner School of Public Service, August, 2006.
[12] Ibid
[13] According to Payscale.com the median federal government contractor is $62,401.
http://webcache.googleusercontent.com/search?q=cache:O3GlQ3mPEEwJ:www.payscale.com/research/US/Industry%3DGovernment_Contractor/Salary/by_Employer_Type+median+salary+government+contractor&cd=1&hl=en&ct=clnk&gl=us

2015
$0.1

5. **Cap the number of federal political appointments at 2,000.**[14] Senators Russ Feingold (D-WI) and John McCain (R-AZ) have introduced a proposal to cut the number of political appointments from 3,000to 2,000. Specifically, the Feingold-McCain legislation would institute a hard cap on the number of political appointments at 2,000, but the bill would give the Executive Branch the discretion to determine how to reduce the number of appointees and give it until 2012 to do so. Positions outlined in the Constitution would not be affected by the bill. This option would save about $100 million in 2015.

   It should be noted that the number of political appointees has risen dramatically in recent years. Since 1980, the number of political appointees has shot up by nearly 28 percent. The proposal would also reduce the amount of time the Administration and Congress would have to spend wrangling over vetting and confirming appointees.

2015
$0.4

6. **Cut federal travel budget.**[15] One of the first things companies cut when faced with budget problems is travel. Yet, despite our record deficits, government expenditures for travel have grown by leaps and bounds. For example, in FY2001, federal agencies spent approximately $9 billion on travel for mission-related business around the world. In FY2006, that figure reached just over $14 billion—an increase of 56 percent.[16]

   Some of the recent increases may be due to fluctuations in oil prices and the demands of the wars in Iraq and Afghanistan. Even so, the fact remains that year after year, agencies continue to spend more on travel than they project (both before and after 9/11). Furthermore, the fact that travel spending is rising at such a rapid pace would seem to be counterintuitive, considering that the last decade has witnessed remarkable improvements in telecommunications technology (including video conferencing, web-casting, etc.) that should have decreased the need for in person face-to-face meetings and onsite visits.

Federal Travel Spending	FY01	FY02	FY03	FY04	FY05	FY06	FY07
Military Travel Spending	$6.0	$6.6	$8.4	$8.9	$10.9	$9.1	$9.6
Non-Military Travel Spending	$3.0	$3.4	$3.6	$4.3	$4.5	$5.0	$5.2
Total Travel Spending	$9.0	$10.1	$11.9	$13.2	$15.4	$14.1	$14.8

   The Department of Energy (DOE) announced this year that it will adopt the suggestion to reduce travel costs by increasing reliance on video teleconferencing when practical. To fund the upfront capital costs associated with this effort, DOE will plan to reduce travel budgets by 5 percent versus its 2009 travel expenditures. The savings from this reduction will be used to assist the Office of the

[14] In 2000 the CBO estimated the average salary of political appointees to be $89,000. Most likely there has been additional growth in this number (meaning the savings for this proposal would be greater than projected here) but official estimates are not readily available. http://webcache.googleusercontent.com/search?q=cache:xTH3zAr2iT0J:www.cbo.gov/doc.cfm%3Findex%3D1845%26type%3D0%26sequence%3D20+/search%3Fhl%3Den%26q%3D%2Bsite:www.cbo.gov%2Bcbo%2B%252B%2Bcutting%2Bpolitical%2Bappointees&cd=1&hl=en&ct=clnk&gl=us.
[15] Staff estimate.
[16] Daniel Pulliam & Lauren Taylor, *Government Executive Magazine*
http://www.govexec.com/features/0806-15/0806-15s6.htm
http://www.govexec.com/dailyfed/0807/082907p1.htm
http://www.govexec.com/top200/03top/top03s7s2.htm
http://www.govexec.com/features/0804-15/0804-15s5s2.htm

Chief Information Officer in implementing a strategy of enhanced reliance on video telecommunications to bring down travel costs in 2011 and beyond.[17]

By increasing reliance on computer web cameras and other video teleconferencing equipment, including instant chatting, the Department will reduce the need for some business travel. This will yield savings not only in terms of travel dollars, but also in travel time for federal workers and contractors, as well as positive externalities of increased safety from eliminating unnecessary travel and reduced greenhouse gas emissions. DOE estimates this policy change will save $3 million in FY 2011.[18] Applying DOE's policy to all federal agencies (excluding the Postal Service) would save $4.22 billion over ten years.

2015
$0.7

7. **Establish Veterans Administration (VA) health co-pays.**[19] This option would increase out-of-pocket costs for veterans in Priority Group 5 — those who do not have service-connected disabilities and whose income is below a VA-defined threshold. Currently, those patients pay no fees for inpatient or outpatient medical care. This option requires co-payments for medical care provided by the Department of Veterans Affairs to these enrollees, saving $0.7 billion in 2014.

2015
$0.4

8. **Reduce unnecessary printing costs.**[20] This option reduces unnecessary printing and publishing costs by allowing certain documents to be released in electronic-only form. Such documents already exist in electronic form, and printed copies of them often go unread. Beyond the costs of mass produced government publications, it is estimated that civilian federal employees spend $1.3 billion annually on office printing, of which over $400 million of which can be considered "unnecessary."

2015
$0.3

9. **Trim the Federal Vehicle Budget.** The government owns approximately 652,000 cars and trucks, and it spends almost $4 billion annually to operate them.[21] Moreover, the number is getting bigger. For example, since 2006 the government has added over 20,000 vehicles while the cost of operating the fleet has risen 5.4 percent.[22] This proposal would require a 20 percent reduction in the vehicle budget for all agencies except the Department of Defense and the U.S. Postal Service, by requiring agencies to slow down new vehicle acquisitions, decrease the number of miles driven, and over time moving to a more fuel efficient fleet.

2015
$1.0

10. **Other efficiencies.**[23] The Administration has proposed a number of proposals that if applied across agencies would produce important savings to the taxpayer. This could be accomplished by an executive order by the president. These reforms would reduce copying use by putting the default option on copiers to double-sided, cutting personal computer power usage by introducing a number of energy saving technologies and practices, and eliminating paper paystubs. Altogether these practices would generate savings of over $1 billion in 2015.

[17] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf
[18] Ibid.
[19] Congressional Budget Office. "Budget Options Volume 1: Health Care." December 2008.
[20] Amendment 4331 to the Tax Extenders Bill, introduced by Sen. Tom Coburn on June 17, 2010 and supported by Sen. John McCain. http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=d8ccab68-bc74-45a5-af6a-82bb817ea9ff
[21] "Federal Fleet Report, Fiscal Year 2009", General Services Administration.
[22] Ibid.
[23] Amendment 4331 to the Tax Extenders Bill, introduced by Sen. Tom Coburn on June 17, 2010 and supported by Sen. John McCain. http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=d8ccab68-bc74-45a5-af6a-82bb817ea9ff

CUT OUTDATED, LOW PRIORITY, AND UNDER-PERFORMING PROGRAMS

2015
$23.3

11. **Create a Cut-and-Invest Committee charged with trimming waste and targeting investment.** This proposal would create a bipartisan Cut-and-Invest Committee to review federal programs and make recommendations to Congress about how best to invest taxpayer funds. The committee would review each federal agency, look for outdated, duplicative, under-performing, low-priority, or unnecessary programs, and consider changes to improve each agency's operation. After its review, the Cut-and-Invest Committee would submit a report to Congress containing an analysis of each agency, and give recommendations as to which programs should be reauthorized, abolished, consolidated, reorganized, or otherwise substantively changed. Congress would be required to draft legislation carrying out the recommendations. The committee would be charged with finding discretionary program savings of 1 percent below the President's budget, or about $11 billion in 2015.

2015
$11.0

    Such a committee has been recommended many times, and has found bipartisan support. The original and arguably most effective committee exists at the state level in Texas. The legislature created a sunset commission in 1977 to eliminate waste and inefficiency in government agencies. Estimates from reviews conducted between 1982 and 2009 showed 27-year savings of over $780 million, compared with expenditures of $28.6 million. Based on the estimated savings achieved, for every dollar spent on the sunset process, the state has received $27 in return.

