Terminations, Reductions, and Savings

Budget of the U.S. Government
Fiscal Year 2011

Office of Management and Budget
www.budget.gov

GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted. All years referenced for economic data are calendar years unless otherwise noted.

2. Detail in this document may not add to the totals due to rounding.

3. Web address: *http://www.budget.gov.*

Office of Management and Budget
Washington, D.C. 2010

Table of Contents

Page

Introduction

Introduction....................1

Summary Tables

Summary Tables....................2

Terminations

Abandoned Mine Lands Payments to Certified States, Department of the Interior....................7
Advanced Earned Income Tax Credit, Department of the Treasury....................8
Anthrax Vaccine Research, Department of Health and Human Services....................9
Brownfields Economic Development Initiative, Department of Housing and Urban Development....10
Bureau of Labor Statistics - International Labor Comparison Program, Department of Labor..........11
C-17 Transport Aircraft Production, Department of Defense....................12
Challenge Cost Share Grants, Department of the Interior....................13
Children and Families Services' Job Demonstration Program, Department of Health and Human Services....................14
Christopher Columbus Fellowship Foundation....................15
Coal Tax Preferences (4 Terminations), Department of Energy....................16
Commodity Storage Payments, Department of Agriculture....................17
Constellation Systems Program, National Aeronautics and Space Administration....................18
Economic Action Program, Department of Agriculture....................19
Election Reform Grants, Election Assistance Commission....................20
Emergency Operations Center Grant Program, Department of Homeland Security....................21
Entitlements for Financial Intermediaries under the Federal Family Education Loan Program, Department of Education....................22
EP-X Manned Airborne Intelligence, Surveillance, and Reconnaissance Aircraft, Department of Defense....................23
ESEA Consolidations, Department of Education....................24
Grants to Manufacturers of Worsted Wool, Department of Commerce....................26
Harry S. Truman Scholarship Foundation....................27
Health Care Services Grant Program, Department of Agriculture....................28

Health Resources and Services Administration (3 Terminations), Department of Health and Human Services....29
High Energy Cost Grants, Department of Agriculture....30
Inter-City Bus Security Grant Program, Department of Homeland Security....31
Joint Strike Fighter Alternate Engine, Department of Defense....32
LANSCE Refurbishment, Department of Energy....33
Leveraging Educational Assistance Partnership Program, Department of Education....34
Local Government Climate Change Grants, Environmental Protection Agency....35
Multifamily Housing Revitalization Demonstration Program, Department of Agriculture....36
Navy CG(X) Cruiser, Department of Defense....37
Net Enabled Command Capability (NECC), Department of Defense....38
Oil and Gas Company Tax Preferences (8 Terminations), Department of Energy....39
Oil and Gas Research and Development Program, Department of Energy....40
Public Broadcasting Grants, Department of Agriculture....41
Public Telecommunications Facilities Grants, Department of Commerce....42
Rail Line Relocation Grants, Department of Transportation....43
Rehabilitation Act Program Consolidations, Department of Education....44
Resource Conservation and Development Program, Department of Agriculture....46
Rural Community Facilities, Department of Health and Human Services....47
Save America's Treasures and Preserve America (NPS), Department of the Interior....48
Small Department of Education Programs (5 Terminations), Department of Education....49
Surface Transportation Priorities, Department of Transportation....51
Targeted Airshed Grants, Environmental Protection Agency....52
Targeted Water Infrastructure Grants, Environmental Protection Agency....53
Tech Prep Consolidation, Department of Education....54
Telecommunications Development Fund, Federal Communications Commission....55
Third Generation Infrared Surveillance Program (3GIRS), Department of Defense....56
Unconventional Fossil Technology Program, Department of Energy....57
Voice of America, Broadcasting Board of Governors....58
Water and Wastewater Treatment, Corps of Engineers....59
WATERS Network, National Science Foundation....60
Watershed and Flood Prevention Program, Department of Agriculture....61
Yucca Mountain Nuclear Waste Repository, Department of Energy....62

Reductions

Agricultural Research Service Buildings and Facilities, Department of Agriculture....63

Alaska Conveyance, Department of the Interior....64
Bureau of Labor Statistics - Current Employment Statistics, Department of Labor....65
Bureau of Labor Statistics - National Compensation Survey (Includes Locality Pay Surveys Component), Department of Labor....66
Bureau of Public Debt, Department of the Treasury....67
Capital Improvement and Maintenance Program, Department of Agriculture....68
Command Ship Replacement (LCC-R), Department of Defense....69
Commission of Fine Arts....70
Commodity Payments to Wealthy Farmers, Department of Agriculture....71
Community Facilities Grants, Department of Agriculture....72
Emergency Steel Guaranteed Loan Program, Department of Commerce....73
EPA Homeland Security Activities, Environmental Protection Agency....74
Expeditionary Fighting Vehicle, Department of Defense....75
Fair Housing Activities Program, Department of Housing and Urban Development....76
Financial Management Service, Department of the Treasury....77
Great Lakes Restoration Initiative, Environmental Protection Agency....78
Hazardous Fuels Reduction, Department of the Interior....79
HOME Investment Partnerships Program, Department of Housing and Urban Development....80
Information Technology Efficiencies, Department of the Interior....81
Light-Duty Sedans Added to the FBI's Fleet, Department of Justice....82
Low-Priority Corps Construction Projects, Corps of Engineers....83
Market Access Program, Department of Agriculture....84
National Heritage Areas, Department of the Interior....85
New Construction of Housing for the Elderly and Disabled (2 Reductions), Department of Housing and Urban Development....86
North American Wetlands Conservation Grants, Department of the Interior....88
Right-size Component Personnel Travel Budgets, Department of Justice....89
Strategic Sourcing, Department of the Interior....90
Terrorism Risk Insurance Program, Department of the Treasury....91
Travel and Relocation Reform, Department of the Interior....93
Uniform Criteria for Special Monthly Pension, Department of Veterans Affairs....94

Other Savings

"Power Off" Computers, Department of Labor....95
AIR FORCE - Cellular Airtime Optimization, Department of Defense....96
Allow Veterans to Keep Their Medication When They're Discharged, Department of Veterans Affairs.97

ARMY - Streamlining the Army's Unemployment Compensation Process, Department of Defense....98
Centers for Medicare and Medicaid Services, Program Integrity Allocation Adjustment, Department of Health and Human Services....99
Coinage Material, Department of the Treasury....100
Common Sense Administrative Savings, Department of Education....101
Consolidate Regulation of Federally-Chartered Commercial Depository Institutions and Repeal Thrift Charter, Department of the Treasury....102
Disability Insurance and Supplemental Security Income Programs, Program Integrity Allocation Adjustment, Social Security Administration....104
Eliminate Paper Paystubs, Department of the Treasury....105
Expand CMS Program Integrity Authority, Department of Health and Human Services....106
FECA Reform, Department of Labor....107
Increased Use of Video Teleconferencing Technology, Department of Energy....108
IRS Tax Enforcement, Program Integrity Allocation Adjustment, Department of the Treasury....109
Levy Payments to Federal Contractors with Delinquent Debt, Program Integrity Initiative, Department of the Treasury....111
Make Social Security Appointments Online, Social Security Administration....112
NAVY - Streamlining Administrative Support on Navy Ships, Department of Defense....113
Oracle Enterprise License Agreement, Department of Veterans Affairs....114
Personal Computer Power Savings, Department of Veterans Affairs....115
Save Money When Collecting Money, Department of Agriculture....117
Shipment Policy Adjustment, Consumer Product Safety Commission....118
Space Consolidation for Rent Savings, Environmental Protection Agency....119
Streamline Redundant Inspection of Subsidized Housing, Department of Housing and Urban Development....120
Unemployment Insurance, Program Integrity Allocation Adjustment, Department of Labor....121
Unemployment Insurance, Program Integrity Initiative, Department of Labor....122
WEP/GPO Enforcement Provision, Program Integrity Initiative, Social Security Administration....123

INTRODUCTION

Having steered the economy back from the brink of a depression, the Administration is committed to moving the Nation from recession to recovery by sparking job creation to get millions of Americans back to work, and building a new foundation for the long-term prosperity for all American families. To do this, the 2011 Budget makes critical investments in the key areas that will help to reverse the decline in economic security that American families have experienced over the past decade with investments in education, clean energy, infrastructure, and innovation.

But even as we meet the challenge of the recession and work to build an economy that works for all American families, we must also change the way Washington does business—ending programs that don't work, streamlining those that do, cracking down on special interest access, and bringing a new responsibility to how tax dollars are spent. It's time to take the necessary steps to get our fiscal house in order so we do not pass on a crippling debt to our children and grandchildren.

Over the past year, the Administration has begun to take these steps. While the economic crisis necessitated adding to the historic deficit and debt the Administration inherited in order to jumpstart economic growth and prevent a second Great Depression, we began the hard work of making the Government more effective and efficient—streamlining what works and cutting what does not. The Administration undertook a comprehensive effort to reform Government contracting—ending unjustified no-bid and cost-reimbursement contracts and pursuing other steps that will save $40 billion a year by the end of 2011—and the President issued an executive order cracking down on the approximately $100 billion in improper payments that go out from the Government every year.

The President also asked his Administration to begin a line-by-line review of the Budget to identify programs that were outdated, ineffective, or duplicative. In his 2010 Budget, President Obama sought to end or reduce 121 programs for a one-year savings of approximately $17 billion, of which $11.5 billion was on the discretionary side of the Budget. The Congress then acted and approved cuts that produced a net savings of $6.8 billion, nearly 60 percent of the discretionary cuts proposed, a success rate that far exceeds that of recent Administrations. These cuts included additional F-22 fighter jets, planes that the military leadership, Secretary of Defense Gates, and leaders from both parties said were unnecessary—a cut that outside observers thought would never be realized. But the Administration made the tough choices and fought for them, and that is how we were able to achieve such savings.

The line-by-line review continues, and for the 2011 Budget, the Administration is proposing 126 terminations, reductions, and savings of more than $23 billion in 2011 alone. The proposals include 78 discretionary terminations and reductions that would save $10 billion in 2011, and 33 mandatory terminations and reductions that would save $240 billion over 10 years.

In addition, this volume highlights steps that agencies are taking to save money that come from the President's SAVE Award competition. Recognizing that the best ideas often are not found in Washington, the President launched the SAVE Award in the fall of 2009 to solicit suggestions to make the Federal Government more effective and efficient, directly from front-line employees. In just three weeks, the Administration received more than 38,000 suggestions. The winning idea, as promised, is included in this volume as well as 14 other SAVE entries that agencies can implement without further action by the Congress. These are noted in the text by the SAVE Award logo—a light bulb.

Alone, these cuts will not solve our fiscal problems, but that does not mean they shouldn't be undertaken. The Government cannot—and should not—tolerate wasting taxpayer dollars on ineffective, outdated, or duplicative programs. Now more than ever, we need to invest in what works, streamline programs to work better, and cut programs that are not doing their job. We cannot afford to waste taxpayer funds, and the American people deserve a Government that does not tolerate this waste.

