



Toward Common Ground 2013

Bridging the Political Divide
with Deficit Reduction
Recommendations for Congress

U.S. PIRG
Standing Up
To Powerful Interests


NTU
National Taxpayers Union

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National Taxpayers Union

National Taxpayers Union (NTU) is America's independent, non-partisan advocate for overburdened taxpayers. NTU mobilizes elected officials and the general public on behalf of tax relief and reform, lower and less wasteful spending, individual liberty, and free enterprise. Founded in 1969, we work at all levels for the day when every taxpaying citizen's right to a limited government is among our nation's highest democratic principles.

For more information about NTU or for additional copies of this report, please visit www.ntu.org

U.S. Public Interest Research Group (U.S. PIRG)

U.S. PIRG is an advocate for the public interest. When consumers are cheated, or the voices of ordinary citizens are drowned out by special interests lobbyists, U.S. PIRG speaks up and takes action. We uncover threats to public health and well-being and fight to end them, using time-tested tools of investigative research, media exposés, grassroots organizing, advocacy, and litigation. U.S. PIRG's mission is to deliver persistent, result-oriented public interest activism that protects our health, encourages a fair, sustainable economy, and fosters responsive, democratic government.

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Executive Summary

To break through the ideological divide that has dominated Washington in recent years and offer a pathway to address the nation's fiscal problems, National Taxpayers Union and U.S. PIRG joined together to identify mutually acceptable deficit reduction measures. This report documents our recommendations.

What follows is a general summary of recommendations that fall into four categories:

- \$151.6 billion in savings from ending wasteful subsidies;
- \$197.2 billion from addressing outdated or ineffective military programs;
- \$42.3 billion from improving program execution and government operations; and
- \$131.6 billion from reforms to entitlement programs.

Each specific recommendation includes an estimate of potential savings over the next 10 years, and a reference to the source from which the estimate was drawn.

Introduction

As 2013 enters its final stretch, our nation faces enormous fiscal challenges. After the recent partial government shutdown—the first in 18 years—Congress established a Budget Conference Committee to hash out a long-term budget deal and put America's finances back on track.

As a result, National Taxpayers Union (NTU) and U.S. Public Interest Research Group (U.S. PIRG) have joined together to propose to the Budget Conference Committee and to Congress a list of 65 recommendations to reform our future spending commitments. If enacted in their entirety, these changes would save taxpayers more than half a trillion dollars over the coming decade.

While our organizations have typically differed about the proper regulatory role of government and a host of tax policies, we are united in the belief that we spend far too much money on ineffective programs that do not serve the best interests of the American people. This joint project is an attempt at identifying the “low hanging fruit” of waste and inefficiency in the federal budget, in hopes of transcending some of the ideological and partisan bickering that has helped to create the fiscal mess we see today. In a similar report submitted in 2010, we outlined recommendations for the President's National Commission on Fiscal Responsibility. When the committee chairs and their majority announced their decisions, 20 of the 30 U.S. PIRG-NTU recommendations had been adopted.

The recommendations in “Toward Common Ground 2013” touch nearly every area of federal expenditures, including entitlements, defense spending, wasteful subsidies, and a broad range of improvements to the efficiency and effectiveness of discretionary programs. They include large items, such as eliminating the crop insurance pro-

gram, which would save taxpayers \$84 billion, and relatively small ones, like \$16 million in spending on lavish events for contractors through NASA’s Space Flight Awareness program. They are specific, detailed, and actionable items that Congress could pursue right now to reduce spending and ensure stability for America’s long-term budget.

Methodology

Each recommendation, except for three—which provide one-year estimates—includes a 10-year savings estimate backed up by authoritative sources such as the Congressional Budget Office (CBO), Government Accountability Office (GAO), Office of Management and Budget (OMB), governmental agencies such as the Department of Defense (DoD), or bipartisan

working groups. All cost savings cite the most updated sources. Some cost estimates refer to CBO reports from 2009 and 2011. For these options, the newest CBO report, “Options for Reducing the Deficit: 2014-2023,” cites the older reports, indicating that these estimates have not been updated since. All other major calculations are included in footnotes.