12. **Merge the Department of Commerce and Small Business Administration into a single agency and trim its budget by 10 percent.**[24] The Department of Commerce and Small Business Administration (SBA) have very similar missions. Both entities have a number of programs that provide direct assistance, grants, loans, and information to help businesses start, expand, and compete here and abroad. In theory, the SBA is supposed to focus its efforts on small businesses. However the Department of Commerce has a number of programs which, if combined with the SBA's would strengthen their potential impact. Under this proposal, the two agencies would be merged into a new Department of Commerce and Innovation, and the savings from this consolidation would allow for a 10 percent cut in the new combined budget, or about $1 billion in 2015.

2015
$1.0

13. **Terminate low-priority Corps construction projects.** This proposal deepens the cuts to the Army Corps of Engineers that have been proposed by the administration. The administration has recommended eliminating hundreds of millions in unrequested funds Congress appropriates to the Corps of Engineers each year on low-priority projects, focusing funds on the construction of projects that provide a better return on investment.[25] One particular program that could be eliminated is the Water and Wastewater Treatment Program. The administration has argued that the program authorizes projects that are outside of the Corps of Engineers' mission areas, specifically those which duplicate efforts made by other federal agencies, including the Environmental Protection Agency and the Department of Agriculture. Elimination of this program

2015
$1.0

[24] Staff estimate.
[25] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf pg, 83.

would save $129 million annually.[26] The Corps also conducts various operations designed to counter beach erosion, typically by dredging offshore sand and pumping it onshore to rebuild eroded areas. The Corps funds a portion of such activities, and state and local governments pay the rest. The operations have two primary goals: mitigating damage (replenishment helps beaches act as barriers to waves and protects coastal property from severe weather) and enhancing recreation. However, proponents of eliminating the program, which would save about $90 million annually, argue that the cost of beach replenishment should be borne by those who benefit from it: states, localities, and private landowners.[27]

This option would reduce funding to the Corps by 20 percent, or about $1 billion in 2015, which would need to be achieved through the elimination of low-priority programs such as these and others. Additionally, Congress has failed to prioritize the completion of ongoing projects before beginning new projects. This behavior has resulted in a construction backlog ranging from $61 billion to more than $80 billion following the passage of the Water Resource Development Act of 2007.[28] Whenever possible, Congress should seek to halt authorizing new Corps projects until the backlog is addressed.

2015
$1.3

14. **Reduce overhead cost of diplomatic operations.[29]** The administration has requested $9.55 billion for Diplomatic and Consular Programs (D&CP) in FY2011, with plans to increase this to $12.5 billion by FY2015. Diplomatic and Consular Program funding provides for the day-to-day costs of running U.S. diplomatic operations such as maintenance and security of embassies and consulates, the salaries of ambassadors, and Foreign Service staff. This option would cut the budget by 10 percent. This reduces the rate of growth by trimming overhead costs while still allowing for significant growth from FY2010, when Diplomatic and Consular Programs were funded at $8.2 billion.[30]

    This reduction in future growth can be achieved in many ways and can be done in such a way that does not jeopardize the security of Americans and our allies working in embassies and consulates around the world. One area that will cost the State Department a significant amount in resources is any decision to pay Foreign Service Officers serving overseas an additional bonus called "locality pay." Locality pay is paid to federal employees, including Foreign Service Officers who live and work in Washington D.C. but not federal employees serving overseas. Foreign Service Officers have sought to end this so-called "pay gap" which they claim is above 20 percent.[31] The Department of Defense's employees serving overseas do not receive any locality pay either, but there are currently no proposals to give them this benefit. Proponents of this benefit claim that it is needed to address recruiting and retention problems, but the foreign service career field remains highly competitive with 25,000 applicants competing for 300 to 900 positions annually. The "pay gap" was temporarily fixed in 2009[32] and 2010[33] but a permanent fix has not been legislatively implemented. Based on

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[26] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf pg, 59.
[27] Congressional Budget Office. "Budget Options Volume 2." August 2009.
[28] This number is a combination of the backlog number issued by the National Academy of Public Administration in February 2007 ($60 billion) and the additional projects authorized in the Water Resources Development Act of 2007 ($23 billion according to the Congressional Budget Office).
[29] Michael Ettlinger and Michael Linden. "A Thousand Cuts." Center for American Progress, September 2010.
[30] CRS Report R40693, "State, Foreign Operations, and Related Programs: FY2010 Budget and Appropriations" February 2, 2010, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R40693&Source=cli.
[31] American Foreign Service Association, "The Foreign Service Overseas Pay Gap," January 2009, http://www.afsa.org/congress/paygap09.pdf.
[32] "Supplemental Bill to close pay gap for overseas diplomats" June 25th, 2009, http://blogs.federaltimes.com/federal-times-blog/2009/06/25/supplemental-bill-to-close-pay-gap-for-overseas-diplomats/.
[33] AFSA Annual Report 2009, page 52. http://www.foreignservicejournal-digital.com/foreignservicejournal/201003/?pg=51#pg55.

Congressional Budget Office assessments, permanently repealing Washington D.C. locality pay for overseas State Department workers could save $427 million in FY2013.[34]

The State Department should also examine all consulates to determine cost savings from closing down those consulates that may have been more relevant in the Cold War, but are not longer absolutely necessary for the U.S. to conduct its diplomatic mission. Another area that the State Department should review is its plans for new construction. Many of these plans have included costly security measures that may not be necessary, or may cost more than is justified by the benefit they will give to the United States. For instance, in Krakow, Poland, the United States plans to build a consulate that will cost U.S. taxpayers $80 million but will house only ten American employees.[35] The State Department should determine whether expensive security measures are appropriate for all countries. In addition it should consider whether there are some consular areas that should be consolidated or utilize teleconferencing and the internet to more efficiently perform its mission.

2015
$4.6

15. **Slow the growth of foreign aid.**[36] The President's budget calls for over $14 billion of increases in international affairs spending between 2011 and 2015. Nearly all of this growth is due to large increases in spending for international development and humanitarian assistance.[37] Since 2008, the budget for international development and humanitarian assistance has increase over 80 percent from over $17 billion to over $32 billion, and is expected to grow another 40 percent to over $45 billion by 2015 – more than double previous levels. This option slows the growth of this budget category, reducing the allocations 10 percent from the President's budget, saving $4.6 billion in 2015. A cut of this amount will slow the growth over the period, while still allowing for an increase of about 30 percent by 2015.

2015
$1.8

16. **Eliminate the Office of Safe & Drug Free Schools.**[38] In the President's budget, funding for the Office of Safe and Drug Free Schools is more than double the allocation from 2008. This option eliminates the office, saving about $1.8 billion in 2015. While school safety should be protected, violence and drug abuse are problems that occur far less on school grounds than elsewhere. As CBO points out in the Budget Options Volume 2 report, children are more likely to be victims of violence away from school, and while drug use is more common than violence, it still occurs infrequently on school property. Further, the results hoped for in creation of the Office of Safe and Drug Free Schools have not been demonstrated.[39]

2015
$0.3

17. **Eliminate the Economic Development Administration.**[40] In 2005, one analysis identified over 100 economic development programs within more than a dozen different agencies.[41] The multiple different programs within the Economic Development Administration

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[34] Congressional Budget Office Cost Estimate "S. 3426, Foreign Service Overseas Pay Equity Act of 2008," November 14, 2008. http://www.cbo.gov/ftpdocs/99xx/doc9916/s3426.pdf.
[35] Ashe, Victor H, "Embassy Architecture: Time to Stop, Review, and Rethink," The Ambassadors Review, Spring 2010. http://www.americanambassadors.org/index.cfm?fuseaction=Publications.article&articleid=195.
[36] Staff estimate based on budget function data from OMB Historical Tables.
[37] International affairs spending is defined as budget function 150. International development and humanitarian assistance is defined as budget function 151.
[38] Michael Ettlinger and Michael Linden. "A Thousand Cuts." Center for American Progress, September 2010.
[39] CBO Budget Options Volume 2 includes an option to eliminate grants to states for Safe and Drug Free Schools and Communities, which would net $0.3 billion in 2015 savings. Information on the effectiveness of such programs is taken from this CBO option.
[40] http://www.downsizinggovernment.org/commerce/eda#_edn23
[41] Drabenstott, Mark, "A Review of the Federal Role in Regional Economic Development," Center for the Study of Rural America & Federal Reserve Bank of Kansas City, May 2005.

duplicate many of the 180 federal economic development programs, including SBA Disaster Assistance Loans, SBA's Historically Underutilized Business Zone (HUBZone) program,[42] USDA's Rural Development programs, numerous Regional Commissions, HUD's Community Development Block Grants, USDA's Economic Action Program, the New Markets Tax Credit, HHS' Community Economic Development grants, and many more. Additionally, according to the Congressional Research Service (CRS), expanding program eligibility and purposes "follows a pattern that has allowed more areas in the country to become eligible for EDA assistance over the years, even as funding for the agency has declined." In 1970, 983 areas qualified for EDA assistance; by 1973, that number had nearly doubled to 1,818 areas. By 1998, approximately 90 percent of the counties in each year studied qualified.[43] Additionally, while EDA was authorized as part of the Public Works and Economic Development Act (PWEDA) of 1965 to fund only public infrastructure projects intended to spur economic development in depressed areas, Congress has since increased program eligibility repeatedly. As a result of these program expansions, some observers have expressed concerns that EDA funds are seen by many as a supplemental funding source for parochial projects. The Inspector General (IG) overseeing EDA audited 10 grant projects totaling $45 million between 2004 and 2008 and found that, because of "various violations of EDA grant requirements, such as financial accounting irregularities, conflicts of interest, and improper procurement procedures," they had wasted $13 million. Four of the 10 projects were never completed.[44] Eliminating this program entirely would save about $300 million in FY2015.