DISCRETIONARY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS

(Budget authority in millions of dollars)

Terminations	2010 Enacted	2011 Request	2011 Change from 2010
Anthrax Vaccine Research, Department of Health and Human Services	3	....	–3
B.J. Stupak Olympic Scholarship, Department of Education	1	....	–1
Brownfields Economic Development Initiative, Department of Housing and Urban Development	18	....	–18
Bureau of Labor Statistics - International Labor Comparison Program, Department of Labor	2	....	–2
Byrd Honors Scholarship, Department of Education	42	....	–42
C–17 Transport Aircraft Production, Department of Defense	2,500	....	–2,500
Challenge Cost Share Grants, Department of the Interior	19	....	–19
Children and Families Services' Job Demonstration Program, Department of Health and Human Services	3	....	–3
Christopher Columbus Fellowship Foundation	1	....	–1
Constellation Systems Program, National Aeronautics and Space Administration	3,466	....	–3,466
Delta Health Initiative, Department of Health and Human Services	35	....	–35
Denali Commission, Department of Health and Human Services	10	....	–10
Economic Action Program, Department of Agriculture	5	....	–5
Election Reform Grants, Election Assistance Commission	75	....	–75
Emergency Operations Center Grant Program, Department of Homeland Security	60	....	–60
EP-X Manned Airborne Intelligence, Surveillance, and Reconnaissance Aircraft, Department of Defense	12	....	–12
ESEA Consolidations, Department of Education	....	....	....
Harry S. Truman Scholarship Foundation	1	....	–1
Health Care Facilities and Construction, Department of Health and Human Services	338	....	–338
Health Care Services Grant Program, Department of Agriculture	3	....	–3
High Energy Cost Grants, Department of Agriculture	18	....	–18
Historic Whaling and Trading Partners, Department of Education	9	....	–9
Inter-City Bus Security Grant Program, Department of Homeland Security	12	....	–12
Joint Strike Fighter Alternate Engine, Department of Defense	465	....	–465
LANSCE Refurbishment, Department of Energy	20	....	–20
Legal Assistance Loan Repayment, Department of Education	5	....	–5
Leveraging Educational Assistance Partnership Program, Department of Education	64	....	–64
Local Government Climate Change Grants, Environmental Protection Agency	10	....	–10
Multifamily Housing Revitalization Demonstration Program, Department of Agriculture	27	....	–27
Navy CG(X) Cruiser, Department of Defense	46	....	–46
Net Enabled Command Capability (NECC), Department of Defense	9	....	–9
Public Broadcasting Grants, Department of Agriculture	5	....	–5
Public Telecommunications Facilities Grants, Department of Commerce	20	....	–20
Rail Line Relocation Grants, Department of Transportation	34	....	–34
Rehabilitation Act Program Consolidations, Department of Education	....	....	....
Resource Conservation and Development Program, Department of Agriculture	51	....	–51
Rural Community Facilities, Department of Health and Human Services	10	....	–10
Save America's Treasures and Preserve America (NPS), Department of the Interior	30	....	–30
Surface Transportation Priorities, Department of Transportation	293	....	–293
Targeted Airshed Grants, Environmental Protection Agency	20	....	–20
Targeted Water Infrastructure Grants, Environmental Protection Agency	157	....	–157
Tech Prep Consolidation, Department of Education	....	....	....
Third Generation Infrared Surveillance Program (3GIRS), Department of Defense	73	....	–73
Unconventional Fossil Technology Program, Department of Energy	20	....	–20
Underground Railroad Educational and Cultural, Department of Education	2	....	–2
Voice of America, Broadcasting Board of Governors	3	....	–3
Water and Wastewater Treatment, Corps of Engineers	129	....	–129
WATERS Network, National Science Foundation	4	....	–4
Watershed and Flood Prevention Program, Department of Agriculture	30	....	–30
Yucca Mountain Nuclear Waste Repository, Department of Energy	197	....	–197
Total, Discretionary Terminations	**8,357**	**.........**	**–8,357**

DISCRETIONARY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS

(Budget authority in millions of dollars)

Reductions	2010 Enacted	2011 Request	2011 Change from 2010
Agricultural Research Service Buildings and Facilities, Department of Agriculture	71	–76	–147
Alaska Conveyance, Department of the Interior	34	21	–13
Bureau of Labor Statistics - Current Employment Statistics, Department of Labor	59	57	–2
Bureau of Labor Statistics - National Compensation Survey (Includes Locality Pay Surveys Component), Department of Labor	60	52	–8
Bureau of Public Debt, Department of the Treasury	192	186	–6
Capital Improvement and Maintenance Program, Department of Agriculture	538	438	–100
Command Ship Replacement (LCC-R), Department of Defense	....	....	....
Commission of Fine Arts	10	5	–5
Community Facilities Grants, Department of Agriculture	45	30	–15
Emergency Steel Guaranteed Loan Program, Department of Commerce	....	–43	–43
EPA Homeland Security Activities, Environmental Protection Agency	155	120	–35
Expeditionary Fighting Vehicle, Department of Defense	293	243	–50
Fair Housing Activities Program, Department of Housing and Urban Development	72	61	–11
Financial Management Service, Department of the Treasury	244	235	–9
Great Lakes Restoration Initiative, Environmental Protection Agency	475	300	–175
Hazardous Fuels Reduction, Department of the Interior	206	162	–44
HOME Investment Partnerships Program, Department of Housing and Urban Development	1,825	1,650	–175
Housing for Persons with Disabilities, Department of Housing and Urban Development	300	90	–210
Housing for the Elderly, Department of Housing and Urban Development	825	274	–551
Information Technology Efficiencies, Department of the Interior	....	–20	–20
Light-Duty Sedans Added to the FBI's Fleet, Department of Justice	63	59	–4
Low-Priority Corps Construction Projects, Corps of Engineers	214	....	–214
National Heritage Areas, Department of the Interior	18	9	–9
North American Wetlands Conservation Grants, Department of the Interior	48	43	–5
Right-size Component Personnel Travel Budgets, Department of Justice	470	450	–20
Strategic Sourcing, Department of the Interior	....	–30	–30
Travel and Relocation Reform, Department of the Interior	....	–12	–12
Total, Discretionary Reductions	**6,217**	**4,304**	**–1,913**
Other Savings			
Coinage Material, Department of the Treasury*	....	....	....
Total, Discretionary Terminations, Reductions, and Other Savings	**14,574**	**4,304**	**–10,270**

* The Coinage Materials savings proposal is included in 2011 appropriations language, under Administrative Provisions -- Department of the Treasury. If enacted, the proposal would reduce the cost of metals used to produce coins. Using alternative coinage materials could save up to an estimated $150 million annually after an initial period of development and capital adjustments. Under long-standing budget concepts, the savings would be scored as an increase in seigniorage, which would reduce the Government's need to borrow. For technical reasons increased seigniorage does not offset discretionary budget authority.

MANDATORY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS

(Outlays and receipts in millions of dollars)

Terminations	2011	2012	2013	2014	2015	2011-2015	2011-2020
Abandoned Mine Lands Payments to Certified States, Department of the Interior	–115	–171	–177	–176	–97	–736	–1,241
Advanced Earned Income Tax Credit, Department of the Treasurer	–120	–72	–70	–69	–68	–399	–760
Coal Tax Preferences, Department of Energy							
Expensing of Exploration and Development Costs	–32	–55	–49	–45	–45	–226	–413
Percent Depletion for Hard Mineral Fossil Fuels	–57	–98	–102	–106	–109	–472	–1,062
Royalty Taxation	–18	–25	–48	–67	–78	–236	–751
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels	–3	–5	–5	–5	–6	–24	–57
Commodity Storage Payments, Department of Agriculture	–2	....	....	....	....	–2	–2
Entitlements for Financial Intermediaries Under the Federal Family Education Loan Program, Department of Education	–8,034	–6,527	–4,458	–3,098	–2,975	–25,092	–43,294
Grants to Manufacturers of Worsted Wool, Department of Commerce	–5	–5	–5	–5	–5	–25	–25
Oil and Gas Company Tax Preferences							
Repeal Enhanced Oil Recovery Credit, Department of Energy	....	....	....	....	....	....	....
Repeal Credit For Oil and Gas Produced From Marginal Wells, Department of Energy	....	....	....	....	....	....	....
Repeal Expensing of Intangible Drilling Costs, Department of Energy	–1,202	–1,582	–1,089	–914	–848	–5,635	–7,839
Repeal Deduction For Tertiary Injectants, Department of Energy	–5	–9	–9	–8	–7	–38	–67
Repeal Exception to Passive Loss Limitations For Working Interests In Oil and Natural Gas Properties, Department of Energy	–20	–24	–19	–18	–17	–98	–180
Repeal Percentage Depletion for Oil and Natural Gas Wells, Department of Energy	–522	–895	–933	–969	–1,009	–4,328	–10,026
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies, Department of Energy	–851	–1,470	–1,559	–1,650	–1,742	–7,272	–17,314
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years, Department of Energy	–44	–160	–246	–231	–177	–858	–1,110
Oil and Gas Research and Development Program, Department of Energy	–20	–40	–50	–50	–30	–190	–200
Telecommunications Development Fund, Federal Communications Commission	–7	–7	–7	–6	–6	–33	–63
Total, Mandatory Terminations	**–11,057**	**–11,145**	**–8,826**	**–7,417**	**–7,219**	**–45,664**	**–84,404**
Reductions							
Commodity Payments to Wealthy Farmers, Department of Agriculture	–1	–172	–201	–241	–245	–860	–2,263
Market Access Program, Department of Agriculture	–8	–38	–40	–40	–40	–166	–366
Terrorism Risk Insurance Program, Department of the Treasury	–26	–42	–102	–134	–74	–378	–249
Uniform Criteria for Special Monthly Pension, Department of Veterans Affairs	–3	–6	–10	–13	–16	–48	–181
Total, Mandatory Reductions	**–38**	**–258**	**–353**	**–428**	**–375**	**–1,452**	**–3,059**
Other Savings							
Consolidated Regulation of Federally-Chartered Commercial Depository Institutions and Repeal Thrift Charter	....	....	....	....	....	....	....
FECA Reform, Department of Labor	–10	–14	–7	–10	–20	–61	–310
Total, Other Savings	**–10**	**–14**	**–7**	**–10**	**–20**	**–61**	**–310**
Total, Mandatory Terminations, Reductions, and Other Savings	**–11,105**	**–11,417**	**–9,186**	**–7,855**	**–7,614**	**–47,177**	**–87,773**

ADMINISTRATIVE SAVINGS
(in millions of dollars)

	2010	2011	2010-2014
Department of Agriculture			
Save Money When Collecting Money	–0.100	–0.240	–1.000
Department of Defense			
Air Force - Cellular Airtime Optimization	0.000	–2.000	–8.300
Army - Streamlining the Army's Unemployment Compensation Process	–15.100	–15.300	–76.000
Navy - Streamlining Administrative Support on Navy Ships	0.000	*	*
Department of Education			
Common Sense Administrative Savings	–0.365	–0.365	–1.825
Department of Energy			
Increased Use of Video Teleconferencing Technology	0.000	–3.000	–10.000
Department of Housing and Urban Development			
Streamline Redundant Inspection of Subsidized Housing	0.000	–0.550	–2.200
Department of Labor			
"Power Off" Computers	–0.020	–0.040	–0.727
Department of the Treasury			
Eliminate Paper Paystubs	0.000	–1.500	–6.000
Department of Veterans Affairs			
Allow Veterans To Keep Their Medication When They're Discharged	–0.045	–2.000	–14.545
Oracle Enterprise License Agreement	–9.926	–40.243	–117.750
Personal Computer Power Savings	–2.194	–6.890	–32.484
Environmental Protection Agency			
Space Consolidation for Rent Savings	0.000	–0.240	–0.960
Social Security Administration			
Make Social Security Appointments Online	0.000	–0.150	–0.850
Consumer Product Safety Commission			
Shipment Policy Adjustment	–0.005	–0.010	–0.045
TOTAL	**–27.755**	**–72.528**	**–272.686**

Note: Amounts in this table include estimated savings from actions agencies are implementing to reduce costs that require no further action by the Congress.
* Savings estimates under development.

