

THE COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building
Washington, DC 20515
Representative Paul Ryan, *Ranking Republican*

Phone: (202)-226-7270
Fax: (202)-226-7174
James T. Bates, *Republican Staff Director*

THE BUDGET BOONDOGGLE AWARD

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INTRODUCTION

In the 1970s, Wisconsin Senator E. William Proxmire launched the “Golden Fleece Award,” which highlighted some of the most outrageous examples of wasteful spending by the Federal Government. His efforts – which he continued even after he left the Senate in 1989 – provided an immense service to taxpayers simply by identifying government waste, fraud, and abuse.

Because imitation *is* the sincerest form of flattery, House Budget Committee Republicans today are launching “The Budget Boondoggle Award” in honor of the late Senator Proxmire. Throughout the coming year, the Members will continue to expose the worst examples of waste, fraud, and abuse of taxpayers’ dollars. For today’s startup, Budget Committee Republicans have chosen – as nominees for the inaugural award – one example from each of the 12 fiscal year 2008 appropriations bills passed by the House.

There are several reasons for doing this.

- First, the new fiscal year started two weeks ago, but the Democratic majority has failed to send even one regular 2008 appropriations bill to the President.
- While operating under a continuing resolution [CR], the majority is spoiling for a confrontation with the President over spending levels, having called for about \$21 billion more in annually appropriated spending than the President requested – and insisting they cannot do with a dime less.
- Democrats claim the higher spending is necessary because so many programs have been “starved” in recent years. But frankly, it is difficult to believe that the \$933 billion the President requested – an increase of 6.9 percent over 2007 – is not enough.
- Further, today’s award nominees show that misuse of taxpayer dollars, unnecessary earmarks, and duplicative and ineffective programs continue across the Federal budget. Republicans, too, allowed too much wasteful spending to slip through. But that is no excuse for letting the practice continue.

Squeezing out waste may not close the entire gap between the Democrats and the President. But it would be a start – and would also serve the best interests of the taxpayers.

INITIAL NOMINEES
THE BUDGET BOONDOGGLE AWARD

Below are nominees for the first Budget Boondoggle Award. There is one nominee from each of the 12 House-passed appropriations bills for fiscal year 2008 – so it is likely much more wasteful spending can be found. These items are organized as follows: Duplicative, Ineffective, and Inappropriate Programs; Waste; and Earmarks. A section at the end reviews the administration’s recommended program eliminations and finding of its performance rating system.

DUPLICATIVE, INEFFECTIVE, AND INAPPROPRIATE PROGRAMS

- ***Technological Corporate Welfare (Commerce-Justice-Science Appropriations Bill).***
The Advanced Technology Program [ATP] is recognized as one of the worst forms of corporate welfare, and the President has proposed to eliminate it.
 - As of 2005, 39 *Fortune 500* companies had received a total of \$732 million in ATP subsidies, with IBM alone receiving \$127 million.
 - GAO studies have found that some of the projects funded were similar to projects conducted by unsubsidized firms, demonstrating the program is no longer warranted. One survey showed that 65 percent of ATP applicants did not even bother trying to procure private funding before lining up at the Federal trough.
 - Although authorizing legislation terminates the program, this appropriations bill still funds it at \$93 million for fiscal year 2008.

- ***Buying Culture at Taxpayers’ Expense (Interior-Environment Appropriations Bill).***
The National Capital Arts and Cultural Affairs [NCACA] provides non-competitive grants to Washington, DC cultural organizations that receive contributions from nonfederal sources. The organizations also can apply for Federal funding from other national competitive grant programs.
 - Funding recipients include the Kennedy Center, the National Symphony Orchestra, the Shakespeare Theatre, the Washington Ballet, the Woolly Mammoth Theatre Company, and 16 other DC-based performing arts centers and museums that receive millions of dollars from private donors.
 - One recipient, the Kennedy Center, already receives more than \$70 million in private donations each year. It is clearly not in need of an additional \$500,000 in government funding.
 - The President proposed terminating the program because it is duplicative and should not be a government priority. But the House-passed fiscal year 2008 appropriations bill gives the program \$10 million, 40 percent more than 2007.

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- ***More Information Than Needed (Financial Services Appropriations Bill)***. The Federal Citizens Information Center [FCIC] is a wasteful and duplicative service in the General Services Administration [GSA]. The center is intended to be a one-stop shop for answers to questions about Federal agencies, programs, and services – but it also gives out information that consumers easily can find elsewhere:
 - Among other things, this agency provides advice on how to get a good airfare deal and how to buy a car. It also provides investment advice and tips on family relationships. Even the information about the government is duplicative and could be obtained elsewhere.
 - This money would be much better spent on priorities such as veterans, education, or national defense – but the Financial Services bill funds the FCIC at \$15.8 million, a 6.2-percent increase from 2007.