Further, the Government Accountability Office (GAO) and other outside experts have criticized the EDA over the years for claims of job creation and investment returns. A 1980 academic study of the EDA, which was funded by the EDA itself, found no sustained benefit of EDA programs to assisted communities.[45] In 1986, an EDA technical assistance program claimed it had created 5,834 jobs, but the Department of Commerce inspector general concluded that the program had created only 83 jobs.[46] In 1999, the GAO found that an EDA study claiming that its grants created jobs was meritless: "The results of EDA's study are highly dependent on the model specification used and that the study's definitive conclusions are unwarranted … we obtained substantially different results that show that EDA expenditures did not have a significant effect."

2015
$0.5

18. **Eliminate a number of programs administered by the Rural Utility Service (RUS).**[47] The Rural Utilities Service is a division within the U.S. Department of Agriculture's Rural Development agency, responsible for providing public utilities – including water, waste, telephone and electricity – to rural areas through public-private partnerships. The agency administers loan, loan guarantee and grant programs to eligible populations. In recent years the RUS has increased its focus on expanding broadband access to rural areas, a noteworthy goal. However, the agency also runs a number of programs which are outdated, overlapping, and which provide limited or questionable public policy benefits. These include the Local Television Loan Program among others.

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[42] Provides federal contracting preferences to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone (historically underutilized business zones) and maintaining a principal office in one of these specially designated areas.
[43] Robert Lake, Robin Leichenko, and Amy Glasmeier, et al., *EDA and U.S. Economic Distress: 1965-2000*, Rutgers University, New Brunswick, NJ, July 2004, p. 13, http://www.eda.gov/PDF/2004JulyEDAandU.S.EconomicDistressReport.pdf.
[44] Zinser, Todd J., "Written Statement for a Hearing on Economic Development Administration Reauthorization Act of 2008 Before the Senate Subcommittee on Transportation and Infrastructure," Inspector General Department of Commerce, September 9, 2008.
[45] http://www.downsizinggovernment.org/commerce/eda#_edn21
[46] http://www.downsizinggovernment.org/commerce/eda#_edn22
[47] Congressional Research Service, 2010 report.

2015
$1.6

19. **Reduce wasteful spending at the Department of Justice.**[48] Funded at more than $20 billion annually, the Department of Justice is tasked with keeping our nation safe by ensuring justice and prosecuting terrorists. By 2015, the department's budget is projected to grow by nearly half from what it was in 2005 – one of the sharpest increases at any agency. This option would reduce funding for the Department of Justice 5 percent below the President's budget, or about $1.6 billion in 2015. A cut of this amount could be achieved, in part, by reducing funding for grants

2015
$0.1

20. **Eliminate certain regional subsidies.**[49] In certain cases, the federal government targets aid and/or subsidizes the delivery of basic services through regional agencies or corporations. This option would eliminate a number of those entities and their programs. The federal government provides annual funding to three regional development agencies: the Appalachian Regional Commission (ARC), the Denali Commission, and the Delta Regional Authority. The ARC was established in 1965 to promote economic growth in the Appalachian counties of 13 states, stretching from southern New York to northern Mississippi. The Denali Commission was created in 1998, on the ARC model, to provide similar services to communities in remote areas in Alaska. The Delta Regional Authority, established in 2000, similarly serves 240 counties and parishes in eight states near the Mississippi River, stretching from southern Illinois to the Louisiana coast. This option would discontinue federal funding for all three regional development agencies, saving just over $100 million annually. The central argument for eliminating these agencies is that a number of their efforts are duplicative of many other existing federal programs. Furthermore, the three agencies' programs are intended, among other things, to create jobs, improve rural education and health care, develop utilities and other infrastructure, and provide job training. However, it is difficult to assess whether such outcomes can be attributed to those programs rather than to the work of other governmental and nongovernmental organizations or to market forces and the effects of general economic conditions.

2015
$0.1

21. **Eliminate the Hollings Manufacturing Extension Partnership and the Baldrige National Quality Program.**[50] The Hollings Manufacturing Extension Partnership (HMEP) consists primarily of a network of nonprofit centers, partially funded by the federal government, which offer management and manufacturing advice to U.S. businesses. The Baldrige National Quality Program, for the most part, gives awards to companies for achievements in quality and performance. Those who support eliminating the programs suggest that the federal government shouldn't be providing the services these programs provide, in part because similar programs are provided by the private sector. In fact, it is argued that some funding from HMEP supports inefficient companies that would otherwise go out of business. Also, businesses should already have enough incentives to maintain the quality of their products without awards from the Baldrige National Quality Program. Elimination of both programs would save over $120 million annually. Alternatively, the programs could be funded through fees charged to the beneficiaries.

[48] Staff estimate based on data from OMB's historical tables.
[49] CBO Budget Options Volume 2.
[50] Ibid.

SECURE A BETTER RETURN ON TAXPAYER INVESTMENT

2015
$19.2

2015
$16.0

22. Eliminate all earmarks.[51] There have been significant strides in bringing the system of earmarking under control and into the sunlight. In FY2010, Congress approved more than 9,000 earmarks costing taxpayers at least $16 billion. Earmarks are not competitively bid and are not subject to accountability metrics. Many of these earmarks are doled out by members of Congress for parochial interests and as currency with special interest groups. This type of spending is often used as a means to make pieces of legislation more palatable to specific members who would otherwise vote against them. Some examples of parochial earmark spending that can be seen as wasteful include $1.9 million for a Pleasure Beach Water Taxi Service in Connecticut, $1.8 million for swine odor and manure management research in Ames, Iowa, $900,000 for a program encouraging Oklahoma students to role play how to make tough choices as members of Congress, $380,000 for construction of recreation and fairgrounds in Kotzebue, Alaska, and $238,000 for the Polynesian Voyaging Society of Honolulu, Hawaii, which organizes sea voyages in ancient-style sailing canoes, among countless others.

2015
$0.9

23. Cut research funding for fossil fuels.[52] This option would eliminate new funding to the Department of Energy's applied research on fossil fuels. This funding was created at a time when the prices for these types of fuels were partially controlled and the development of technology was stunted. Today, the situation is quite different. In addition, much of this federal research duplicates what is being conducted in the private sector. The Office of Management and Budget has reported that the additional oil reserves which have resulted from technology developed by the program have been minimal.[53] Cutting this program as has been suggested by CBO would save close to $900 million in FY 2015.

2015
$1.2

24. Eliminate funding to private sector for spaceflight developments. The National Aeronautics and Space Administration (NASA) plans to spend $6 billion over the next five years to invest in private sector development of space transportation capabilities, which NASA plans to competitively purchase once available.[54] Eliminating this program would save $1.2 billion in 2015.[55]

2015
$0.5

25. Drop wealthier communities from the Community Development Block Grant program.[56] The Community Development Block Grant program allocates funds according to a formula based on a community's population. A 2003 study by the Department of Housing and Urban Development showed that funding under the program shifted from poorer to wealthier communities as a result of the current formula. The argument for having federal grants go toward development in wealthier communities is thin. This option would first change the formula for calculating grants in order to target needier areas and limit grants to wealthier communities. The funding for the program would then be reduced by 20 percent, saving just over $500 million in 2015.