PROGRAM INTEGRITY SAVINGS

(Outlays and receipts in millions of dollars)

	2011	2012	2013	2014	2015	2011-2015	2011-2020
Savings from Discretionary Allocation Adjustments:							
Centers for Medicare and Medicaid Services, Department of Health and Human Services	–740	–860	–910	–960	–1,000	–4,470	–9,870
Disability Insurance and Supplemental Security Income Programs, Social Security Administration	–651	–2,347	–3,538	–4,315	–5,251	–16,102	–57,838
IRS Tax Enforcement, Department of the Treasury (receipts)	–385	–1,164	–2,355	–3,955	–6,015	–13,874	–62,217
Unemployment Insurance, Department of Labor	–88	–184	–202	–222	–241	–937	–2,296
Total, Savings from Discretionary Allocation Adjustments:	**–1,864**	**–4,555**	**–7,005**	**–9,452**	**–12,507**	**–35,383**	**–132,221**
Savings from Mandatory/Receipt Legislative Proposals:							
Expand CMS Program Integrity Authority, Department of Health and Human Services	–109	–213	–1,121	–1,250	–1,418	–4,111	–13,079
Levy Payments to Federal Contractors with Delinquent Debt, Department of the Treasury (receipts)	–138	–202	–205	–214	–187	–946	–2,001
Unemployment Insurance, Department of Labor (outlays and receipts)	....	–264	–366	–300	–281	–1,211	–2,350
WEP/GPO Enforcement Provision, Social Security Administration	....	....	....	–172	–375	–547	–2,909
Total, Savings from Mandatory/Receipt Legislative Proposals	**–247**	**–679**	**–1,692**	**–1,936**	**–2,261**	**–6,815**	**–20,339**
Total, Program Integrity Savings	**–2,111**	**–5,234**	**–8,697**	**–11,388**	**–14,768**	**–42,198**	**–152,560**

TERMINATION: ABANDONED MINE LANDS PAYMENTS TO CERTIFIED STATES

Department of the Interior

The Administration proposes to terminate mandatory payments from the Treasury to States and Tribes that have been certified as having completed the reclamation of their abandoned coal mines. These payments can now be used for any purpose, which was not the original intention of the Abandoned Mine Land (AML) program. This proposal is modified from the 2010 Budget proposal to set aside $10 million per year to address any high-priority coal problems that may develop after States or Tribes become certified and to address remaining Federal High Priority Projects.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	194	232	259	271	175	1,131	1,805
Proposed Change from Current Law	-115	-171	-177	-176	-97	-736	-1,241

Justification

Coal producers pay a fee on production for the purpose of reclaiming abandoned coal mines around the country. For States and Tribes that are certified as no longer having priority coal sites in need of reclamation, the 2006 amendments to the Surface Mining Control and Reclamation Act (SMCRA) authorized mandatory payments equal to the amount of fees collected in that State or Tribal reservation.

These grants to "certified" States and Tribes may be used for any purpose, and therefore do not contribute to the original purpose of restoring abandoned coal mine lands. The AML fee was created so that the coal industry as a whole would take responsibility for cleaning up coal mines that could not be attributed to a particular producer, regardless of where the fees were collected or where the mines were located.

The Administration is proposing to use AML fees solely for coal mine reclamation by eliminating unrestricted payments to certified States and Tribes, saving approximately $115 million in 2011 and $1.2 billion over 10 years. This action will affect four States and three Tribes, in addition to any States that become certified in the future. Noncertified States will continue to receive payments, but can only use them to address high-priority abandoned coal mine issues. Recognizing that some coal problems may be discovered or develop after a State has completed its reclamation program, this proposal will set aside $10 million annually to address high-priority coal issues in certified States and Tribes as well as any remaining Federal High Priority Projects.

TERMINATION: ADVANCED EARNED INCOME TAX CREDIT

Department of the Treasury

The Budget proposes to eliminate the Advanced Earned Income Tax Credit (AEITC) because it is used by very few taxpayers and has a very high error rate.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Proposed Change from Current Law	-120	-72	-70	-69	-68	-399	-760

Justification

EITC eligible taxpayers with children may file a form with their employers and receive a portion of their EITC throughout the year in their paychecks. Only a tiny number of EITC eligible taxpayers claim the AEITC; three percent, or 514,000 taxpayers according to the Government Accountability Office (GAO-07-1110). Further, the dollar amounts involved are consistently small: half of all AEITC recipients received less than $100.

A Government Accountability Office (GAO) Report dated August 2007 found an extremely high error rate in the AEITC program; some 80 percent of AEITC recipients did not comply with at least one program requirement.[1] GAO examined returns for tax years 2002 through 2004 and found consistent noncompliance and limited Internal Revenue Service success in addressing it. Some 80 percent of AEITC recipients did not comply with at least one program requirement. Some 20 percent of recipients had invalid Social Security Numbers (SSN) and thus may not have been eligible for the credit. Some 40 percent of recipients failed to file the annual tax return required to reconcile the credit. Roughly 30 percent of those who did not file also had an invalid SSN. Further, of the 60 percent of recipients who did file a return, two-thirds misreported the amount received; 97 percent reported receiving no AEITC.

Citations

[1] Government Accountability Office, *Advanced Earned Income Tax Credit -- Low Use and Small Dollars Paid Impede IRS's Efforts to Reduce High Noncompliance*, GAO-07-1110 (August 2007).

TERMINATION: ANTHRAX VACCINE RESEARCH

Department of Health and Human Services

The Budget proposes to eliminate the Centers for Disease Control and Prevention (CDC) anthrax vaccine research activities. The program has achieved its goals of reducing the number of vaccine doses, simplifying the administration route, and conducting long-term safety surveillance.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	3	0	-3

Justification

Anthrax vaccine research was initiated at the CDC in 1999. CDC conducted studies of safety and efficacy of the U.S. licensed anthrax vaccine, Anthrax Vaccine Adsorbed (AVA, BioThrax). The goals of the program have been to: 1) support human clinical trials to optimize and reduce the doses for the vaccination schedule; 2) change the administration route while ensuring efficacy; and 3) conduct surveillance for long-term safety studies. The program has achieved its stated goal and is expected to be completed in 2010, as reflected by the recent Advisory Committee on Immunization Practices (ACIP) approval of a reduced dose schedule (five doses instead of six) and vaccination into the muscle tissue rather than under the skin.[1]

Citations

[1] *ACIP Recommendations for Anthrax,*
http://www.cdc.gov/vaccines/recs/provisional/downloads/anthrax-vax-oct2009-508.pdf (Accessed January 6, 2010).

TERMINATION: BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE

Department of Housing and Urban Development

The Administration proposes to eliminate the Brownfields Economic Development Initiative (BEDI). Existing larger programs to address the same needs are more efficient and require a lower administrative burden on the Department of Housing and Urban Development (HUD). Local governments have access to other public and private funds that can address the same purposes.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	18	0	-18

Justification

BEDI is a competitive grant program whose purposes are served through much larger and more flexible Federal programs. BEDI is designed to assist cities with the redevelopment of abandoned, idled, and under-used industrial and commercial facilities where expansion and redevelopment is burdened by real or potential environmental contamination. These funds are targeted for redevelopment of brownfield sites for the purposes of economic development and job creation. While these are very important objectives, the program is very small and duplicative of other efforts: local governments have access to other public and private funds, including the much larger Community Development Block Grant (CDBG), to address this need. The 2011 Budget includes $4.4 billion for CDBG.

A 1999 Government Accountability Office (GAO) report (RCED-99-86) found that about $469 million was planned and $413 million in Federal funds were obligated for brownfields activities in 1997 and 1998.[1] Of the planned total, BEDI appropriations ($25 million) contributed just five percent of the planned expenditure.

By terminating this program, HUD is also able to reduce the administrative workload associated with managing a small and duplicative program. Focusing staff on higher-impact and higher-return activities is a priority for HUD.

Citations

[1] Government Accountability Office, *Environmental Protection: Agencies Have Made Progress in Implementing the Federal Brownfields Partnership Initiative*, GAO RCED-99-86 (April 9, 1999).

TERMINATION: BUREAU OF LABOR STATISTICS - INTERNATIONAL LABOR COMPARISON PROGRAM

Department of Labor

The 2011 Budget would eliminate the Bureau of Labor Statistics' (BLS) International Labor Comparison Program, which provides international comparisons of employment, compensation, productivity, and price data. Savings associated with this termination would be used to help finance other critical needs in BLS.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	2	0	-2

Justification

The International Labor Comparisons program provides estimates of international comparisons to equivalent domestic hourly compensation costs; productivity and unit labor costs; labor force, employment and unemployment rates; and consumer prices. The data series is used to produce articles, technical papers, or special reports that are not widely used.

Savings from this termination would help finance other program increases in BLS, including the introduction of year-to-year comparisons of the Occupational and Employment Statistics, modernization of the Consumer Expenditure Initiative, and expansion of commodity and service price quote collections to reduce Consumer Price Index variance.

TERMINATION: C-17 TRANSPORT AIRCRAFT PRODUCTION

Department of Defense

The Administration proposes to terminate production of the C-17 -- a transport aircraft designed to carry large and heavy military cargoes over long distances. In 2007 the Department of Defense (DOD) decided to cease C-17 production after it completed its planned procurement of 180 aircraft. However, the Congress provided unrequested funding for these aircraft in each subsequent year.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	2,500	0	-2,500

Justification

The C-17, together with the larger C-5, is the mainstay of the U.S. strategic airlift fleet. A total of 223 C-17s have now been ordered with the budgetary resources provided up to and including 2010. Analyses of DOD's requirements for long-range airlift have shown that the number of C-17s on order, together with the existing fleet of C-5 aircraft, are more than sufficient to meet DOD's mobility needs, even under the most stressing scenarios.[1,2] The Administration does not propose continued procurement of additional, unneeded, C-17s since their substantial costs, both near-term and long-term operational costs, would have to be offset by the early retirement of C-5s -- which still have, on average, 30 years of useful service life remaining.