Ending Wasteful Subsidies

Total Savings of up to \$151.6 billion

Every year, the federal government hands out billions of dollars in subsidies for a wide variety of activities, often best described as commercial in nature. Though some of these programs may be well-intentioned efforts to provide targeted support to businesses or individuals, in practice they are a poor use of scarce taxpayer dollars and often fail to achieve their stated objectives. This section recommends spending reductions that focus primarily on “corporate welfare” programs, distortionary agricultural supports, and funding for research that could be done by the private sector more efficiently. If Congress were to enact all 19 recommendations, it would save taxpayers \$151.6 billion over the next decade.

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
\$151.6 Billion in Savings from Elimination of Wasteful Subsidies to Agribusiness and Large Corporations				
Eliminate Crop Insurance Program	This program directly subsidizes insurance premiums for agribusinesses on coverage they would purchase on their own, with the most profitable farm operations benefiting disproportionately. Furthermore, it distorts the insurance market and market for commodity crops by encouraging overplanting and is partially duplicative as other programs provide more rational insurance for farmers.	\$84,107	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf

— OR —

Reduce Crop Insurance Subsidies ¹	Taxpayers have subsidized an increasing share of crop insurance premiums. Congress could choose to roll them back closer to the level they were at before the year 2000. This scenario would reduce the subsidy from above 60 percent to 40 percent.	\$22,100	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf
Limit Administrative Expenses and Return Rates for Crop Insurance ²	Companies offering products through the crop insurance program should have lower overhead due to cheaper premiums, while their present rate of return from the federal program has been higher than what other private companies have experienced.	\$5,200	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Eliminate Direct Payments for Commodity Crops	Direct payment programs for the ten largest commodity crops were intended as temporary measures to ease the transition to a farming system less reliant upon federal subsidies. They have since become a fixture despite being identified as wasteful by watchdog groups on the left and right. They also distort the agriculture market by favoring certain crops.	\$45,383	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf
Cancel Fossil Energy Research, Development and Demonstration Spending ³	These programs provide federal grants for research and development that should be conducted with private dollars.	\$1,700	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf
Cancel Nuclear Energy Research, Development and Demonstration Spending ⁴		\$4,700	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf
Cancel Biological and Environmental Research - Biological Systems Science ⁵		\$3,025	Department of Energy	http://science.energy.gov/~media/budget/pdf/sc-budget-request-to-congress/fy-2014/Cong_Budget_2014_Biological_Environmental.pdf
Halt Mixed Oxide - Fissile Materials Dispositions - Construction ⁶	The National Nuclear Security Administration is funding the construction of a facility to blend surplus weapon-grade plutonium with depleted uranium oxide for production of mixed oxide fuel to use in existing nuclear power plants. The nuclear industry, not taxpayers, should fund the production of fuel suitable for power production.	\$602	Department of Energy	http://energy.gov/sites/prod/files/2013/04/f0/Volume1.pdf
Restructure the Power Marketing Administration to Charge Market-Based Rates	The Western Area Power Administration, Southwestern Power Administration, and Southeastern Power Administration provide power (amounting to about 1 percent of the nation's electricity) at below-market rates, leading to market distortions and encouraging greater usage. Requiring the Power Marketing Administrations to charge market rates to wholesale buyers would save approximately \$2 billion.	\$1,920	CBO Budget Options	http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Eliminate Hollings Manufacturing Extension Program ⁷	The Hollings Manufacturing Extension Program, which provides consulting services to manufacturers, spends hundreds of millions of dollars per year subsidizing large and profitable businesses.	\$1,349	Department of Commerce	http://osec.doc.gov/bmi/Budget/FY14BIB/ENTIREBIB.pdf
Reduce funding for Economic Development Administration ⁸	The Economic Development Administration is supposed to aid needy communities with grants for economic revitalization, but the program has been fraught with inefficiencies for years and has been a source for many wasteful Congressional earmarks.	\$1,000	Center for American Progress	http://www.americanprogress.org/issues/2010/09/pdf/athousandcuts.pdf
Eliminate Feedstock Flexibility Program	The Feedstock Flexibility Program is one of a series of price supports and trade restrictions that conspire to raise the domestic price of sugar higher than that faced by the rest of the world. The program mandates that the federal government purchase surplus sugar and sell it at a loss to biofuels producers to make ethanol.	\$188	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf
Eliminate Marketing Loan Assistance Program	Through a complicated mechanism, the Marketing Loan Assistance Program provides cash payments to agribusinesses when crop prices drop below a government-guaranteed floor. This is little more than an elaborate subsidy for agribusinesses.	\$990	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf
Eliminate Overseas Private Investment Corporation (OPIC)	These programs provide funding for various activities to promote trade and exports, such as paying for private advertising abroad. Though well-intended, these programs often fund profitable companies or their trade associations. Taxpayers should not be bearing the cost of their export promotions.	\$421	CBO Budget Options	http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf
Eliminate Market Access Program		\$2,000	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf
Eliminate Foreign Market Development Program		\$350	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf
Eliminate U.S. Trade Development Agency ⁹		\$475	USTDA	http://www.ustda.gov/otherinfo/FY2014_CongressionalBudgetJustification.pdf
Eliminate the International Trade Administration's Trade Promotion Activities		\$3,300	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit.pdf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Eliminate Biomass Crop Assistance Program	This program provides grants of taxpayer money for research and development that should be conducted with private dollars.	\$15	CBO May 2013 Baseline	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202_USDAMandator%20FarmPrograms.pdf
Eliminate Ultra-Deepwater Natural Gas and Petroleum Research	The ultra-deepwater natural gas and petroleum research program seeks to expand supplies of petroleum and natural gas products. Though it is funded through existing oil and gas revenues, this kind of applied research can be conducted more efficiently by private industry, not through a federal program.	\$50	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
Eliminate Biodiesel Fuel Education Program	This program provides federal grants for research and development that should be conducted with private dollars.	\$10	Agriculture Reform, Food and Jobs Act of 2013	http://www.gpo.gov/fdsys/pkg/PLAW-107publ171/pdf/PLAW-107publ171.pdf and http://www.ag.senate.gov/download/?id=60b7860d-a8dc-4e8b-91e0-d61356974817