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[51] Staff estimate based on estimates of earmark spending by the Office of Management and Budget. http://earmarks.omb.gov
[52] CBO Budget Options Volume 2.
[53] Ibid.
[54] http://www.nasa.gov/offices/c3po/about/c3po.html
[55] Savings estimate based on NASA budget. http://www.nasa.gov/pdf/420990main_FY_201_%20Budget_Overview_1_Feb_2010.pdf
[56] CBO Budget Options Volume 2. The President's budget for 2010 includes a proposal to improve the formula's targeting of needy communities but does not specify the changes and increases in total spending on the program.

There is also a need to consolidate overlapping community development programs. There are many nation-wide and regional programs to aid economic and infrastructure development, many of which overlap with the Community Development Block Grant program. Wherever possible, these duplicative programs need to be consolidated or cut.

2015
$0.3

26. **Reduce voluntary contributions to the United Nations.** According to the Office of Management and Budget, the United States provided over $6.3 billion in taxpayer funds to the United Nations in FY2009. Less than half ($2.7 billion) of that total went to "assessed" dues – payments that the United States is charged for being a member and for its share of peacekeeping operations around the world.[57]

    The United States is by far the largest donor to the United Nations in terms of assessed dues. However, the United States gives the United Nations more than $3.5 billion in "voluntary" funds each year.[58] This option allows the United States to remain a member in good standing of the United Nations by contributing the full dues that will be assessed, but reduces voluntary payments by 10 percent, which will save $300 million per year.

2015
$0.2

27. **Eliminate administrative fees paid to schools for student aid programs.[59]** Under certain campus-based aid programs – the Federal Supplemental Educational Opportunity Grant Program, the Federal Perkins Loan Program, and the Federal Work-Study Program – institutions can use up to 5 percent of program funds to cover the administrative costs of administering the programs, distributing the funds, or both. Under the Federal Pell Grant Program, the federal government pays schools $5 per grant to reimburse administrative costs. It has been argued that schools already benefit greatly from participating in federal student aid programs, before receiving administrative fees, because the aid makes attendance more affordable.

2015
$0.1

28. **Eliminate the Overseas Private Investment Corporation.[60]** The Overseas Private Investment Corporation (OPIC) offers private U.S. companies subsidized financing for foreign investments and insurance against political risks to those investments, including nationalization. The aim is to support economic development in some countries that are "strategically important" to the United States. This option would eliminate new activity by OPIC, although it would continue to service its existing portfolio. The main rationale for implementing this option is that the activities of OPIC may not provide net public benefits to the United States. Its subsidies deliver benefits to foreigners and selected U.S. businesses. Furthermore, its subsidies to nations of strategic importance to the United States tend to overlap with and duplicate those provided by the U.S. Agency for International Development and by private insurance firms. They also could hamper the development of local financial institutions and markets in those countries.

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[57] Orszag, Peter, "Office of Management and Budget Annual Report on United States Contributions to the United Nations," June 7, 2010.
[58] CRS Report RL33611, "United Nations System Funding: Congressional Issues," Congressional Research Service, August 9, 2010. http://www.crs.gov/pages/Reports.aspx?PRODCODE=RL33611&Source=search
[59] CBO Budget Options Volume 2.
[60] Ibid.

GET FULL VALUE FOR FEDERAL RESOURCES

2015
$7.3

2015
$1.0

29. Sell excess federal property.[61] The federal government is the largest property owner in the country, with an inventory that includes 1.2 million buildings, structures, and land parcels. This includes 14,000 building and structures currently designated as excess and 55,000 identified as under- and not-utilized. Currently, federal agencies operate and maintain more real property assets than necessary, often raising costs to the taxpayer. In light of this, the President signed a Memorandum in FY2010 directing agencies to accelerate efforts to remove excess and surplus property for a savings of $8 billion by FY2012.[62]

2015
$0.3

30. Reduce funding to the Smithsonian and the National Park Service and allow the programs to offset the reduction through fees.[63] The Smithsonian's budget is projected to approach $1 billion in 2015. This option reduces net spending by charging a fee to Smithsonian visitors. There were about 30 million visitors to the 19 Smithsonian museums and the National Zoo in 2009. Under this option, $225 million, or less than a quarter of the Smithsonian's 2015 budget, would be paid for by charging visitors fees. Notable private museums across the United States tend to charge anywhere from $10 to $20 per visitor, with lower rates for children and seniors. World class zoos in the United States charge more, or closer to $20 or $25 per visitor. Raising $225 million in fees would average about $7.50 per visitor. [64]

The National Park Service (NPS) budget is projected to exceed $3 billion in 2015. The National Parks receive nearly 290 million visitors annually and an estimated 10 percent of total NPS spending goes toward visitor services.[65] Under this option, $75 million in 2015, or about a quarter of the expected spending on visitor services, would be paid for by a small increase in visitor fees.[66] Where visitor fees have been instituted, they vary greatly and are often anywhere from $3 to $25 per week. Raising $75 million in visitor fees would average under $0.25 per visitor.

This option also requires that both the Smithsonian and National Park Service work through outstanding maintenance projects until the backlogs are below $1 billion for each agency before funding new projects. In 2007, GAO found that the Smithsonian had a maintenance backlog of $2.5 billion that was causing damage to historic items.

Together, these options would save about $300 million in 2015.

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[61] An option to sell excess federal property was proposed under the YouCut program and has also been proposed by Sen. Coburn and Sen. McCain. http://republicanwhip.house.gov/YouCut/Week4.htm; http://georgewbush-whitehouse.archives.gov/omb/pubpress/2007/061507_fed_property.pdf
[62] Presidential Memorandum, Disposing of Uneeded Federal Real Estate, June 10, 2010.
[63] This option is a variant of one offered in the Center for American Progress report "A Thousand Cuts." Michael Ettlinger and Michael Linden. "A Thousand Cuts." Center for American Progress, September 2010.
[64] Staff estimate.
[65] Staff estimate based on data from the National Park Service FY2010 and FY2011 Green Book.
[66] Staff estimate.

2015
$1.2

31. **Eliminate grants to large and medium-sized hub airports.**[67] The Federal Aviation Administration (FAA) provides grants to airports to expand runways, improve safety and security, and make other capital investments as part of the Airport Improvement Program (AIP). Federal grants to airports merely substitute for funds that large and medium-sized airports would otherwise raise from private sources such as investments and passenger fees. However, smaller airports have more difficulty raising such funds. This option would limit AIP grants to small-sized airports only, trimming about a third of the program's budget. This would save about $1.2 billion in 2015.[68]

2015
$0.5

32. **Cut funding for the Corporation for Public Broadcasting.**[69] The Corporation for Public Broadcasting's primary job is to fund NPR and its member stations (and other public radio stations) and PBS and its member stations. The current CPB funding level is the highest it has ever been. This option would eliminate funding for the Corporation for Public Broadcasting, saving just under $500 million in 2015.

    Additionally, Congress should end two duplicative public broadcasting programs on President Obama's termination list: The Public Telecom Facilities Grant Program (PTFP) and USDA's Public Broadcasting Grants program. In recent years, PTFP has primarily provided funding to help broadcasters transition to digital broadcasts. In FY2010, PTFP received $20 million in appropriations. The President has twice recommended terminating USDA's Public Broadcast Grants program for the same reason. This program received $5 million in FY10 to provide funding to public broadcast companies to convert to digital transmission as well – an obsolete task.[70]

2015
$0.9

33. **Require food processing facilities to finance food safety and inspection services.**[71] Under current law, one inspector must be present at all times to sample and test products when a meat or poultry slaughtering plant is in operation. These inspectors are responsible for monitoring the processing plants daily adherence to sanitary, ingredient, and packaging regulations. Federal inspections benefit producers and consumers alike by preventing diseased animals and other unsafe products from being sold, but producers get the extra benefit of being able to advertise that their products passed USDA inspection. This option finances all federal inspections of meat and poultry products with fees paid by the processing facilities, thereby making the service paid for by those who use it. Implementation of this policy increases federal revenues by over $900 million each year.

2015
$0.5

34. **Change inland water systems to be fully self-funded.**[72] The Army Corps of Engineers spent more than $960 million in 2008 on the nation's system of inland waterways. Revenues from the tax on fuel consumed by towboats only fund half of construction on inland waterways. This option would set the tax on fuel consumed high enough to cover all costs of construction, operation and maintenance of the inland waterways. An option like this would increase economic efficiency by encouraging shippers to choose the most efficient routes and transportation while

[67] CBO Budget Options Volume 2. The $1.2 billion savings in 2015 is a staff estimate based on CBO scores. Cato has recommended eliminating airport grants entirely in their Downsizing Government report. The Center for American Progress has suggested cutting airport grants by up to half.
[68] CBO Budget Options Volume 2.
[69] Staff estimate based on data from an option to reduce funding for the Arts and Humanities in CBO Budget Options Volume 2.
[70] http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf, page 41.
[71] CBO Budget Options Volume 2.
[72] Ibid.

alleviating congestion and demand for new construction, which would save about $500 million annually.