Citations

[1] Government Accountability Office, *Timely and Accurate Estimates of Costs and Requirements are Needed to Define Optimal Future Strategic Airlift Mix,* GAO-09-50 (March 2009).

[2] Department of Defense, *Quadrennial Defense Review Report* (February 2006).

TERMINATION: CHALLENGE COST SHARE GRANTS

Department of the Interior

The Administration proposes to eliminate the Department of the Interior's (DOI's) Challenge Cost Share (CCS) programs for the Bureau of Land Management (BLM), the National Park Service (NPS), and the Fish and Wildlife Service (FWS).

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	19	0	-19

Justification

DOI's CCS programs for BLM, NPS and FWS fund land conservation and recreation projects on Federal and non-Federal lands that are matched by partners. Bureaus are responsible for determining whether non-Federal contributions meet or exceed Federal funding for each project. This termination does not affect an unrelated CCS program in DOI's Bureau of Reclamation.

DOI has not demonstrated effective program management or oversight of non-Federal contributions, particularly in-kind services. A recent DOI Inspector General report found that "increased accomplishments through the leveraging of bureau funding anticipated with the CCS Program cannot be accurately measured or maximized. This is the result of the bureaus' failure to verify partner contributions, effectively plan CCS projects, and accurately communicate Program availability and results."[1]

The objectives of CCS programs can be met through several other DOI programs that fund land conservation and recreation projects, including some that leverage Federal funds with private contributions. For example, the FWS's Partners for Fish and Wildlife program works with private individuals and groups, including the individuals who live adjacent to refuges formerly eligible for CCS funds. The NPS matches private donations to fund projects in parks through the National Park Service's Park Partnership Project grants program. Land conservation and recreation projects on Federal lands can also be completed with regular appropriations.

Citations

[1] Department of the Interior Office of Inspector General, *Evaluation of Department of the Interior Challenge Cost Share Programs,* Report No. WR-EV-MOA-0004-2008, p.7 (September 2009).

TERMINATION: CHILDREN AND FAMILIES SERVICES' JOB DEMONSTRATION PROGRAM

Department of Health and Human Services

The Administration proposes to eliminate a job demonstration program in the Administration for Children and Families, the Job Opportunities for Low-Income Individuals (JOLI) program. The program is duplicative of other job training and low-income support programs. The Administration proposes to redirect these funds to other more effective initiatives that support job training, employment, and low-income individuals.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	3	0	-3

Justification

The JOLI program is proposed for elimination as part of the Administration's overall reform of Federal job training programs. It has never been evaluated, does not have performance measures, and contributes to the fragmentation that the Administration is working with the Congress to reverse through legislative changes to the Workforce Investment Act. As part of the Administration's reform strategy, the Budget increases funding for the major Federal job training programs and focuses the new funds on innovation grants to test and validate more effective strategies for meeting the needs of program beneficiaries, with a particular focus on the most vulnerable (including low-income) populations. The Budget sets aside a total of $321 million for innovation grants in the Departments of Education and Labor. These funds will support competitive grants for the most promising, research-based strategies, including regional approaches and sectoral partnerships for adults and the combination of summer or year-round employment with education for youths. The Departments of Labor, Education, Health and Human Services, and other agencies will cooperate in the administration of the innovation grants as a part of a Workforce Innovation Partnership that will create new incentives for States to break down silos, look for ways to improve and streamline service delivery, and eliminate duplication. The Partnership will be supported by new cross-program waivers, which will be accompanied by new tools for measuring program performance and sharing information with both policymakers and customers. In addition to these reform efforts, the Budget provides more than $19 billion Government-wide for established training and employment programs, an increase of about $1 billion over 2010.

TERMINATION: CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

The Administration proposes no additional Federal funding for the Christopher Columbus Fellowship Foundation, which will continue to operate until its existing funds are expended.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	1	0	-1

Justification

The Columbus Foundation has nearly exhausted its endowed Trust Fund, which was established in 1992 for fellowships "to encourage and support research, study, and labor designed to produce new discoveries in all fields of endeavor for the benefit of mankind." The Foundation has not demonstrated clear outcomes from its awards and has high overhead costs. No Administration has requested funding for the Columbus Foundation since the creation of the Foundation over a decade ago.

TERMINATION: COAL TAX PREFERENCES (4 TERMINATIONS)

Department of Energy

To foster the development of a clean energy economy and reduce our dependence on fossil fuels that contribute to climate change, the Administration proposes to repeal tax provisions that preferentially benefit fossil fuel production. Coal subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices. Removing these subsidies would reduce greenhouse gas emissions and generate $2.3 billion of additional revenue over the next 10 years, an amount that represents only a small percentage of annual domestic coal revenues -- about one percent over the coming decade.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Total, Proposed Changes from Current Law	-110	-183	-204	-223	-238	-958	-2,283
Expensing of Exploration and Development Costs	-32	-55	-49	-45	-45	-226	-413
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels	-3	-5	-5	-5	-6	-24	-57
Percent Depletion for Hard Mineral Fossil Fuels	-57	-98	-102	-106	-109	-472	-1,062
Royalty Taxation	-18	-25	-48	-67	-78	-236	-751

Justification

Repealing fossil fuel tax preferences helps eliminate market distortions, strengthening incentives for investments in clean, renewable, and more energy efficient technologies. This proposal would take effect beginning January 1, 2011.

In 2009, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2] In addition, removal of market distortions created by fossil fuel subsidies will lead to a more efficient allocation within the energy sector as well as across sectors, likely with positive impacts on national output and gross domestic product.

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

TERMINATION: COMMODITY STORAGE PAYMENTS

Department of Agriculture

The Administration proposes to eliminate payments to cotton and peanut producers that compensate them for their cost of storing their commodities that are put under loan with the Department of Agriculture. Cotton and peanuts are the only commodities for which the Government provides this assistance.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	2	0	0	0	0	2	2
Proposed Change from Current Law	-2	0	0	0	0	-2	-2

Justification

This proposal would eliminate cotton and peanut storage credits. The credits allow producers to store their cotton and peanuts at the Government's cost until prices rise. Therefore, storage credits have a negative impact on the amount of commodities on the market. Because storage is covered by the Government, producers may store their commodities for longer than necessary. There is no reason the Government should be paying for the storage of cotton or peanuts, particularly since it does not provide this assistance for other commodities.

TERMINATION: CONSTELLATION SYSTEMS PROGRAM

National Aeronautics and Space Administration

The Administration proposes to cancel the Constellation Systems program intended to return astronauts to the Moon by 2020 and replaces it with a bold new approach that embraces the commercial space industry, forges international partnerships, and develops the game-changing technologies needed to set the stage for a revitalized human space flight program and embark on a 21st Century program of space exploration.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	3,466	0	-3,466

Justification

The National Aeronautics and Space Administration (NASA) initiated the Constellation Systems program in 2005 to develop rockets, capsules and other systems to return astronauts to the Moon and eventually send them to Mars and beyond. Initially, the first major elements of the program were planned to come online no later than 2012. By early 2009, however, the program was behind schedule, could not achieve its goals without multi-billion dollar budget increases, and was not clearly aimed at meeting today's national priorities. Costs for the program had grown by billions of dollars and the first elements of the system were not projected to be available until 2015. In April, 2009, the Congressional Budget Office estimated that NASA's budget would need to be increased by about $2.5 billion per year to maintain current schedules, and that even then the International Space Station -- scheduled for completion in 2010 -- would need to be abandoned in 2016 to free up funding for Constellation.[1]

In May 2009, the Administration commissioned an independent blue-ribbon panel to review NASA's human spaceflight programs and plans. The review found that the Constellation program would not be able to land astronauts on the Moon until well into the 2030s -- more than 10 years later than planned -- without large budget increases.[2] The review also noted that investment in a well-designed and adequately funded space technology program is critical to enable progress in exploration, that increased international cooperation could lead to substantial benefits, and that commercial services to launch astronauts to space could potentially arrive sooner and be less expensive than Government-owned rockets.

In place of Constellation, the President's Budget funds a redesigned and reinvigorated program that focuses on leveraging advanced technology, international partnerships, and commercial capabilities to set the stage for a revitalized human space flight program for the 21st Century. The President's Budget will also increase NASA's funding, accelerating work -- constrained for years due to the budget demands of Constellation -- on climate science, green aviation, science education, and other priorities.

Citations

[1] Congressional Budget Office, *The Budgetary Implications of NASA's Current Plans for Space Exploration* (April 2009).

[2] Review of U.S. Human Spaceflight Plans Committee, *Seeking A Human Spaceflight Program Worthy of a Great Nation* (October 2009).

TERMINATION: ECONOMIC ACTION PROGRAM

Department of Agriculture

The Administration proposes to eliminate funding in 2011 for the Department of Agriculture (USDA) Forest Service's Economic Action Program because the program is not targeted and is duplicative of other USDA programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	5	0	-5

Justification

The Economic Action Program provides technical and financial assistance to communities and groups to enhance rural economies through the utilization of forest and related natural resources. This program is not targeted, and has provided funding for projects that have marginal relation to the mission of the Forest Service or to forestry in general. For example, the program has funded projects, such as wastewater system designs, dredging studies, a water musical festival, and maritime technology program development. The program is also duplicative of other USDA programs that can address priority needs in rural areas and assist forest-based industries. These programs include rural business and industry loans, biomass utilization grants, and biorefining assistance.

TERMINATION: ELECTION REFORM GRANTS

Election Assistance Commission

The Administration proposes to terminate Election Reform Grants funding. In 2010, the Congress enacted a 25 percent reduction to these grants. Existing grant funding from previous appropriations currently held by the States and not yet spent would not be affected by this reduction.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	75	0	-75

Justification

The Election Assistance Commission administers Federal election administration grant funding to the States under the Help America Vote Act of 2002 (HAVA). Election Reform Grants are used to fund new voting machines and upgrades, pay for college students hired as poll workers, and support implementation of HAVA-mandated voter registration databases. Additional Federal funds are not needed to accomplish the purposes of HAVA at this time, as over $3 billion in Federal funds have been provided to the States since 2002, of which approximately $1 billion remains unspent. Moreover, by the end of 2009, States had earned approximately $763 million in interest over the past five years on these outstanding balances. Besides eliminating unnecessary Federal spending, by providing no new Federal funding in 2011, States will be incentivized to spend current balances on HAVA-mandated programs to meet the goals of that Act sooner. This reduction does not affect HAVA polling place accessibility grant funding administered by the Department of Health and Human Services.