Addressing Outdated or Ineffective Military Programs

Total Savings of up to \$197.2 billion

While the need for a strong national defense is clear, it is equally clear that the Department of Defense (DoD) has a number of programs that do not advance this goal and instead waste vital resources. As defense spending comprises the largest portion of the “discretionary” budget and about 20 percent of the total federal budget, it stands to reason that prudently examining DoD’s funding and priorities could generate significant savings for taxpayers. Due to the delicate nature of decisions relating to national security, we have relied on authoritative recommendations from officials and independent experts from across the political spectrum to guide this part of our report. Following these 18 recommendations to carefully reform or eliminate certain weapons programs and make other procedural improvements could save taxpayers as much as \$197.2 billion over the next decade.

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
\$197.2 Billion in Savings from Ending Low-Priority or Unnecessary Military Programs				
Cancel F-35 Joint Strike Fighter and replace with F-16s and F/A-18s	According to the Sustainable Defense Task Force, “the F-35 Lightning may represent all that is wrong with our acquisition process.” Beyond the cost growth, it has performance and reliability issues and “would provide a capability that is not warranted considering emerging threats.” This option, derived from the Congressional Budget Office, would eliminate the F-35 and replace it with sufficiently advanced planes, the F-16 and F/A-18.	\$37,100	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf and http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf
— OR —				
Replace F-35B and F-35C Models with F/A-18 E/F ¹⁰	An alternative option would allow the Air Force’s F-35 version to proceed, while canceling the Navy and Marine Corps variants in favor of a battle-proven, lower-cost aircraft.	\$16,500	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf and http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf
Reduce Spending on Military Bands ¹¹	This bill would reduce spending, not cut it entirely. With 140 bands and over 5,000 full-time musicians, reducing annual expenditures by less than half should be feasible, especially when other Pentagon programs should take priority.	\$1,880	Rep. Betty McCollum	http://thomas.loc.gov/cgi-bin/query/z?r112:E17JY2-0027:/