2015
$1.9

35. **Require airports to fund a larger portion of the cost of aviation security.**[73] The Aviation and Transportation Security Act of 2001 was enacted following the attacks of September 11th, 2001. As a means of increasing security, the Act makes the federal government, rather than airlines or airports, responsible for screening passengers, carry-on luggage and checked baggage. To help pay for the increased security, the law authorizes airlines to charge passengers $2.50, capped at $5 for a one-way trip, each time they board a plane. By increasing fees, the airlines would be less subsidized toward airport security – a basic cost of airline transportation, in line with labor and fuel costs. This option would increase collections by $1.9 billion by 2015 and more than $9 billion over five years.

2015
$0.3

36. **Charge beneficiaries for the cost of the International Trade Administration's trade promotion activities.**[74] The International Trade Administration (ITA) of the Department of Commerce oversees a trade development program that monitors the competitiveness of U.S. industries and operates the U.S. and Foreign Commercial Services to promote exports. Currently ITA's mission is to create prosperity by strengthening the competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements. The President's FY2011 budget request for the ITA was $534.3 million, a 20 percent increase from the FY2010 request. This increase includes an additional $78.5 million to support ITA's export promotion efforts. Services provided by ITA's U.S. Commercial Services and other Divisions directly providing assistance to U.S. Companies should be financed by beneficiaries of this assistance. While the agency charges fees for those services, its fees do not cover the costs of all its activities. Additionally, it is argued that the benefits of trade promotion activities are passed on to foreigners in the form of decreased export costs. According to a study by the Office of Management and Budget (OMB), businesses can receive similar services from state, local, and private-sector entities. The CBO option to eliminate ITA's promotion activities or charge the program's beneficiaries saves $267 million in 2010 and $1.6 billion through 2014.

2015
$0.3

37. **Reduce land acquisition under the Land and Water Conservation Fund.** Annual funding for the Land and Water Conservation Fund (LWCF) has typically been around between $250 million and $450 million. However, the President's request for FY2011 is $619 million, up from last year's $263 million allocation – a 135 percent increase.[75] The LWCF is used almost exclusively for land acquisition for both federal and state land management agencies, while many argue that the federal government and states have difficulty managing the land they already own. That budget cannot, however, be used for maintenance. The federal government already owns 650 million acres that it has struggled to maintain. So while we continue to experience a maintenance backlog between $13.2 and $19.4 billion,[76] Congress is seeking to acquire even more land. By not funding this account until the maintenance backlog has been decreased less than $1 billion, the federal government will save just under $300 million each year.

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[73] Ibid.
[74] Ibid.
[75] http://crs.gov/Pages/Reports.aspx?Source=search&ProdCode=R41258#_Ref223321551
[76] "Department of the Interior: Major Management Challenges," Government Accountability Office, March 3, 2009. http://www.gao.gov/products/GAO-09-425T

2015
$0.4

38. **Create a more cohesive and cost-effective fire management service.** There are numerous firefighting programs within the Department of the Interior (DOI) and the USDA Forest Service (FS). Since FY2001, funding for these activities has nearly doubled according to the Congressional Research Service.[77] Despite this increase in funding, three of the past four years have seen a record amount of federal acreage burned. Within DOI and USDA there are almost identical accounts for how funds are intended to be spent – the only difference is that these funds are spent on lands managed by different federal agencies. There are even duplicative research accounts on wildfire research. Specifically, both agencies have the following accounts: Preparedness, Fire suppression operations, Hazardous fuels reduction, Burned area rehabilitation, and Joint fire science. In FY2010, $975 million was appropriated for DOI firefighting activities and $2.592 billion for FS wildfire activities. Total funding between the two was $3.567 billion in FY2010, not including emergency appropriations. Since 1999, GAO has repeatedly found that these activities should be more cohesive and cost-effective.[78] In 2009, GAO noted that Forest Service and Interior agencies had not defined firefighting cost-containment goals or developed a strategy to achieve such goals, despite GAO recommendations in 2007 to do so. Instead, costs have continued to rise. This option would require the agencies to follow GAO recommendations, and develop clear cost containment plans, in order to reduce the yearly spending between the programs by 10 percent, or just under $400 million annually.

[77] http://crs.gov/ReportPDF/RL33990.pdf
[78] http://www.gao.gov/new.items/d09877.pdf

CREATING A LEANER, MORE EFFICIENT DEFENSE DEPARTMENT

2015
$100.1

2015
$28.0

39. **Apply the overhead savings Secretary Gates has promised to deficit reduction.**[79] In May, Defense Secretary Robert Gates announced a major initiative to find efficiencies and reduce overhead costs within the Department of Defense, with a five-year savings goal of $100 billion. This initiative will include reforms such as reducing the number of contractors providing services to Pentagon staff, limiting personnel growth in the Office of the Secretary of Defense (OSD), defense agencies, and the combatant commands, reducing duplication in DOD's intelligence community, improving DOD's acquisition process, requiring trade-offs between cost and capabilities in decisions about weapon system requirements, and consolidation of information technology infrastructure facilities.[80] Currently, the savings are to be reallocated to force structure and modernization. If these savings were applied to deficit reduction instead, we could save $28 billion in 2015.

    Additionally, significant material weaknesses in DOD's financial management and related business operations continue to hinder its ability to pass an independent audit of its financial operations and activities and diminish financial transparency and accountability for the resources provided to DOD. While DOD leadership has expressed commitment in the past for financial management improvement activities and efforts to obtain clean audit opinions, until recently, the department lacked a viable plan or accountability for achieving these objectives. If the Department of Defense can significantly improve its financial management, and achieve audit readiness, it can generate substantial savings over time.

    Current DOD and military department leadership have expressed their commitment to financial management improvement and audit readiness plan in response to congressional mandates, GAO recommendations, the President's priorities, as well as demands for greater fiscal economy and efficiency. However, prior efforts to achieve financial management improvements within DOD have not been successful, in part because the department lacked an integrated strategic plan and focused and committed leadership to ensure that sustained improvements in capabilities were achieved.

    It is expected that efficiencies gained through DOD's financial management and audit readiness efforts will continue to result in benefits, such as those realized by the Marine Corps current financial improvement efforts. The Marine Corps recently realized approximately $3 for every $1 it invested in improvements to its rudimentary financial operations. Other government organizations have also seen cost savings with similar improvements.

[79] http://www.defense.gov/releases/release.aspx?releaseid=13782
[80] Department of Defense, Transcript Press Conference with Secretary of Defense Robert M. Gates, August 9, 2010; http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4669.
DOD, Transcript, Press Conference with Secretary of Robert M. Gates and Under Secretary of Defense Ashton Carter, "Acquisition Initiatives," 9-14-10; http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4684; Ashton Carter, Memorandum for Acquisition Professionals, "Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending," September 14, 2010.

2015
$5.3

40. **Freeze federal salaries, bonuses, and other compensation for the civilian workforce at the Department of Defense for three years.**[81] During the Great Recession, most private sector employees have seen their wages frozen, and some even have watched wages decline. In contrast, Department of Defense civilian employees (along with their counterparts at other federal agencies) have seen their wages increase due to automatic formulas in law that provide them with step-in-grade and cost-of-living-adjustments. For example, DOD civilian employees received a 2.0 percent increase in 2010 and a 3.9 percent raise in 2009.[82] This proposal would institute a three-year DOD freeze on federal civilian pay, including salaries and those benefits linked to pay raises, to reflect the current economic and fiscal climate.