TERMINATION: EMERGENCY OPERATIONS CENTER GRANT PROGRAM

Department of Homeland Security

The Administration proposes to eliminate the Emergency Operations Center (EOC) Grant Program in the 2011 Budget because the program's award allocations are not based on risk assessment. Also, other Department of Homeland Security grant programs can provide funding for the same purpose more effectively.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	60	0	-60

Justification

The 2008 EOC Grant Program was established to improve emergency management and preparedness capabilities for State and local communities by supporting flexible, sustainable, secure, and interoperable EOCs with a focus on addressing identified deficiencies and needs. However, this focus was compromised, and by 2010, 78 percent of the EOC grant funds were provided by the Congress to requested projects not allocated by merit-based criteria.

The EOC Grant Program uses award criteria that are not risk-based, and the Administration supports a risk-based approach to homeland security grant awards. This is the best way to allocate resources to the areas with the greatest need to maximize security gains for the Nation.

In addition, in 2009, EOC construction and renovation was approved as an allowable expense under the Emergency Management Performance Grant Program, thus providing a more effective funding mechanism through which potential grantees prioritize expenditures on EOCs against other emergency management initiatives.

TERMINATION: ENTITLEMENTS FOR FINANCIAL INTERMEDIARIES UNDER THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

Department of Education

The Budget proposes to eliminate subsidies to lenders to make loans to students and increase the Department of Education's capacity to make loans directly to students. This proposal will be effective for all loans beginning in the 2010-2011 school year, and is expected to save more than $43 billion over the ten year budget window.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	2,756	3,248	2,667	2,554	2,648	13,873	29,658
Proposed Change from Current Law	-8,034	-6,527	-4,458	-3,098	-2,975	-25,092	-43,294

Justification

The Department of Education currently administers two main student loan programs: 1) Federal Family Education Loan (FFEL), in which the Department pays entitlement subsidies to lenders to make loans to students; and 2) Direct Loans (DL), in which the Department borrows from the Treasury to make loans directly to students. Borrower terms in the two programs are essentially identical, but DL is less costly than FFEL because the cost of Federal financing is significantly lower than the subsidies paid to FFEL lenders and intermediaries.

The FFEL program needlessly costs taxpayers billions of dollars and subjects students to uncertainty because of turmoil in the financial markets. The Budget proposal would take advantage of low-cost and stable sources of capital so students are assured access to loans, while providing high-quality services for students by using competitive, private providers to service loans.

FFEL lenders would continue to receive subsidies on outstanding loans from prior academic years under the regular FFEL program and the emergency programs established by the Ensuring Continued Access to Student Loans Act of 2008.

TERMINATION: EP-X MANNED AIRBORNE INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE AIRCRAFT

Department of Defense

The Administration proposes to terminate the EP-X program -- a new surveillance and intelligence-gathering aircraft intended to replace the Navy's EP-3, the current surveillance aircraft. The EP-X program does not meet the Administration's criteria for improving the effectiveness of the Government's acquisition practices, namely, clear and reasonable requirements that can be met with known and affordable technology.[1]

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	12	0	-12

Justification

A major tenet of the Administration's approach to improving the Government's acquisition practices is that programs should be designed to meet defined threats (both current and anticipated), and use proven technologies whenever possible to reduce risk. The EP-X program does not meet these criteria. Instead, program plans call for significant resources to be allocated to an extended development cycle before the program requirements have been fully defined. The future intelligence, surveillance, and reconnaissance requirements, and availability of suitable technology to meet those requirements are currently under review by the Department of Defense. As noted by the Government Accountability Office, such a process is the fundamental basis for sounder programs and improved acquisition outcomes.[2] Once the Department completes its review, the most efficient and cost effective program for replacing the current surveillance aircraft, the EP-3, can be selected.

Citations

[1] Department of Defense, *Statement by the Secretary of Defense* (April 2009).

[2] Government Accountability Office, *Defense Acquisitions -- Charting a Course for Lasting Reform,* GAO-09-663T (May 2009).

TERMINATION: ESEA CONSOLIDATIONS
Department of Education

As part of the Administration's Elementary and Secondary Education Act (ESEA) reauthorization proposal, the Budget proposes to consolidate 38 K-12 programs into 11 new programs discussed below.

Excellent Instructional Teams (three programs): This proposal seeks to increase teacher effectiveness and reduce disparities in access to high-quality teachers and school leaders between disadvantaged students and their peers. It consolidates nine existing programs into three programs: Effective Teachers and Leaders; Teacher and Leader Innovation Fund; Teacher and Leader Pathways.

Effective Teaching and Learning for a Complete Education (three programs): This proposal builds on the Administration's efforts to raise the quality and rigor of academic standards and instruction. It consolidates 15 existing programs into three new programs, each with a dedicated focus on one of the following academic areas: literacy; science, technology, engineering, and mathematics (STEM); and other subjects that contribute to a well-rounded education, such as history, civics, arts, and foreign language.

Expanding Educational Options: This proposal supports increasing the supply of high-quality educational options available to students in low-performing schools by creating and expanding effective charter schools and other effective, autonomous and accountable schools, and by implementing comprehensive systems of public school choice. It consolidates five existing programs into the new Expanding Educational Options program.

College Pathways and Accelerated Learning: This proposal strengthens the Administration's commitment to expanding educational opportunities for all students by providing accelerated courses and instruction in schools that enroll concentrations of students from low-income families. The proposed program consolidates three existing programs into the new College Pathways and Accelerated Learning program.

Supporting Student Success: This proposal promotes comprehensive strategies that create safe and drug-free learning environments for students. It consolidates six existing programs into the new Successful, Safe, and Healthy Students program. In addition to these consolidations, this proposal also includes two other programs, Promise Neighborhoods and a reformed 21st Century Community Learning Centers.

Race to the Top: This proposal permanently establishes the Race to the Top program, which was created under the American Recovery and Reinvestment Act (ARRA). It creates incentives for State and local reforms and innovations designed to lead to significant improvements in student achievement, high school graduation rates, and college enrollment rates, and to significant reductions in achievement gaps.

Investing in Innovation: This proposal permanently establishes the Investing in Innovation program, which was created under the ARRA. It enables the Department to continue to invest in high-impact, potentially transformative education interventions, ranging from new ideas with huge potential to those that have proven their effectiveness and are ready to be scaled up.

Justification

The current program structure at the Department of Education is fragmented and ineffective. The Department operates dozens of grant programs under a framework that can assure compliance, but largely fails to ask for improvement in outcomes and build a knowledge base of what works. Some of these programs have little evidence of success, while others are demonstrably failing to improve student achievement.

The Administration's consolidated funding streams will restructure the ESEA to focus more on performance and using evidence to fund what works. This approach expands the work begun under ARRA by aligning the Department's major program investments with its reform agenda. Such a structure will enable the Department to better identify and support successful intervention strategies.

DEPARTMENT OF EDUCATION K-12 PROGRAM CONSOLIDATIONS

	2010 Enacted	2011 Request	2011 Change from 2010
Excellent Instructional Teams			
Effective Teachers and Leaders	....	2,500	2,500
Teacher Quality State Grants	2,948	....	–2,948
Ready to Teach	11	....	–11
Teacher and Leader Innovation Fund	....	950	950
Teacher Incentive Fund	400	....	–400
Advanced Credentialing	11	....	–11
Teacher and Leader Pathways	....	405	405
Transition to Teaching	44	....	–44
Teacher Quality Enhancement	43	....	–43
Teachers for a Competitive Tomorrow	2	....	–2
Teach for America	18	....	–18
School Leadership	29	....	–29
Effective Teaching and Learning for a Complete Education			
Effective Teaching and Learning: Literacy	....	450	450
Striving Readers	250	....	–250
Even Start	66	....	–66
Literacy through School Libraries	19	....	–19
National Writing Project	26	....	–26
Reading is Fundamental	25	....	–25
Ready-to-Learn Television	27	....	–27
Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics	....	300	300
Mathematics and Science Partnerships	180	....	–180
Effective Teaching and Learning for a Well-Rounded Education	....	265	265
Excellence in Economic Education	1	....	–1
Teaching American History	119	....	–119
Arts in Education	40	....	–40
Foreign Language Assistance	27	....	–27
Academies for American History and Civics	2	....	–2
Close-Up Fellowships	2	....	–2
Civic Education	35	....	–35
Educational Technology State Grants	100	....	–100
Expanding Educational Options			
Expanding Educational Options	....	490	490
Charter Schools Grants	248	....	–248
Credit Enhancement for Charter School Facilities	8	....	–8
Voluntary Public School Choice	26	....	–26
Parental Assistance Information Centers	39	....	–39
Smaller Learning Communities	88	....	–88
College Pathways and Accelerated Learning			
College Pathways and Accelerated Learning	....	100	100
High School Graduation Initiative	50	....	–50
Advanced Placement	46	....	–46
Javits Gifted and Talented	7	....	–7
Supporting Student Success			
Successful, Safe and Healthy Students	....	410	410
SDFS National Program Activities	191	....	–191
Elementary and Secondary School Counseling	55	....	–55
Physical Education	79	....	–79
Foundations for Learning	1	....	–1
Mental Health Integration in Schools	6	....	–6
Alcohol Abuse Reduction	33	....	–33

TERMINATION: GRANTS TO MANUFACTURERS OF WORSTED WOOL

Department of Commerce

The Miscellaneous Trade and Technical Corrections Act of 2004 (Public Law 108-429) mandated grants to manufacturers of worsted wool products who were in business in calendar years 1999, 2000, and 2001, in order to help them adjust to changes in trade law. The program was originally slated to expire in 2007, but has been extended multiple times, and current law provides a sunset at the end of 2014. Continued "adjustment" subsidies are not warranted and the program is proposed to be terminated in 2011.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	5	5	5	5	5	25	25
Proposed Change from Current Law	-5	-5	-5	-5	-5	-25	-25

Justification

This grant program was justified as assistance for worsted wool manufacturers to enable them to respond to changes in trade law that occurred in the early 2000s, but the program has since outlived that purpose. Worsted wool manufacturers have had almost a decade to adjust to the new policies.

The program now provides a yearly subsidy to a small number of firms in the worsted wool manufacturing industry, allocated through a six-year-old formula according to each company's share of the relevant market in 1999, 2000, and 2001. Eligible manufacturers have already received approximately $25 million in subsidies over the past five years to invest in the productivity improvements necessary to counter increased foreign competition.

Eliminating the program will save taxpayers approximately $5 million annually.

TERMINATION: HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

The Administration proposes no additional Federal funding for the Harry S. Truman Scholarship Foundation, which will continue to operate on interest from its endowed trust fund.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	1	0	-1

Justification

The Harry S. Truman Foundation will continue to operate on interest income from its trust fund and will be able to meet its statutory requirements without additional appropriated funding. Until 2009, the Truman Foundation had operated without new appropriations since it was originally endowed in the 1970s. No additional funds have been requested for the Truman Foundation in any President's Budget since 1978.