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
End Global Hawk Drone Production ¹²	The Army, Pentagon, and White House have said that the Army doesn't need additional drones of this variant.	\$324	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
Cancel Cruiser Modernization Program ¹³	Six Ticonderoga class cruisers are being retired early, and this program is no longer necessary.	\$562	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
Restructure Next Generation Aegis Missile	This missile defense weapon has been widely criticized from a fiscal (GAO) and technological (National Research Council of the National Academy of Sciences) viewpoint; current versions of Aegis offer greater promise of effectiveness and cost stability.	\$2,100	Department of Defense	http://comptroller.defense.gov/defbudget/fy2014/FY2014_Budget_Request_Overview_Book.pdf
Eliminate Duplicative IT Investments	Between FY 2007 and FY 2012, government auditors identified 31 DoD IT initiatives that could be wasting money due to overlap.	\$1,200	GAO	http://www.gao.gov/assets/660/652133.pdf
Terminate Future Space Based Surveillance Follow On Satellite	The modernization of the Space-Based Space Surveillance network has been beset by delays and cost overruns, often related to satellite hardware. DoD has recommended this cost-saving step in the FY 2014 budget.	\$500	Department of Defense	http://comptroller.defense.gov/defbudget/fy2014/FY2014_Budget_Request_Overview_Book.pdf
End Orders for Obsolete Spare Parts for Army, Navy, Air Force, and Defense Logistics Agency ¹⁴	Defense inventory management has been on GAO's "High Risk" list since 1990; the services should accelerate improvements in avoiding excess inventory and obsolete spare parts costs. In FY 2010, DoD achieved roughly an 8 percent cost avoidance by reducing total excess inventory; the services should aim for 12 percent.	\$3,889	GAO	http://www.gao.gov/assets/660/652133.pdf and http://www.gao.gov/products/GAO-12-493
Consolidate Foreign Language Contracts, Uniform Designs, and Support Services at Joint Bases ¹⁵	In 2013 GAO identified several savings opportunities in fragmented DoD programs that fail to coordinate acquisition or basing among the services.	\$2,232	GAO	http://www.gao.gov/assets/660/653604.pdf
Replace some Military Personnel with Civilian Employees	The workforce of the Department of Defense contains thousands of military members doing "commercial" jobs that could be performed by civilians. These jobs do not involve functions that raise concerns about personal safety or national security. The cost of employing a civilian is on average, less than that for a military service member.	\$19,400	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit.pdf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Use Less Expensive Boosters for Air Force Evolved Expendable Launch Vehicle (EELV)	EELV has been widely criticized for cost-growth problems; since March 2012 the program has reported two unit-cost breaches of limits established under the Nunn-McCurdy law. DoD is proposing modest near-term changes to the program.	\$1,100	Department of Defense	http://comptroller.defense.gov/defbudget/fy2014/FY2014_Budget_Request_Overview_Book.pdf
Reduce DOD Printing/Reproduction Costs by 10% ¹⁶	Numerous plans have been proposed or launched by Congress or the Administration to reduce printing costs across many agencies. Although we propose a 10% cut, there has been bipartisan legislation to cut printing costs by up to 30%: http://beta.congress.gov/bill/112th/senate-bill/1021/text .	\$691	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/mil.pdf
Consolidate Management of Retail Stores on Bases	Commissaries and exchanges are administered under a fragmented system; unifying their management under a single system would be more cost-effective. A cash allowance would help to offset any higher prices resulting from operating the system without appropriated subsidies.	\$8,400	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf
Reduce Army, Air Force, and Navy Construction Projects or Requirements	DoD's 2014 budget request is proposing to save taxpayer dollars in future years by forgoing numerous construction initiatives.	\$4,100	Department of Defense	http://comptroller.defense.gov/defbudget/fy2014/FY2014_Budget_Request_Overview_Book.pdf
Reduce Spending for "Other Procurement" ¹⁷	The "Other Procurement" category includes spending on items like night vision goggles and radios. According to the President's National Commission on Fiscal Responsibility and Reform, the military spent \$400 billion more than their base budget for these items. Reducing and freezing this spending would save over \$50 billion while still providing a 50 percent increase over "Other Procurement" levels in 2000.	\$85,000	Simpson-Bowles Fiscal Commission Majority Report	http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf
Delay Refurbishment of Abrams Tank	The Army has said it doesn't need additional tank upgrades; this refurbishment is being done primarily to "preserve the industrial base."	\$436	H.R. 804, Rep. Coffman; Testimony of Chief of Staff of Army, Gen. Raymond Odierno	http://www.armed-services.senate.gov/imo/media/doc/Odierno_11-07-131.pdf ; and http://www.jobs-not-wars.org/senator-armys-unrequested-abrams-tank-funding-will-be-addressed/