    The following estimate assumes for FY2012 through FY2015 a 2.3 percent increase on a $74 billion base.[83]

Fiscal Year	2012 Freeze	2013 Freeze	2014 Freeze	Cumulative Annual Savings
2012	$1.7	NA	NA	$1.7
2013	$1.7	$1.7	NA	$3.4
2014	$1.7	$1.7	$1.7	$5.1
2015	$1.8	$1.8	$1.7	$5.3
5 year total	$6.9	$5.2	3.4	$15.5

2015
$9.2

41. **Freeze non-combat military pay at 2011 levels for 3 years.**[84] Regular Military Compensation (excluding combat pay) for military personnel, which includes basic pay, basic allowances for housing and subsistence, and federal income tax advantages that go along with the allowances, is expected to grow by $9.2 billion from 2011 to 2015. A three-year freeze at 2011 levels for these compensation categories would save the federal government $7.6 billion in compensation and tax expenditures, as well as another $1.6 billion in less retirement accrual, or $9.2 billion total discretionary savings in 2015.

2015
$5.4

42. **Double Secretary Gates' cuts to defense contracting.**[85] In Secretary Gates' recently launched efficiencies initiative, he proposes to cut spending for contractor personnel who aid or augment defense headquarters staff by 10 percent each year from FY2011-FY2013. These staff augmentees are only a small subset of the Defense Department's nearly 1 million total contractor personnel, who provide a myriad of services ranging from fixing weapon systems to mowing the grass on defense bases, and cost about $200 billion.[86] DOD has been particularly concerned about staff augmentees, which make up about $20 billion of the Defense Department's $154 billion in contractor costs. While staff augmentees support Pentagon offices, they do not produce a specific product, and their numbers have tripled in the past decade.[87] Secretary Gates' initiative should save about $5.4 billion in FY2015. This option seeks to double those savings. While this reduction would cut these contractor staff from about 67,000 to 30,600 – more than half – the

[81] Staff estimate.
[82] http://comptroller.defense.gov/defbudget/fy2011/FY11_Green_Book.pdf
[83] Ibid.
[84] Staff estimate based on data from the Office of the Secretary of Defense FY2011 Green Book and OMB data.
[85] Staff estimate.
[86] Ashton Carter, "Memorandum for Acquisition Professionals, Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending," June 28, 2010 cites $200 billion for service contracting; DOD, Report to Congress required , June 2010 includes an estimate of 766,000 service contractor personnel costing $154 billion, or an average of $200,000, per service contractor personnel.
[87] Based on email from DOD.

total number of staff augmentees would still be about 40 percent larger than a decade ago. This would decrease the total number of DOD service contractor personnel by about 4 percent.

2015
$20.0

43. **Reduce procurement by 15 percent.[88]** In its FY2011 budget, DOD estimated that procurement spending in FY2015 would total $137.5 billion, a doubling in real terms of the FY2000 level. Since FY2003, DOD has received an additional $214.5 billion in war-related procurement funds, equaling more than twice as much as annual procurement, which has increased the service's stock of equipment.[89] DOD's FY2015 budget does not include war funding. A 15 percent cut would reduce FY2015 procurement by almost $20 billion to a total of $117.5 billion, slightly below the average for the past ten years including war-related funding when adjusted for inflation.[90] Options 44-50 below suggest specific procurement cuts that could be used to help reach a 15 percent cut.

44. **End procurement of the V-22 Osprey**. The V-22 Osprey was designed to meet the amphibious assault needs of the Marine Corps, the strike rescue needs of the Navy, and the needs of long range special operations forces (SOF) missions of U.S. Special Operations Command. However, the V-22 has had a troubled history with many developmental and maintenance problems, including critical reports by GAO and others. Speaking on V-22 capabilities in a closing statement at the June 23, 2009 House Oversight and Government Reform Committee hearing, Rep. Edolphus Towns stated: "Our investigation indicates we've gotten half the aircraft for three times the cost--that's not a recipe for longevity. … It's time to put the Osprey out of its misery."[91] The proposed change to terminate acquisition of V-22 at 288 aircraft, close to two-thirds of the planned buy, would substitute MH-60 helicopters to meet missions that require less range and speed, and could save $1.1 billion in 2015.

45. **Cancel the Expeditionary Fighting Vehicle**. Procurement of the Expeditionary Fighting Vehicle was initiated 23 years ago with the goal to buy the Marine Corps 573 ship-to-shore assault vehicles for a forcible amphibious landing at a total cost of $15.6 billion. Concerns have been raised that the new vehicles, with their low ground clearance, would be vulnerable to Improvised Explosive Devices (IEDs) on land and to long-range, shore-based, anti-ship cruise missiles that could be launched against Navy's amphibious ships when the vehicles disembark 25 miles from shore.[92] In an April 17, 2009 speech at the Naval War College, the Secretary of Defense called for close examination of whether the mission itself is necessary, saying "we have to take a hard look at where it would be necessary or sensible to launch another major amphibious action again ... in the 21st century."[93] Other capabilities may be more relevant in the current asymmetrical threat environment, such as deep penetration by MV-22s, unmanned aerial vehicles for surveillance, and Special Operations forces. This option would cancel the Expeditionary Fighting Vehicle (EFV) for savings of $650 million in FY2015.

46. **Substitute F-16 and F/A-18Es for half of the Air Force and Navy's planned buys of F-35 fighter aircraft.** With a planned total buy of 2,443 aircraft, the F-35 or Joint Strike Fighter (JSF) is the

[88] Staff re-estimates; such options have appeared in the CBO Budget Options, in the Sustainable Defense Task Force report, the CAP report "A Thousand Cuts," and elsewhere.
[89] CRS, The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11 by Amy Belasco, September 2, 2010, p. 33.
[90] The average for procurement in FY2001-FY2010 was $109 billion, 4% more in real terms than the total with a $20 billion cut in FY2015.$117.5 billion in FY2015. Staff estimate based on Table 8-1 in DOD, FY2011 National Defense Budget Estimates, February 2010; http://comptroller.defense.gov/defbudget/fy2011/FY11_Green_Book.pdf.
[91] CRS Report R31384, *V-22 Osprey Tilt-Rotor Aircraft: Background and Issues for Congress* by Jeremiah Gertler, December 22, 2009, p. 46.
[92] CRS, *The Marines' Expeditgionary Fighting Vehicle (EFV): Background and Issues for Congress* by Andrew Feickert, September 17, 2010.
[93] As quoted in Ibid, p. 6.

Defense Department's largest weapon procurement program. This option would buy half as many as the 369 planned for the Air Force and the 311 for the Navy, purchasing instead the current generation fighter aircraft, the Air Force F-16 aircraft at one-third of the cost and the Navy F/A-18E/F at two-thirds of the cost of the F-35. The unit cost of F-35 aircraft is estimated at about $133 million compared to $40 million for an F-16 and $80 million for an F-18E. The rationale for this change would be that DOD does not need an entire fleet with the stealthy capabilities of the JSF, and could rely instead on upgraded F-16 and F/A-18E aircraft for half of their fleet, a "high-low" mix. This is estimated to save $2.3 billion in FY2015, and a total of $9.5 billion for FY2011-FY2015. The option might also allow the services to upgrade their tactical air fleets sooner in case the F-35 is delayed because of additional technical problems, since the F-16 and F-18E lines are currently open. In 2009, CBO described a similar option that would have cancelled the F-35 program altogether.

47. **Cancel the Marine Corps version of the F-35.** This option would cancel the Marine Corps version of the F-35 Joint Strike Fighter because of its technical problems, cost overruns, schedule delays, and the adoption by the services of joint combat support in current wartime operations. This would save $3.9 billion in FY2015 and $17.6 billion for FY2012 - FY2015. At a total cost of $41 billion, DOD plans to buy 311 F-35Bs for the Marine Corps to replace the Marine Corps AV-8B. In its recent defense review, the United Kingdom decided to cancel its buy of the Marine Corps version of the JSF. Further, the sophisticated capabilities of the JSF may be less relevant in current scenarios. Under Secretary of the Navy Robert Workman observed that greater use of guided missiles and mortar could end the forward operations that would be performed by the Marine Corps JSF because of vulnerability.[94] Also, because the Marine Corps version of the JSF has been responsible for most of the technical, cost, and schedule problems, cancelling it could accelerate delivery of the Air Force (F-35A) and Navy (F-35C) versions.

48. **Cancel the Navy's Future Maritime Prepositioning Force.** Some defense experts suggest that the Navy's Future Maritime Prepositioning Force program, or "sea-basing," intended to provide an independent capacity to transport equipment and supplies from a Mobile Landing Platform with a new Joint High Speed Vehicle, faces very difficult technical challenges, and that the ability to transport and sustain one Marine brigade of about 4,000 may not be worth the expense. Despite the lack of adequate ports and infrastructure, operations in Iraq and Afghanistan, as well as various recent humanitarian efforts, have been sustained with the current mix of prepositioned ships, amphibious support and Landing Craft Air Cushion ships. Canceling the new program would save $1.0 billion in FY2015 and $2.7 billion from FY2012-FY2015.