TERMINATION: HEALTH CARE SERVICES GRANT PROGRAM

Department of Agriculture

The Administration proposes to support health care services in rural areas through Department of Health and Human Services (HHS) programs and eliminate the duplicative Department of Agriculture (USDA) Health Care Services grants program. In addition, USDA, unlike HHS, has no expertise providing grants for health care services.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	3	0	-3

Justification

USDA's Rural Utilities Service (RUS) provides grants, loans and loan guarantees for utility projects such as those dealing with electrification, telecommunications, water, wastewater, and sewer. The 2008 Farm Bill authorized a new program to address health needs in the Delta region. The authorization provides for grants for the development of health care services, health education programs, and health care job training programs. The 2010 appropriations provided $3 million for this program.

Health care services, health education, and health care training programs are not programs that USDA has experience evaluating or implementing. HHS, however, has expertise in this area and has programs that support similar goals. For example, HHS allocates over $2 billion for a Health Center grants program that supports services to the underserved in rural as well as urban areas. In addition, HHS has a variety of programs that support health education and the training of health care professionals. Since HHS has existing programs and funding that support a variety of health care goals, future needs should be funded through HHS.

TERMINATION: HEALTH RESOURCES AND SERVICES ADMINISTRATION (3 TERMINATIONS)

Department of Health and Human Services

The Administration proposes to eliminate funding for congressionally-directed projects in the Health Resources and Services Administration (HRSA), including Health Care Facilities and Construction, the Denali Commission, and the Delta Health Initiative. There are competitive sources of funding that can more effectively accomplish the goals of these programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Health Care Facilities and Construction	338	0	-338
Denali Commission	10	0	-10
Delta Health Initiative	35	0	-35

Justification

In 2010, the Congress appropriated $383 million for unrequested local health projects. Included in this proposal are: Health Care Facilities and Construction ($338 million); the Denali Commission ($10 million); and the Delta Health Initiative ($35 million). The Health Care Facilities and Construction program supports construction, renovation, and equipment acquisition for identified public and private sector recipients. The Denali Commission supports construction of health facilities in Alaska. The Delta Health Initiative funds construction of health care facilities, training of health professionals, and the purchase of equipment in Mississippi. Projects are not subject to a competitive or merit-based process. In many cases these funds pay for equipment and construction in private health care facilities whose costs should not be subsidized by the Federal Government. Furthermore, there are other sources of funding in the Federal Government that can accomplish these goals -- a Government Accountability Office report identified 29 programs across eight Federal agencies that support non-residential buildings and facilities construction.[1] Projects such as those funded under these programs should compete for funding in a transparent manner and funds should be awarded based on merit.

Citations

[1] Government Accountability Office, *Multiple Federal Programs Fund Similar Economic Development Activities*, GAO-08-691 (September 3, 2008).

TERMINATION: HIGH ENERGY COST GRANTS

Department of Agriculture

The Administration proposes to eliminate the High Energy Cost Grants program because it is duplicative of, and less effective than, the Rural Utilities Service's (RUS) Electric Loan Program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	18	0	-18

Justification

The RUS Electric Loan Program and High Energy Cost grants program are duplicative, having similar goals to provide reasonably priced electric service to rural residents. Low-interest electric loans are available to most rural areas with more favorable rates in areas where borrowers have low revenue per kilowatt sold and the average per capita income of residents is below the State average. In contrast, only Alaska, Hawaii, the territories, and a few isolated areas within the continental United States qualify for the grant program based on their high energy costs. The areas eligible for grants are also eligible for low-cost electric loans through the RUS. In particular, funds available through the RUS Hardship Electric Loan Program are used to support the provision of electric service in high-cost areas.

In addition, the way the program is currently designed, the bulk of the funding directly supports fossil fuel activities. The 2011 Budget supports the President's commitment to phase out fossil fuel subsidies by eliminating the High Energy Cost grants program.

TERMINATION: INTER-CITY BUS SECURITY GRANT PROGRAM

Department of Homeland Security

The Administration proposes in its 2011 Budget to eliminate the Inter-City Bus Security Grant Program (IBSGP) since the awards are not based on risk assessment, and the homeland security investments in inter-city bus security should be evaluated in the context of the risks faced and relative benefits to be gained by Federal investments across all transportation sectors.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	12	0	-12

Justification

The 2010 IBSGP provides funding to operators of fixed-route inter-city and charter bus services to support security plans, facility security upgrades, and vehicle and driver protection. Recently, the funding has gone to private sector entities for business investments that they could be making without Federal funding.

The Government Accountability Office has recommended that the Transportation Security Administration conduct an in-depth risk analysis of the commercial vehicle sector per its recent report (GAO 09-85). For now, this program should be eliminated in favor of funding initiatives aimed at mitigating verified transit threats.[1] Funding for the inter-city bus industry should be included in the larger Public Rail/Transit Security Grant Program and prioritized against all transit-related security investments.

Citations

[1] Government Accountability Office, *Commercial Vehicle Security: Risk-Based Approach Needed to Secure the Commercial Vehicle Sector*, GAO 09-85 (February 27, 2009).

TERMINATION: JOINT STRIKE FIGHTER ALTERNATE ENGINE

Department of Defense

The Administration proposes to terminate the Joint Strike Fighter (JSF) Alternate Engine Program (AEP) because it is no longer needed to prepare against the potential failure of the main JSF engine program. The Department of Defense (DOD) proposed canceling the JSF AEP in the 2007 Budget, and has not requested funding for it since, because development of the main engine is progressing well. In addition, analysis indicated that the savings from competition would not offset the high upfront costs of the AEP. However, the Congress has continued to fund the program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	465	0	-465

Justification

The JSF AEP was started because DOD wanted to reduce technical risk in the development of a new engine for the JSF. However, since the main engine program for the JSF is progressing well, a second engine program is unnecessary and there is no longer any need to support two separate contractors. Moreover, financial benefits, such as savings from competition, have been assessed to be small, if they exist at all, because of the high cost of developing, producing, and maintaining a second engine. The reasons for canceling the AEP in 2007 remain valid today. Studies by both the Government Accountability Office and the Congressional Budget Office question the affordability of the current defense program, particularly the high cost of modernizing tactical aviation.[1,2] Canceling the AEP will result in near-term savings of over a billion dollars.

Citations

[1] Government Accountability Office, *Defense Acquisitions: Assessments of Selected Weapon Programs*, GAO-09-326SP (March 2009).

[2] Congressional Budget Office, *Long Term Implications of the Fiscal Year 2009 Future Years Defense Program* (January 2009).

TERMINATION: LANSCE REFURBISHMENT

Department of Energy

The Administration proposes to cancel refurbishment of the Los Alamos Neutron Science Center (LANSCE), which is a linear accelerator that was built 30 years ago and no longer plays a critical role in weapons research.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	20	0	-20

Justification

The Budget proposes to continue LANSCE operations but not fund any major refurbishment.

In the past, LANSCE was used for a variety of scientific investigations of nuclear weapons and basic science, but today, its usefulness in these roles is limited.[1] This is because either more powerful, more flexible machines can meet these needs, the capability can be purchased at lower cost from other sources, critical questions in weapons research have migrated away from LANSCE, or the work done with LANSCE has been completed. Both internal and external analyses and descriptions of the stockpile, its associated research, and maintenance fail to mention any role for LANSCE in weapons activities.[2, 3] The facility, however, continues to be of value for low-energy experiments, and increasingly it will have a limited lifetime before critical non-replaceable components fail. Alternatives for obtaining nuclear and materials data for the weapons program, the Office of Science, and Nuclear Energy are under consideration.

Considerable use of the facility is made by organizations outside of the National Nuclear Security Administration that do not pay the full costs of its operations. Operational costs must be subsidized by the National Nuclear Security Administration (NNSA). The Department of Energy and NNSA do not consider LANSCE's refurbishment to be justified, and NNSA has not requested funding for its refurbishment in any year from 2006 through 2011.

Citations

[1] NNSA Response to Direction in House Report 109-275 on H.R. 2419 (Energy and Water Appropriations Act, 2006), *Capability of Proton Radiography of the Los Alamos Neutron Science Center Facilities to Support Stockpile Stewardship Activities* (July 1, 2006).

[2] NNSA, *Fiscal Years 2010 -- 2014 Stockpile Stewardship Plan* (February 1, 2010).

[3] JASON Program Office, *Life Extension Options for the U.S. Nuclear Weapons Stockpile (U)* (September 11, 2009).

TERMINATION: LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM

Department of Education

The Administration proposes to eliminate the Leveraging Educational Assistance Partnership (LEAP) program, as it has fulfilled its purpose of encouraging States to provide postsecondary student financial assistance and is no longer the most optimal way of targeting such assistance to needy students.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	64	0	-64

Justification

The LEAP program provides grants to States to encourage them to provide need-based grants and community service work-study assistance to eligible postsecondary students. To receive LEAP funds, States must match every Federal dollar on at least a one-to-one basis. These funds are then disbursed to students based on how the State defines "substantial financial need."

The original goal of the LEAP program was to encourage States to provide grant aid and other financial assistance to their postsecondary students. This goal has been met. Between 1992 and 2008, average State grant aid has increased by 167 percent.[1] Additionally, in the 2009-2010 academic year, States provided nearly $1 billion dollars for need-based grant aid -- $950 million over the level generated by a one-to-one match. This demonstrates that States' support for postsecondary grant assistance rises and falls independently from this program.

The Administration strongly supports expanded student aid, as demonstrated by the proposed growth in Pell Grants, among other policies.

Citations

[1] The College Board, *Trends in Student Aid: 2008* (2009).

TERMINATION: LOCAL GOVERNMENT CLIMATE CHANGE GRANTS

Environmental Protection Agency

The Administration proposes to eliminate funding for a competitive grant program for local communities to reduce greenhouse gas emissions. The program lacks focus and applies to disparate sectors ranging from land use planning to methane capture and improving the energy efficiency of buildings. The Administration proposes to eliminate the program because it duplicates more substantial greenhouse gas emission reduction programs across the Federal Government.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	10	0	-10

Justification

The program was established by the Congress in 2009 and lacks guidance, defined outcomes, and an effective means of targeting funds. Moreover, the program duplicates more substantial efforts underway across the Federal Government, and the scope of the new program is too broad to effectively compare competing grant proposals and target funds.

Emissions reductions will be better realized through existing capacity building and recognition programs such as EnergySTAR, Smart Growth, AgSTAR, and eventually, through the Administration's comprehensive greenhouse gas reduction effort. These programs target the most significant sources of emissions and are more effective in providing emission reductions. For example, the Smart Growth program provides recognition, grants, and information to encourage development in a way that increases transportation choices and reduces dependency on motor vehicles. Through the EnergySTAR program, the Environmental Protection Agency (EPA) promotes new construction that is more energy efficient than homes that are built to national codes. The EnergySTAR program also provides tools to benchmark the energy use of buildings, to reduce the costs of home energy rating audits and help inform investments in energy efficiency. EPA's AgSTAR program helps livestock producers and renewable energy industries identify cost-effective opportunities to reduce methane emissions.