 - ***Diversion of Funds From Bridges to Nonpriority Items (Transportation-HUD Appropriations Bill)***. At a time when the Nation’s roads and bridges need attention – as demonstrated by the recent collapse of a bridge in Minneapolis – the Federal Government continues to divert large amounts of money to bike paths and other cosmetic projects that could be funded locally.
 - More than 73,000 bridges across the United States are considered structurally deficient. Yet according to Transportation Secretary Peters, only about 60 percent of the Highway Trust Fund is directed toward highway and bridge construction.
 - The Congressional Budget Office [CBO] also has reported that while transportation spending has increased, funding for infrastructure has declined.
 - The House Transportation appropriations bill for fiscal year 2008 also contains more than 1,400 earmarks at a cost of \$2.2 billion.

WASTE

- ***Living Large on the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Labor-HHS-Education Appropriations Bill)***. The former executive director of the Global Fund enjoyed a lavish lifestyle at home and abroad, and shared the largesse with his staff as well. Some examples:
 - He spent between \$91 and \$930 per day for limousines in London, Paris, Rome, Washington, and San Francisco, averaging \$376 a day.
 - He also spent \$1,695 for a dinner for 12 at the U.S. Senate dining room; \$226 to rent a suit; \$8,780 for a boat cruise on Lake Geneva in Switzerland; \$8,436 for a dinner in Switzerland for 63 people; and \$5,150 for a meal and drinks for 74 staff members at a retreat in Switzerland. Other spending went to flowers for staff members and champagne at a retreat.

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- This money could have saved 24,513 infants from dying of malaria – but there is no appreciable evidence that the fiscal year 2008 Labor-HHS bill prevents abuses of Global Fund resources, such as those cited above.
 - ***More FEMA Funds Squandered (Homeland Security Appropriations Bill)***. Congress has provided \$129 billion to help rebuild communities devastated by Hurricane Katrina, with most of the money going through the Federal Emergency Management Agency [FEMA]. But large amounts have been squandered, and there has been no appreciable oversight in this appropriations bill.
 - FEMA spent \$3.5 million to melt \$24 million worth of ice it had purchased but did not need – for an “ice-capade” totaling \$27.5 million.
 - Fraudulent FEMA payments cited by the Government Accountability Office [GAO] include: \$17 million in rental assistance paid to individuals to whom FEMA had already provided free housing in trailers or apartments; \$20 million in duplicate payments to thousands of individuals who claimed damages to the same property from both Hurricanes Katrina and Rita; and free housing to 10 individuals in apartments in Plano, TX, while these individuals received \$46,000 to cover out-of-pocket housing expenses.
 - ***The World Bank’s Misdirected Priorities (State-Foreign Operations Appropriations Bill)***. The United States is the leading contributor to the World Bank, and will spend more than \$1 billion helping finance the lending institution in 2008. But the Bank has strayed widely from its mission of providing funding for the world’s poorest countries and those who cannot receive credit elsewhere.
 - More than 80 percent of the Bank’s loans flow to middle-income governments instead of those who need help most.
 - Two of the top loan recipients – China and India – are among the stiffest competitors to the U.S. in a globalizing world. China has the second largest gross domestic product [GDP] in the world and is awash with foreign direct investment. Yet China continues to receive more than \$1 billion a year in subsidized loans from the Bank.
 - Iran has been a top 10 recipient of World Bank subsidized loans in recent years.
 - Despite all this, the State-Foreign Operations bill does nothing to redirect the World Bank toward its original mission.
 - ***Unnecessary Paper From the GPO (Legislative Branch Appropriations Bill)***. Even in the current era of on-line data, the Government Printing Office [GPO] prints thousands of excess copies of floor proceedings and legislation – most of which are never read.
 - GPO prints 5,600 paper copies of the *Congressional Record* every day that Congress is in session. The overall budget for compiling, printing, and distributing the *Congressional Record* is more than \$25 million, with at least \$6.5 million spent on printing costs alone.
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- GPO also prints three copies of *every* bill for *every* cosponsoring Member.
 - In a rare victory against waste, the House passed an amendment by Congressman Flake to reduce funds for printing the *Congressional Record*. (Republicans supported the amendment 181-2; Democrats opposed it 189-37). Still in doubt is whether this policy will be retained in the appropriations conference report.
 - ***Underused Farm Service Agency Offices (Agriculture Appropriations Bill)***. Nationwide, the Farm Service Agency [FSA] maintains 2,350 field offices that help the Department of Agriculture administer its farm programs. Some of these offices are located in areas where farms are fewer in number than was the case in the past due to urbanization and other factors.
 - There are currently 52 FSA field offices with no permanent employees, 130 offices with one employee, and a total of 534 offices with two or fewer employees. The offices without employees are occasionally staffed by employees from neighboring FSA county offices for short periods, but they stand empty most of this time. Yet, the government continues to pay for them all. In 2007, the rent for these 534 offices is estimated at nearly \$19 million.
 - The FSA is seeking to streamline its operations to improve efficiency and services provided to producers and rightfully ensuring the wisest use of taxpayer dollars. Furthermore, successful consolidation measures could also lead to possible savings being passed on to taxpayers in the future. But unfortunately these efforts have been thwarted by Congress. In fact, this bill delays the development and implementation of any plans to close any local or county office of the FSA until at least six months after the next Farm Bill is passed or the end of the 2008 fiscal year.
 - ***Army Corps of Engineers Manipulation of Data (Energy and Water Appropriations Bill)***. The Army Corps of Engineers delivers an important service by investigating, developing and maintaining the Nation's water and related environmental resources and rendering disaster response. But several GAO reports have shown systematic manipulation of cost and benefit analyses of civil works projects by the Corps.
 - A 2006 GAO report found that in one instance the Corps valued project benefits at three times the estimate made by GAO. In another instance, GAO found that the Corps estimate of project benefits would have been reduced by 90 percent if it used current instead of outdated statistics. GAO termed the reliability of Corps information as "spotty at best."
 - Most recently, a DC Circuit Court Judge presiding over a case regarding a Corps Civil Works project said the Corps "obviously worked backwards from the mitigation dollars it could afford to make the project appear to return a positive benefit-cost ratio."
 - Congress and the Corps have made modest attempts to address these problems, but the Energy-Water Appropriations bill still increases Corps funding by \$246 million more than 2007, and \$713 million more than the President's request.