49. **Cancel the new Joint Light Tactical Vehicle (JLTV), the Ground Combat Vehicle, and the Joint Tactical Radio.** In this option, the Army would continue to upgrade its current fleet of tactical vehicles, and those vehicles would continue to meet Army goals in terms of years of service. The option would delay until after 2015 plans to develop and buy the proposed new Ground Combat Vehicle until requirements are better defined, the Joint Tactical Vehicle until the duplication issue is resolved, and the Joint Tactical Radio until technical problems are resolved. The risk of delaying Army modernization of its tactical vehicle fleet is low because wartime funding enabled the Army to upgrade its current tactical vehicle fleet earlier than anticipated. For FY2003–FY2007, the Army budgeted some $86.5 billion in procurement but received $141.5 billion in those same years, 63 percent more than anticipated, including substantial amounts for HMMWVs, MRAPs, trucks, SINCGAR radios, and other procurement allowing it to modernize its inventory sooner than

[94] *Aviation Week*, "Marines Ready but is JSF?" October 1, 2010.

planned.[95] Based on the Army's report to Congress, "Army Truck Program: Tactical Wheeled Vehicle Acquisition Strategy," the Army has already reached its requirements for FY2017 for its light, medium, and heavy tactical vehicles, earlier than anticipated because battle losses, maintenance washouts and vehicles left in theater were lower than anticipated.[96] In light of this situation, it is not clear why the Army needs to buy the new Light Tactical Vehicles at this time. The Army's Ground Combat Vehicle program is the successor to the Army's Manned Ground Vehicle Program, part of the ambitious Future Combat System, which Secretary Gates cancelled in April 2009.[97] The Army continues to have difficulty defining its requirement, cancelling its August 2010 Request for Proposal, and is facing congressional skepticism as well. The Joint Tactical Radio has longstanding technical problems, which do not appear to have been resolved. This option would save $2.3 billion in 2015.

50. **Reduce planned levels for "Other Procurement."** The category of Other Procurement is expected to reach $38.6 billion in FY2015. This option reduces that amount to $30.1 billion to reflect the buildup of inventory over the past ten years because of substantial war-time funding, and the prospect that the number of U.S. deployed troops may decline by 2015. The option would set funding for each service at 50 percent above the FY2000 level. Between FY2001 and FY2010, DOD received $400 billion in funding (in FY2011 dollars) for Other Procurement, a category that includes communications and electronic equipment (e.g., tactical SINCGARs radios, radars, communications and information security), tactical vehicles (e.g., High Mobility Multipurpose Wheeled Vehicles or HMMWV trucks, armored security vehicles, trailers, materials handling equipment, ship support equipment) and other support equipment and spares (e.g., night vision goggles). Averaging $40 billion a year, this wartime funding level is double the amount received in FY2000 in real terms.[98] Although one of the lessons learned from the Afghan and Iraq wars is that much more of this type of support equipment is needed to carry out operations, current budgeting assumes annual levels would decline slightly to $37 billion, close to the $40 billion average of the past ten years. This plan does not appear to take into account the buildup of equipment inventory in the past ten years and the likelihood that the current level of deployed forces may decrease based on the agreement with Iraq to remove all U.S. troops by December 2011 and the possibility that force levels in Afghanistan may fall in later years based on the President's commitment to begin the re-deployment of U.S. forces in July 2011.

51. **Reduce military personnel stationed at overseas bases in Europe and Asia by one-third.**[99]

2015
$8.5

The United States permanently stations about 150,000 military personnel in the hundreds of U.S. bases in Europe and Asia. Reducing this presence by one-third would save around $8.5 billion in 2015,[100] while still maintaining a substantial military force on both continents.[101] The Army has considered reducing its four combat brigades in Europe to two, but presently the budget

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[95] DOD budget data comparing budgeted and actual by service, account, and system.

[96] Department of the Army, "Report to Congress, Army Truck Program: Tactical Wheeled Vehicle Acquisition Strategy," June 2010, as required by Explanatory statement in Division A of DOD Appropriations Act, 2010 (P>L. 1111-118), p. 15 and p. 18.

[97] CRS, *Army Future Combat System ()FCS) "Spin Outs" and Ground Combat Vehicle (GCV): Background and Issues for Congress* by Andrew Feickert, November 30, 2009, p. 1.

[98] Staff estimates based on Table 6-6 in DOD, *National Defense Budget Estimates*, FY2003-FY2010 editions; http://comptroller.defense.gov/Budget2010.html, other fiscal years years available on legacy site at http://comptroller.defense.gov/Budget2011.html; for Marine Corps, see Marine Corps, *Justification for Procurement, Marine Corps*, FY2003-FY2011; http://www.finance.hq.navy.mil/FMB/02pres/PROC/PMC_Book.pdf ; other years available at Marine Corps budget site.

[99] Staff estimate. In 2009, Jones suggested closing 20% of bases, and Rumsfeld suggested that we could save up to $12 billion by closing 200 to 300 bases alone.

[100] Staff estimate.

[101] Michael Ettlinger and Michael Linden. "A Thousand Cuts." Center for American Progress, September 2010.

includes funds for current force levels, likely to result in a reduction of about 33,000 in Europe and another 17,000 in Korea. Since only a minority of the forces in Europe deploy for the Afghan and Iraq wars, the additional forces required to support overseas stationing does not seem cost-effective, and the services have sufficient air and sea assets to deploy forces from the United States. This option would also reduce force levels in Korea as well as reverse the Defense Department's current plans to build up the infrastructure in Korea to support dependents in support of a new policy to convert the longstanding policy of one year unaccompanied tours to a three-year tour with dependents. Variants of this option were supported in 2009 by both former Secretary of Defense Donald Rumsfeld and National Security Adviser Jim Jones.

2015
$6.0

52. **Modernize Tricare, DOD health.**[102] Secretary Gates has raised concerns for some years that the rapidly rising cost of military health care – increasing from $17.5 billion in FY2000 to $47.4 billion in FY2010, with a doubling in real terms by FY2020 – will "crowd out" funding for DOD's modernization and other defense needs. In recent years, a variety of proposals have been made to raise annual enrollment fees, co-pays and deductibles to reflect inflation, where currently military retirees with family policies pay far below national averages, generally paying no premiums, and paying deductibles of $150 to $300 a year compared to national averages ranging from $600 to $1,000 depending on the type of plan.[103] According to CBO, DOD's FY2009 proposal to raise enrollment fees, deductibles and co-pays to adjust for inflation, though still well below national averages, would save the Department of Defense about $6 billion in 2015, much of it reflecting decisions by military retirees to drop TRICARE coverage.[104] Congress rejected these proposals in response to concerns raised by DOD's retiree population, who make up 57% of the beneficiaries and account for 65% of the cost.[105] The proposed new option would raise premiums and co-pays by smaller amounts than in previous proposals, but would reduce costs for the government primarily by requiring that employers reimburse the government for the employer share of health care costs of working age retirees who opt for TRICARE instead of relying on the employer's policy. This would eliminate a subsidy by the government for what is a normal business expense, and provide the government with about $3 billion.

In addition, to improve DOD's management of health care, and prevent TRICARE from being charged for expenses that could be covered by an employer plan in cases when TRICARE is the secondary payer, this option would require that all beneficiaries pay a modest enrollment fee for each of the three TRICARE plans, and designate whether they are using TRICARE as their primary insurer or as a wraparound policy. To reduce higher than average usage of health care by families of service members, the option would also raise co-pays for office visits from their current low levels closer to national averages. To curb expansion of benefits, this option would also require that even though DOD's medical health care expenses are carried in discretionary accounts, PAYGO provisions would apply so that any proposal to increase TRICARE benefits would have to be offset by increases in premiums, co-pays, or deductibles.