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Cancel Army's Ground Combat Vehicle Program	The Ground Combat Vehicle has been deemed too large and heavy to operate effectively in congested areas. The Bradley Infantry Fighting Vehicles are smaller and lighter, and proceeding with upgrades to this family of vehicles would produce additional net savings of \$16 billion between 2024-2036.	\$11,200	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf
Replace V-22 Osprey with MH-60 and CH-53 Helicopters	The V-22 Osprey has suffered from innumerable schedule, management, cost, and production issues. Reducing future purchases and replacing the functionality with additional MH-60 helicopters would save taxpayers \$17 billion.	\$17,100	Taxpayers for Common Sense/ POGO & Sustainable Defense Task Force	http://www.taxpayer.net/images/uploads/downloads/Spending_Even_Less_Spending_Even_Smarter_5-8-12_FINAL.pdf

Improving Program Execution and Government Operations

Total Savings of up to \$42.3 billion

Payment errors, duplicative programs, and inefficient processes combine to squander tens of billions of taxpayer dollars every year. Taking a comprehensive approach to streamlining the operation of these myriad functions could not only spare taxpayers additional expense, but also improve the quality of services they receive. If enacted in their entirety, these 15 recommendations could save as much as \$42.3 billion over the next decade.

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
\$42.3 Billion in Savings from Improvements to Program Execution and Government Operations				
Consolidate Data Centers and Embrace Cloud Computing ¹⁸	The federal government maintains thousands of data centers, many of which are unnecessary or could be streamlined through technologies such as cloud computing. The Administration is proposing a modest step for FY 2014 by consolidating about 100 such sites.	\$575	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
Reduce Backlog of Buildings Owned by the Federal Government that are Not Utilized or Under-utilized ¹⁹	According to the Office of Management and Budget, the federal government owns roughly 14,000 buildings and structures currently designated as excess or underutilized. While there is potential for far greater savings from orderly disposition of these assets, the Civilian Property Realignment Board would save taxpayers \$15 billion over the first three years.	\$14,800	OMB; CBO	http://www.whitehouse.gov/blog/2011/03/02/cutting-costs-getting-rid-government-buildings-we-dont-need%20 and http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr1734substitute.pdf
Eliminate Grants to Large and Medium-Sized Airports	Federal grants currently substitute for funds that larger airports could raise from private sources. By eliminating grants to larger airports, this option would focus federal spending on airports that appear to have fewest alternative sources of funding.	\$8,100	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf
Require DoD/VA to Jointly Buy Prescription Drugs ²⁰	Pursuant to a recommendation from the Government Accountability Office, the Department of Defense and Veterans Administration began jointly contracting to purchase prescription drugs in order to achieve cost savings. That practice has rapidly declined in recent years, but increased joint efforts could yield substantial savings.	\$4,130	GAO	http://www.gao.gov/new.items/d11318sp.pdf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Terminate Harmful and/or Wasteful Army Corps of Engineers Projects	The 2012 Green Scissors Report identifies eight specific Corps projects that are not only expensive boondoggles, but are harmful to the environment. For instance, taxpayers shell out \$700 million for federal beach replenishment projects that encourage development in flood prone areas. These projects should be eliminated.	\$5,896	Green Scissors Report	http://greenscissors.com/content/uploads/2012/06/GS2012-v7E.pdf
Eliminate Catfish Inspection by the Food Safety and Inspection Service	This catfish inspection program is duplicating work already being conducted by FDA and by the National Marine Fisheries Service. Eliminating it would allow for a more efficient allocation of resources.	\$140	GAO	http://www.gao.gov/assets/660/653604.pdf