TERMINATION: MULTIFAMILY HOUSING REVITALIZATION DEMONSTRATION PROGRAM

Department of Agriculture

The 2011 Budget does not fund the Department of Agriculture (USDA) Rural Housing Service's (RHS) multifamily housing demonstration program because there is no authority for the demonstration program. Moreover, the program primarily serves developers of multifamily housing properties, rather than the low- and very-low income tenant base that it is intended to help.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	27	0	-27

Justification

For the multifamily housing programs, the 2011 Budget for USDA's Rural Housing Service focuses assistance on the low- and very-low income tenant population. While repair and rehabilitation of the portfolio is important, funding through an open-ended demonstration program has been carried out since 2006 and the most cost-effective and justified repairs have been achieved. At this point, additional funding in the demonstration program could be seen as over-subsidizing the multifamily housing property owners. Meanwhile, the traditional way to fund revitalization has been through the multifamily housing direct loan program with rehabilitation loans. While the 2011 Budget proposes to terminate funding for the multifamily housing revitalization demonstration program, it proposes to increase the multifamily housing direct loan program from $70 million to $95 million, ensuring that more affordable rental housing opportunities are created for the very-low income tenant base in rural America.

TERMINATION: NAVY CG(X) CRUISER

Department of Defense

The Administration proposes to terminate the Navy's Next Generation Cruiser (CG(X)), which was envisioned as a multi-mission ship with an emphasis on air and ballistic missile defense. It was designed to replace the existing Ticonderoga Class Cruisers. This program is proposed for termination due to a projected high cost and risk in its technology and design. The Navy will instead pursue other ways to fill the capability gap that will result from this termination.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	46	0	-46

Justification

The Navy first introduced this program on November 1, 2001, when the overall surface combatant strategy was announced. This strategy included 19 new CG(X) Cruisers designed to replace the existing Ticonderoga Class Cruisers beginning in 2011. Last year, the program was delayed beyond 2015 to allow more time to decide on the hull and propulsion system. This year the program is proposed for termination.

With a new design CG(X) projected to cost significantly more than the average for a new surface combatant, the Navy believes that there are other, more affordable ways to improve air and ballistic missile defense. Furthermore, the design and technology development has not matured enough to begin procurement in 2011, for example, several advance technologies, including the advance radar and combat systems, are either not available or unproven.[1,2]

Instead of procuring CG(X), the Navy is considering other options including maturing the air and missile defense radar program and using technologies from other similar kinds of ships such as DDG-1000 and DDG-51 destroyers.

Citations

[1] Congressional Research Service, Ronald O'Rourke, *Navy CG(X) Cruiser Program: Background, Oversight Issues, and Options for Congress* (November 2008).

[2] Congressional Budget Office, Eric J. Labs, *CBO Testimony: The Navy's Surface Combatant Programs* (July 31, 2008).

TERMINATION: NET ENABLED COMMAND CAPABILITY (NECC)

Department of Defense

The Department of Defense (DOD) has recently terminated this program because the program was highly unlikely to be completed on schedule. DOD has decided instead to retain, and upgrade, its current command and control capability -- the Global Command and Control Systems (GCCS).

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	9	0	-9

Justification

DOD terminated the proposed Department-wide command and control capability -- the Net Enabled Command Capability -- because the program was significantly behind schedule. The program was unlikely to attain its initial operating functionality, and meet the requirements of combat forces, within a reasonable period of time. Further, the technology associated with the program had not achieved the standards set for readiness. DOD has decided instead to transition its current command and control capabilities to a net-enabled architecture by incrementally upgrading existing programs. By enhancing systems already in use, this approach will allow for a more rapid delivery of network capability at a lower overall risk. Moreover, this approach also makes use of the more rigorous information technology acquisition model discussed in the Defense Science Board Report of March 2009.[1]

Citations

[1] Defense Science Board, *Final Report the Defense Science Board Task Force on Department of Defense Policies and Procedures for the Acquisition of Information Technology*, Department of Defense (March 2009).

TERMINATION: OIL AND GAS COMPANY TAX PREFERENCES (8 TERMINATIONS)

Department of Energy

To foster the clean energy economy of the future and reduce our reliance on fossil fuels that contribute to climate change, the Administration proposes to repeal tax provisions that preferentially benefit fossil fuel production. Oil and gas subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices. Removing these subsidies would reduce greenhouse gas emissions and generate $36.5 billion of additional revenue over the next 10 years, an amount that represents only a small percentage of domestic oil and gas revenues -- about one percent over the coming decade.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Total, Proposed Changes from Current Law	-2,644	-4,140	-3,855	-3,790	-3,800	-18,229	-36,536
Repeal Enhanced Oil Recovery Credit	0	0	0	0	0	0	0
Repeal Credit for Oil and Gas Produced from Marginal Wells	0	0	0	0	0	0	0
Repeal Expensing of Intangible Drilling Costs	-1,202	-1,582	-1,089	-914	-848	-5,635	-7,839
Repeal Deduction for Tertiary Injectants	-5	-9	-9	-8	-7	-38	-67
Repeal Exception to Passive Loss Limitations for Working Interests in Oil and Natural Gas Properties	-20	-24	-19	-18	-17	-98	-180
Repeal Percentage Depletion for Oil and Natural Gas Wells	-522	-895	-933	-969	-1,009	-4,328	-10,026
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies	-851	-1,470	-1,559	-1,650	-1,742	-7,272	-17,314
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years	-44	-160	-246	-231	-177	-858	-1,110

Justification

Repealing fossil fuel tax preferences helps eliminate market distortions, strengthening incentives for investments in clean, renewable, and more energy efficient technologies. This proposal would take effect beginning January 1, 2011.

In 2009, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2] In addition, removal of market distortions created by fossil fuel subsidies will lead to a more efficient allocation within the energy sector as well as across sectors, likely with positive impacts on National output and gross domestic product.

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

TERMINATION: OIL AND GAS RESEARCH AND DEVELOPMENT PROGRAM

Department of Energy

To foster the clean energy economy of the future and reduce our reliance on fossil fuels that contribute to climate change, the Administration proposes to repeal provisions in the 2005 Energy Policy Act for the mandatory oil and gas research and development (R&D) program that promotes fossil fuel production. In addition, these R&D activities typically fund development of technologies that can be commercialized quickly, like improved drill motors, which should instead be funded by the companies that benefit from the projects.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	50	50	50	50	30	230	240
Proposed Change from Current Law	-20	-40	-50	-50	-30	-190	-200

Justification

In 2009, at the urging of the United States, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2]

The Energy Policy Act of 2005 established a new mandatory oil and gas research and development (R&D) program funded from Federal revenues from oil and gas leases, the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research program.

The oil and gas industry has the incentive and resources to undertake this work without this Federal subsidy, and similar oil and gas R&D programs have been shown to provide little public benefit. These funds generally go toward incremental improvement of oil and gas technologies that can be commercialized quickly, activities that are more appropriate for the private-sector oil and gas industry to perform. In addition, according to a recent Government Accountability Office report, the Department of Energy (DOE) oil and gas programs are dwarfed by industry R&D ($20 billion for 1997-2006), and DOE has often conducted research in areas that were already receiving funding from the private sector, especially for evolutionary advances and incremental improvements.[3] The program is primarily operated by a private sector consortium; only 25 percent of the funding is spent through the National Energy Technology Laboratory.

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

[3] Government Accountability Office, *DOE Could Enhance the Project Selection Process for Government Oil and Natural Gas Research*, GAO-09-186 (December 2008).

TERMINATION: PUBLIC BROADCASTING GRANTS

Department of Agriculture

The Administration proposes to support public broadcasting through appropriations to the Corporation for Public Broadcasting (CPB), and eliminate the duplicative Department of Agriculture (USDA) Public Broadcasting Grants program. Public Broadcasting Grants provide funding to public broadcast companies to convert to digital transmission, an effort that is largely complete.[1]

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	5	0	-5

Justification

Since 2004, the USDA Public Broadcasting Grants program has provided grants to support rural public television stations' conversion to digital broadcasting. Digital conversion efforts mandated by the Federal Communications Commission are now largely complete, and there is no further need for this program. Moreover, the USDA Public Broadcasting Grants program is duplicative and significantly smaller than the digital conversion activities of CPB. Since CPB funds a variety of public broadcast needs, including digital conversion, future needs should be funded through CPB. The Budget includes $36 million for CPB in 2011, which is in addition to its $430 million enacted advance appropriation, for total proposed 2011 resources of $466 million, an increase of $10 million or 2 percent, excluding one-time funding in 2010 for fiscal stabilization and a radio interconnection system investment. The Budget also includes an advance appropriation request for CPB in 2013 of $460 million to support public broadcasters. This funding can be used to complete any remaining conversion needs.

Citations

[1] Corporation for Public Broadcasting Appropriation Request and Justification FY 2010 and FY 2012. *http://cpb.org/aboutcpb/financials/appropriation/justification_10-12.pdf*.

TERMINATION: PUBLIC TELECOMMUNICATIONS FACILITIES GRANTS

Department of Commerce

The Budget supports public broadcasting through the Corporation for Public Broadcasting (CPB), and proposes to eliminate the unnecessary Public Telecommunications Facilities Grant Program (PTFP) in the Department of Commerce (DOC). PTFP funding equals less than four percent of CPB funding and has in recent years supported the transition to digital television broadcasts, which was completed in 2009.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	20	0	-20

Justification

Since 2000, most PTFP awards have supported public television stations' conversion to digital broadcasting. The digital television transition was completed in 2009, and there is no further need for DOC's program.

The Administration proposes to support public broadcasters through CPB, and the Budget includes $36 million for CPB in 2011 in addition to its $430 million enacted advance appropriation, for a total proposed 2011 resources of $466 million. The Budget also includes an advance appropriation request for CPB in 2013 of $460 million to support public broadcasters. CPB funds can support the same types of capital projects as PTFP funding has in the past, as well as stations' operating and programming costs.

PTFP, in contrast, was appropriated only $20 million in 2010, and provides a far less significant level of support to public broadcasters than CPB, while requiring separate overhead resources.

The National Telecommunications and Information Administration (NTIA), the DOC bureau that has administered the PTFP program, was provided $4.7 billion in the American Recovery and Reinvestment Act to implement the new Broadband Technology Opportunities Program (BTOP). Terminating PTFP will enable NTIA to focus its efforts on BTOP, a major initiative for this small bureau.