EARMARKS

- **More Than \$6.5 Billion in Defense Earmarks (Defense Appropriations Bill).** Overall, this bill contains at least 1,339 earmarks, at a cost of \$3.5 billion. Outside groups have identified an additional 70 undisclosed earmarks that cost another \$3 billion.
 - Among the most egregious examples is an earmark for the National Drug Intelligence Center [NDIC], which was inserted by the Defense Subcommittee Chairman. An administration official described the NDIC as “slow to delineate a unique or useful role within the drug intelligence community,” and therefore the President requested nearly \$16 million in his 2008 budget to cover the costs of shutting down the facility. Instead, this congressional earmark directs \$39 million to expand NDIC operations in 2008.
 - Not only is this bad policy, it’s in the wrong bill. The NDIC falls within the Justice Department’s Drug Enforcement Administration.
- **Earmarks That Will Circumvent Disclosure Rules (Military Construction-Veterans Appropriations Bill).** The House majority circumvented its own new earmark disclosure rules, and did not identify any earmarks in the bill before it was passed through the House. Instead, earmarks will be added by the select few Members who are part of the House-Senate Conference Committee writing the final version of the bill.
 - The Senate bill already includes more than 80 congressional earmarks at a cost of \$634 million.
 - The bill is expected to contain more than \$1 billion in earmarks when all legislative work is completed.
 - These earmarks will not be subject to full scrutiny by the House to ensure they are directed to the areas of greatest need.

OMB PROGRAM ELIMINATIONS/PART RATINGS

- **OMB Program Eliminations.** The President’s fiscal year 2008 budget recommended the elimination of 91 government programs because they have consistently been identified as duplicative or ineffective.
 - This would have saved \$4.9 billion in taxpayer dollars, but the fiscal year 2008 appropriations bills continue to fund 78 of these 91 programs. That leaves \$4.8 billion of the potential savings untouched.
 - Of the 78 programs that have not been streamlined, 32 of these actually received funding *increases*, and another 35 received flat funding.
- **PART Ratings.** In 2007, the administration’s Program Rating Assessment Tool [PART] rated 25 programs as ineffective for their failure to achieve their goals. But Congress has increased funding for 13 of these 25 programs, and has level-funded 10 more without increasing oversight.