Unify Military Medical System	GAO notes that the armed services' health system has "no central command authority or single entity accountable for minimizing costs and achieving efficiencies." Unification could reduce overlap and waste without negatively impacting quality of care. Many alternatives have been explored in this area.	\$4,600	GAO	http://www.gao.gov/new.items/d11318sp.pdf
Eliminate Essential Air Service Program	Created in 1978 as a temporary transition to a free-market aviation system, Essential Air Service persists to this day and provides subsidies for air services in rural areas. The program funds service at dozens of facilities that serve fewer than 10 passengers per day or are within easy driving distance of major airports.	\$1,244	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/102xx/doc10294/08-06-budgetoptions.pdf
Eliminate Certain Payments in Abandoned Mine Restoration Program	The Abandoned Mine Restoration Program makes "unrestricted" grants to states and tribes that have already been certified as completing restoration efforts. As a result, funding has been used for unrelated projects.	\$327	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
End Excessive "Double-Dipping" for Reemployed Annuitants	Agencies have dramatically increased the practice of seeking waivers to rehire retirees who then draw both a salary and retirement benefits.	\$611	OPM discussions with Senator Coburn - "Back in Black" report	All data calculated by Coburn staff - http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=c6590d01-017a-47b0-a15c-1336220ea7bf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Reduce Funding for Timber Sales that Lose Money	The Forest Service spends more on federal timber sales than it has collected from the companies that harvest the timber. Taxpayers should not subsidize profit-making ventures for private timber companies.	\$580	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/102xx/doc10294/08-06-budgetoptions.pdf
End Livestock Protection Program	The Livestock Protection Program funds efforts to eradicate natural predators of livestock. This should be paid for with private dollars.	\$1,100	Campbell-DeFazio Amendment to farm bill	Written Correspondence Between Rep. DeFazio and the USDA <i>and</i> http://switchboard.nrdc.org/blogs/mwaaage/nra_big_ag_kill_measure_to_sav.html
Eliminate funding for Woodrow Wilson International Center for Scholars ²¹	The Woodrow Wilson International Center for Scholars is a well-established and successful think tank with net assets in excess of \$100 million. There is no reason for taxpayers to subsidize the general operations of one think tank.	\$111	WWIC Annual Report	http://www.wilsoncenter.org/sites/default/files/FY2014BudgetJustification.pdf
Eliminate Small Community Air Service Development Program ²²	The Small Community Air Service Development Program was intended to fund expansion of commercial air service at rural airports, but nearly 70 percent of projects it funds end in failure.	\$60	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/appendix.pdf
Eliminate Space Flight Awareness program	NASA's Space Flight Awareness program has a history of paying for lavish events for the benefit of private contractors. While Congress recently prohibited certain practices, the program continues to reward and recognize contractors rather than serve a public benefit.	\$16	Congressional Research Service, Senator Coburn's "Back in Black" report	Congressional Research Service correspondence with the office of Senator Tom Coburn, June 24, 2011

Reforming the Operation of Entitlement Programs

Total Savings of up to \$131.6 billion

Medicare, Medicaid, and Social Security combined comprise roughly 40 percent of the federal budget and, as a result, their budgets also deserve close scrutiny. Our recommendations aim to provide smart reforms that lower costs while improving quality and effectiveness of care. Additionally, giving program administrators greater access to technology and other tools to root out fraud and improper payments could yield tremendous savings and lead to more efficient programs for patients. The nine recommendations in the section, if taken together, could save taxpayers as much as \$131.6 billion over the next decade.