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[102] Congressional Budget Office. "The Effects of Proposals to Increase Cost Sharing in TRICARE." June 2009,p. 3.
[103] See Department of Defense, "Task Force on the Future of Military Health Care," Report of the 10th Quadrennial Review of Military Compensation, and CBO, *The Effects of proposals to increase Cost Sharing in TRICARE*, June 2009 have all presented ways to reform DOD's TRICARE health insurance in recent years; see "Report of Tenth Quadrennial Review of Military Compensation, all volumes; http://www.whs.mil/library/doc/Tenth.pdf. and http://www.defense.gov/news/QRMCreport.pdf. CBO, Health Options, Volume I, December 2009; http://www.cbo.gov/ftpdocs/99xx/doc9925/12-18-HealthOptions.pdf; CBO, The Effects of Proposals to Increase Cost Sharing in TRICARE, June 2009; http://www.cbo.gov/ftpdocs/102xx/doc10261/TRICARE.pdf.
[104] CBO, The Effects of Proposals to Increase Cost Sharing in TRICARE, June 2009; http://www.cbo.gov/ftpdocs/102xx/doc10261/TRICARE.pdf.
[105] CRS, RL33537, *Military Health Care: Questions and Answers*, by Don Jansen, 5-14-09, summary and p.12.

2015
$5.4

53. **Replace military personnel performing commercial activities with civilians.**[106] As required by the Federal Activities Inventory Reform (FAIR) Act, DOD reports annually on the number and types of positions occupied by military personnel, ranging from clearly military activities such as intelligence, maintenance, and combat equipment management to commercial activities such as installation support (trash, fire prevention), supply, transportation, and communications services, and morale, welfare, and recreation support. This option eliminates 88,000 military personnel who are performing clearly commercial types of activities and replaces them with 62,000 civilians, at considerable per-employee savings.[107] One-third of the military positions can be eliminated during the conversion because civilians are not required to carry out military specific duties on top of their commercial duties.[108] This option is similar to a Defense Business Board proposal that recommended cutting 34,000 military personnel in commercial activities to reduce DOD overhead.[109] Instead, this option standardizes the share of military performing these commercial types of work, adopting the lowest rate of military participation among the services, and converting the number of positions above that level to cheaper civilian slots. This option would save $5.4 billion in 2015.

2015
$7.0

54. **Reduce spending on Research, Development, Test & Evaluation by 10 percent.**[110] This option would reduce the Defense Department's Research, Development, Test and Evaluation budget by 10 percent, saving $7 billion in 2015. The currently high level of RDT&E does not appear to be consistent with proposals by Secretary Gates to re-orient DOD modernization to counter-insurgency warfare with, for example, an emphasis on sensing devices and intelligence gathering to counter home-made improvised explosive devices (IEDs), which would be expected to be less expensive than developing follow-on systems for major weapon systems. This would still leave DOD with a level above the peak of the Reagan years in real systems (adjusted for inflation). RDT&E spending could be reduced by slowing ongoing projects and cancelling particular projects such as those associated with marginal procurement programs identified above such as the Marine Corps version of the F-35 ($135 million in FY2015, $1.6 billion for FY2012-FY2015), the Joint Light Tactical Vehicle ($128 million in FY2015, $1.1 billion from FY2012-FY2015), Joint Tactical Radio ($177 million in FY2015, $1.7 billion from FY2012-FY2015), as well as cancelling funding for upgrades of newly-deployed systems such as the F-22 fighter aircraft ($106 million in FY2015 and $828 million for FY2012-FY2015), and the Air Force F-35 ($54 million in FY2012 and $354 million in FY2012-FY2015).[111]

2015
$2.0

55. **Reduce spending on base support.**[112] This option would reduce base support spending by $2.0 billion, or 10 percent of estimated 2015 level, by standardizing spending per troop among the services, which appears to be in line with a recommendation by Under Secretary

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[106] The $5.4 billion 2015 estimate is a staff estimate, based on the work of the Defense Business Board. A similar option has been proposed by CBO.

[107] GAO has found that military personnel cost considerably more than civilians, a conclusion confirmed by staff estimates, which take into account compensation, defense health costs, and operation and maintenance support costs of military personnel, only a portion of which is estimated to decrease as with fewer military personnel.

[108] CBO Budget Options Volume 2, Option 050-17, "Replace Miliary Personnel in Some Support Positions with Civilian Employees of the Department of Defense; http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf.

[109] Defense Business Board, Reducing Overhead and Improving Business Operations: Initial Observations, " July 22, 2010.

[110] Staff estimate based on recommendations to cut the RDT&E budget by Cato, the Sustainable Defense Task Force, and the Center for American Progress.

[111] Figures from R-2, *FY2011 Descriptive Summaries* for RDT&E for Army, Navy, and Air Force Research and Development Programs; see under each service, http://comptroller.defense.gov/Budget2011.html.

[112] Staff estimate.

of Defense, Ashton Carter to adopt a "uniform taxonomy for different types of services."[113] This could encourage cross-servicing. Service spending on base support (cutting grass, providing electricity, etc.) varies among the services from a low of $10,800 per troop in the U.S. Marine Corps to $15,700 per troop in the Air Force in 2011. While DOD has set common support standards and the Army and Navy have set up separate commands to administer base support, this appears to have generally led to higher standards and it is not clear why costs per troop should vary so much. Including savings in the budget for base support could encourage the services to adopt best practices and regionalize base support across services, and use a civilian organization rather than a military command.

2015
$1.4

56. **Reduce spending on facilities maintenance.**[114] This option would reduce facilities maintenance spending on buildings by $1.4 billion or 18 percent below the $7.7 billion estimated for 2015. The services have not reduced spending in concert with the decrease in square footage resulting from the completion of base closures in the past ten years. While square footage fell by 21 percent, spending increased by 18 percent in real terms. Spending for facilities maintenance is now at close to 100 percent of requirements, and the services have also benefited from additional funding provided in base closure funds for consolidations. A lower level is further justified because there will be additional decreases in buildings to maintain when the 2005 base closures are completed.

2015
$0.8

57. **Consolidate the Department of Defense's retail activities.**[115] The Department of Defense operates four retail systems on military bases: commissaries for groceries, which are the same across all three branches, and three separate exchanges, one for each branch. This option, as has been suggested by CBO, would consolidate these retail systems into one network over a five-year period in order to increase efficiency. This would save about $1.7 billion annually, if the new exchanges raised prices 5 percent on average. It has been suggested that some of this savings could be returned to military families in the form of a $600 grocery allowance, which would more than offset the 5 percent increase in prices. This would leave over $800 million in DOD savings annually. One argument against the grocery allowance is that the exchanges would still be able to offer below-market prices for goods.

2015
$1.1

58. **Integrate children of military personnel into local schools in the United States.** The Department of Defense currently runs two school systems for children of military personnel – one for children of military personnel stationed overseas, and another, the Domestic Dependent Elementary and Secondary Schools (DDESS) system, which operates 58 primary and secondary schools for 19,324 students in Alabama, Georgia, New York, North Carolina, South Carolina and Virginia. These domestic schools exist despite the fact that nearly all military members live off base and send their children to local schools. The program was initially established when schools in the South were segregated, however it is no longer clear why the system is still necessary, or why the Defense Department plans to spend $1.2 billion for FY2011-FY2015 to rebuild these schools, raising the cost per student from $51,000 in FY2011 to $81,000 in FY2015.[116] Instead, these

[113] Ashton Carter, "Memorandum for Acquisition Professionals, Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending," June 28, 2010 .
[114] Staff estimate.
[115] CBO Budget Options Volume 2.
[116] Staff estimate based on FY2011 DODEA MILCON Budget, excluding funding for Puerto Rico, Cuba, Guam and Overseas Bases. DOD, Fiscal Year 2011, Department of Defense Dependents Education (DODDE), Operation and Maintenance, Defensewide, February 2010; ttp://comptroller.defense.gov/defbudget/fy2011/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PARTS/DoDDE_FY11.pdf.

students could be integrated into local schools and the rebuilding plans cancelled, which would achieve $1.1 billion of savings in 2015. To reimburse school districts for these additional students, the option includes $14,000 for an allowance to cover the cost of additional students as well as Impact Aid, a payment to compensate local governments for the loss of property tax revenues because of military bases. In some cases, there will be only a small number of additional students. In other cases, DOD may be able to turn over schools located at the edge of military bases to the local educational district.

CBO Budget Options Vol II, August 2009, (050-20), Substitute Dependent Education Allowances for Domestic On-Base Schools CBO Budget Options, February 2005 (050-31), Eliminate the Department of Defense's Elementary and Secondary Schools. DOD, Fiscal Year 2011, Department of Defense Dependents Education (DODDE), Operation and Maintenance, Defensewide, February 2010; ttp://comptroller.defense.gov/defbudget/fy2011/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PARTS/DoDDE_FY11.pdf