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
\$131.6 Billion in Savings from Reforms to Major Entitlement Programs				
Better Align Medicare Payments to Teaching Hospitals with Actual Costs	Hospitals with teaching programs receive additional funding for costs associated with graduate medical education. However, this funding far exceeds the actual cost of providing such education. Reforming and reducing the payments would allow for substantial savings.	\$10,980	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
Reduce Medicare Payment Rates Across the Board in High-Spending Areas	Per-beneficiary costs are inordinately high in some areas of the country, even after accounting for legitimate differences in the cost for things like labor and office space. Reducing these excess costs would yield nearly \$50 billion in savings over the next ten years.	\$47,600	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf
Reduce Fraud, Waste, and Abuse in Medicare and Medicaid	Estimates for the total amount of waste, fraud, and abuse in Medicare and Medicaid vary widely, but the President's FY2014 budget proposes policies that would save \$4.1 billion over the next decade.	\$4,100	OMB	http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/budget.pdf
Clarify Risk Evaluation and Mitigation Strategies (REMS) Policy	In order to develop a generic drug, a drug maker must conduct tests using samples of the brand name drug. But in recent years, some brand name samples have not been supplied to generic drug makers for use in these tests. The justification has been the REMS safety regulations, which are intended to prevent misuse of powerful medications (such as narcotics) by limiting their sale and distribution. This policy would clarify REMS and give patients in Medicare and Medicaid quicker access to generic parts.	\$753	CBO	http://www.cbo.gov/sites/default/files/cbofiles/attachments/S2516.pdf

Savings Mechanism	Explanation	Savings (\$ in millions)	Source	Link for Additional Information
Prevent Improper Payments for Non-Covered Chiropractic Services ²³	The HHS Office of the Inspector General found Medicare inappropriately paid \$178 million for chiropractic claims in 2006, representing 47 percent of claims meeting their review criteria.	\$1,780	Department of Health and Human Services	http://oig.hhs.gov/publications/docs/compendium/2011/CMP-March2011-Final.pdf
Remove Ceiling for Collection of Overpayments from Supplemental Security Income Program	When the Social Security Administration mistakenly overpays a recipient of Supplemental Security Income, they are limited in their ability to recoup those erroneous transfers. Removing the ceiling on collection of these overpayments would aid in efforts to save money and streamline the program.	\$1,480	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/102xx/doc10294/08-06-budgetoptions.pdf
Reform Durable Medical Equipment Payments	CBO and MedPAC have identified ways of reducing overpayments for durable medical equipment in order to lower costs while preserving access. This would include expanding competitive bidding and limiting Medicaid reimbursement based on Medicare rates, while providing a strong exemption process and excluding customized medical equipment.	\$10,700	CBO and MedPAC	http://cbo.gov/sites/default/files/cbofiles/attachments/44247_APB_HealthCarePrograms.pdf and http://medpac.gov/documents/10142011_MedPAC_SGR_letter.pdf
Align Medicare Lab Payments with the Private Sector	As part of his 2014 budget, the President proposed reducing Medicare's laboratory services costs by lowering fees for lab tests, bringing them into alignment with lower prices paid by the private sector. In addition, the budget proposed promoting electronic reporting of lab results to cut needless paperwork costs.	\$7,600	CBO	http://cbo.gov/sites/default/files/cbofiles/attachments/44247_APB_HealthCarePrograms.pdf
Bundle Medicare's Payments to Health Care Providers for inpatient care and 90 days of postacute care.	Adopt bundled payments in Medicare, so that a single payment is made to providers for individual episodes (including inpatient care and 90 days of postacute care). This will help create incentives for more efficient care, and reduce medical errors. This proposal could also be adjusted for circumstances surrounding specific conditions or treatments.	\$46,600	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf

— OR —

Bundle Medicare's Payments to Health Care Providers for inpatient care only. ²⁴	Adopt bundled payments in Medicare, so that a single payment is made to providers for individual episodes (including inpatient care only).	\$16,600	CBO Budget Options	http://www.cbo.gov/sites/default/files/cbofiles/attachments/44715-OptionsForReducingDeficit-2_1.pdf
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Total

\$522,682

Notes

- 1 This is an alternative to eliminating the entire crop insurance program.
- 2 This is an alternative to eliminating the entire crop insurance program.
- 3 We multiplied the outlay savings estimates for 2017-2023 by 4/3 in order to model the difference between a 75% cut (stated in document) and 100% cut. We based these calculations by applying the 2017 estimates to 2015 and 2016 to eliminate the 3-year phase-in CBO recommends.
- 4 We multiplied the outlay savings estimates for 2017-2023 by 4/3 in order to model the difference between a 75% cut (stated in document) and 100% cut. We based these calculations by applying the 2017 estimates to 2015 and 2016 to eliminate the 3-year phase-in CBO recommends.
- 5 This is the FY 2012 x 10 for a 10-year estimate.
- 6 On PDF Page 590, we added FY 2013 projections of Total Project Costs (TPC) from of FY 2014, 2015, and 2016.
- 7 Used FY 2013 annualized number and x 10 years.
- 8 This is one-year estimate multiplied by 10 for a 10-year projection.
- 9 Used FY 2013 appropriations number x 10.
- 10 This is an alternative to canceling the F-35 Joint Strike Fighter. The B/C replacement option would save about 44.6 percent as much as the A/B/C replacement option according to the 2011 report. Using this percentage and multiplying by \$37 billion for the 2013 A/B/C replacement figure, the result rounds to \$16.5 billion.
- 11 This is one-year estimate multiplied by 10 for a 10-year estimate.
- 12 This is a one-year estimate, as provided by the President's budget.
- 13 This is a one-year estimate, as provided by the President's budget.
- 14 In 2010, the DOD reduced the number of spare parts by 8%. To extrapolate for 2011, this is .08 x the 2011 figure of \$9.723B (\$9.2B+\$523M in excess inventory) = \$778M. For a 12% savings, we calculated .12 x 9.723B = \$1,167M. We then subtracted \$778M from \$1,167M to come up with total savings. We multiplied the result, \$389M, by 10 to get the 10-year estimate.
- 15 Authors assumed a 10% savings from foreign language contract consolidation (\$1B) + \$82M from uniforms, and one-half of \$2.3B in 20-year savings from consolidating 26 facilities.
- 16 Authors' calculations from FY 2014 budget request; totals do not include spending from Defense Automated Printing Service. 10% of \$691M (total FY 2014 budget request) x 10, to get the 10-year savings = \$691M.
- 17 This option reduces the FY 2015 funding for "other procurement" from \$38.6B to \$30.1B, which is a savings of \$8.5B. To determine a 10-year estimate, we multiplied by 10.
- 18 This is a one-year estimate, as provided by the President's budget.
- 19 To find the cost of the bill, we added estimated outlays of bill over 10-year period = $3 + (13 \times 9) = \$120$ million. We subtracted the cost associated with implementing the bill (\$120 M) from the savings of the bill (\$15 billion). $15B - \$120M = \$14,800M$.
- 20 On PDF page 88, we calculated cost savings based on the 2009 baseline. VA estimated \$666 million in cost avoidance in FY 2005. \$214 million in joint spending in 2009 is 38% of the \$550 million in joint spending in 2005. $38\% \text{ of } \$666 \text{ (potential savings)} = \$253 = \text{savings}$. $\$666 \text{ in potential savings} - \$253 \text{ in savings (in potential realized savings)} = \413 .
- 21 Used FY 2013 annualized number x 10.
- 22 Used FY 2013 CR number x 10 years.
- 23 This is one-year estimate multiplied by 10 for a 10-year estimate.
- 24 This is an alternative to Bundling Medicare's Payments to Health Care Providers for both Inpatient Care and 90 Days of Postacute Care.