TERMINATION: RAIL LINE RELOCATION GRANTS

Department of Transportation

The Budget includes no funding for the Rail Line Relocation Program because an alternative program achieves the same goal based on a formula allocation that allows States to set their own priorities. Most of the Rail Line Relocation Program funds are directed to unrequested projects rather than distributed through a need- or merit-based process.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	34	0	-34

Justification

The Rail Line Relocation program was authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) at $350 million annually. The purpose of this capital grant program is to "mitigate the adverse effects of rail traffic on safety, motor vehicle traffic flow, community quality of life, or economic development," primarily by moving railroad lines.[1] As it has in previous years, the Congress included 27 projects worth nearly $25 million in the 2010 appropriation for the program that were not allocated through the Department of Transportation's merit-based process. Moreover, this small program plays a relatively minor role in improving rail safety, given that the Department has a standing $220 million per year highway program for improving highway-rail grade crossings, the Railway-Highway Crossings program, a subset of a $1.4 billion highway safety program. To the extent that the rail line relocation program is aimed at other goals such as community development, more appropriate programs such as Community Development Block Grant are available to States.

Citations

[1] Conference Report to Accompany H.R. 3288, Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act (2010).

TERMINATION: REHABILITATION ACT PROGRAM CONSOLIDATIONS

Department of Education

As part of the Workforce Investment Act reforms, the Administration proposes to consolidate nine Rehabilitation Act programs into three. The proposed consolidations would reduce duplication and administrative costs, and would improve program management, accountability, and the provision of rehabilitation and independent living services.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Vocational Rehabilitation (VR)			
VR State Grants	3,085	3,142	57
Supported Employment State Grants	29	0	-29
Projects with Industry	19	0	-19
Migrant and Seasonal Farmworkers	2	0	-2
VR Training (in-service portion only)	6	0	-6
Independent Living			
Grants for Independent Living	0	110	110
Independent Living State Grants	23	0	-23
Centers for Independent Living	80	0	-80
National Activities			
National Activities to Improve Rehabilitation Services	0	6	6
Demonstration and Training (demonstration portion)	5	0	-5
Evaluation (non-research activities)	1	0	-1
Program Improvement	1	0	-1

Justification

Vocational Rehabilitation (VR) State Grant Program

The Administration proposes to consolidate the Supported Employment (SE) State Grants, Projects with Industry (PWI), VR Migrant and Seasonal Farmworkers, and the in-service training portion of VR Training programs into the existing VR State Grants Program. These smaller programs provide services that are provided by the larger VR State Grants program or have accomplished their mission, as described below.

The SE program was created in 1986 to encourage State VR agencies to provide ongoing job supports, like job coaches, to individuals with significant disabilities at a time when many professionals were skeptical about the feasibility and potential costs associated with employing individuals who traditionally would not have been employed in integrated settings. Now almost 11 percent of all individuals served through the VR program have a supported employment goal with funding for services coming from the VR State Grants and the SE State Grants programs. Thus, the program has achieved its initial goal of demonstrating that individuals with the most significant disabilities can be employed.

The PWI program has similarly achieved its goals. First funded in 1970, the PWI program sought to engage employers in training individuals with disabilities. But changes to the Workforce Investment Act in 1992 and 1998 mandated employer involvement through larger job training programs and made the PWI program redundant. In addition, a Department-funded evaluation of the PWI program from 2003 found that the group of individuals served by the PWI program is very similar to the population served by the larger VR State Grants at the aggregate program level and that most PWI projects serve a specific subset of the population served by one or more local VR offices.

The VR Migrant and Seasonal Farmworkers (MSFW), first funded in 1977, supports rehabilitation services to migratory workers with disabilities. Providing outreach and other appropriate services to these workers is a critical goal, but the specialized services being provided under this program should be services provided under the VR State Grants program to appropriately serve underserved populations more generally, and should not be dependent on separate funding. Moreover, State-reported data from the State VR agencies on the employment outcomes for migrants and seasonal farmworkers suggest that employment outcomes are not better overall in States that have a MSFW project as compared to those States without MSFW projects. The Administration proposes to consolidate the MSFW program into the larger VR State Grants program and to focus Federal efforts on ensuring that the needs of all populations, including migratory workers with disabilities, are met.

In addition, the funds currently provided to State VR agencies to support in-service training for agency personnel under the Training program would be included in this consolidation. Under the VR State Grants program, each State is required in its State plan to establish detailed procedures for a comprehensive system of personnel development, including how the State will address the current and projected personnel training needs. The Administration believes that consolidating this small competitive program into the much larger VR State grants program will eliminate administrative inefficiencies and help focus Federal efforts on ensuring that States provide appropriate training to all agency staff.

Independent Living (IL)

The Budget proposes to consolidate two IL programs with overlapping purposes into one. The Department currently administers the Independent Living State Grants formula program and the competitive Centers for Independent Living (CIL) program, which funds nonprofit centers for independent living. Annual program reports show that an estimated 60 percent of the formula funds are used for the same purposes as the competitive funds to provide independent living services, either directly or through grants and contracts with centers for independent living and other providers. In addition, the advantages of a true competitive grant are not achieved under the CIL program because the authorizing statute requires all centers funded by the end of fiscal year 1997 to receive funding as long as they continue to meet program and fiscal standards and assurances.

Consolidating these two authorities would reduce program duplication, give States more control over their independent living programs, hold States accountable for implementing effective service systems, and improve services in areas with unmet need.

Other

The Budget combines three small VR programs charged with carrying out technical assistance, evaluations, demonstrations, and other projects aimed at improving employment outcomes for individuals with disabilities. Under the proposed National Activities to Improve Rehabilitation Services program, the Department would have the flexibility to strategically direct all of its program improvement resources, consolidated under one authority, to areas of need. The consolidation of these resources would also enhance planning.

TERMINATION: RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM

Department of Agriculture

The Administration proposes to eliminate the Resource Conservation and Development (RC&D) Program. First begun in 1962, this program has outlived its need for Federal support.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	51	0	-51

Justification

The RC&D Program funds Federal coordinators for 375 Resource Conservation and Development Districts in every State, the Caribbean, and the Pacific Basin. First begun in 1962, the program was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local funding sources for the community's benefit. After 47 years, this goal has been accomplished. These councils have developed sufficiently strong Federal, State and local ties and the Administration believes it is no longer necessary to provide Federal funding for council coordinators. This was reinforced by SAVE award suggestions, some of which recommended terminating the RC&D program as coordinators are no longer needed and funds for the coordinators could be better used elsewhere. Moreover, councils are now able to secure funding for their continued operation without assistance from the RC&D program: according to a Department of Agriculture report to the Congress, RC&D supplies only 16 percent of councils' total administrative and financial funding, with the remaining 84 percent coming from other Federal, State, and non-governmental sources.[1] After several decades, these councils have a proven track record of success, showing that they have outlived the need for Federal RC&D funding.

Citations

[1] Department of Agriculture, Natural Resources Conservation Service, *Report to Congress on the Resource Conservation and Development Program* (January 2006).

TERMINATION: RURAL COMMUNITY FACILITIES

Department of Health and Human Services

The Administration proposes to eliminate the Rural Community Facilities program run by the Administration for Children and Families. This program was also proposed for termination in the 2010 Budget. The program is duplicative of other wastewater treatment programs in the Department of Agriculture (USDA) and the Environmental Protection Agency (EPA). These agencies have the expertise to manage water treatment programs in rural communities, whereas the Administration for Children and Families (ACF) administers social service programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	10	0	-10

Justification

ACF promotes the economic and social well-being of families, children, individuals, and communities. ACF oversees Federal programs that provide social services and promote economic self-sufficiency among vulnerable and disadvantaged populations. ACF staff do not have the expertise to effectively and efficiently administer a water treatment program. The Administration strongly supports helping communities create access to safe and clean water and has increased funds for this purpose in EPA and USDA, which are best suited to administer water treatment programs. EPA administers Clean Water and Drinking Water State Revolving Funds, which provide grants to States to loan funds to local communities for waste water and drinking water systems. The Budget includes $2.0 billion for the Clean Water State Revolving Fund and $1.3 billion for the Drinking Water State Revolving Fund.

USDA provides direct loans, loan guarantees, and grants for rural water and waste water management programs. The Budget includes $534 million for these programs.

TERMINATION: SAVE AMERICA'S TREASURES AND PRESERVE AMERICA (NPS)

Department of the Interior

The Administration proposes to eliminate the Save America's Treasures (SAT) and Preserve America (PA) grant programs so the National Park Service can focus resources on managing national parks and other activities that most closely align with its core mission. The SAT and PA programs have not demonstrated how they contribute to nationwide historic preservation goals.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	30	0	-30

Justification

SAT and PA are National Park Service matching grant programs that support historic preservation efforts. SAT was started in 1999 as a two-year initiative to commemorate the Millennium by restoring historic buildings and collections. PA was started in 2003 to promote heritage tourism.

Although SAT and PA programs use merit-based criteria to evaluate annual nominations for projects, the programs have not demonstrated how they contribute to National historic preservation goals. The programs lack rigorous performance metrics and evaluation efforts, so benefits remain unclear. At least half of SAT funding is provided without using merit-based criteria.

TERMINATION: SMALL DEPARTMENT OF EDUCATION PROGRAMS (5 TERMINATIONS)

Department of Education

The Administration proposes to terminate the following five programs in the Department of Education, saving a total of $59 million in 2011: the B.J. Stupak Olympic Scholarship program; the Byrd Honors Scholarship program; the Exchanges with Historic Whaling and Trading Partners program; the Legal Assistance Loan Repayment program; and the Underground Railroad Educational and Cultural program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
B.J. Stupak Olympic Scholarship	1	0	-1
Byrd Honors Scholarship	42	0	-42
Historic Whaling and Trading Partners	9	0	-9
Legal Assistance Loan Repayment	5	0	-5
Underground Railroad Educational and Cultural	2	0	-2

Justification

B.J. Stupak Olympic Scholarship: The B.J. Stupak Olympic Scholarship program provides financial assistance of up to $15,000 to athletes who are pursuing postsecondary education and training at the U.S. Olympic Education Center or another U.S. Olympic training center. The scholarships can cover the cost of tuition, books and supplies, room and board, travel, and sports equipment.

The Department of Education supports student financial aid through a variety of generally available grant and loan programs. This program offers scholarships for a limited number of athletes. There were fewer than 100 scholarship beneficiaries in 2007-2008. The Department lacks evidence on the degree to which this particular program enhances educational attainment outcomes for students because the Department is not able to track student-athletes after they leave the training centers. In addition, the scholarships are not means-tested, so they may go to students who would be able to afford college without them. Olympic athletes receive generous support from a variety of sources. Athletes who can demonstrate financial need may still receive grant, work-study, and loan assistance through other programs.

Byrd Honors Scholarship: The Byrd Honors Scholarship program is intended to promote academic excellence through grants to States that support up to four years of scholarship assistance to high-performing high school students entering an undergraduate course of study. The scholarships are for up to $1,500 and around 7,000 new scholarships are awarded nationwide each year. Each State sets its own application requirements, but most use some combination of grade point average, college entrance exam scores, and class rank.

Byrd Scholarships are only available to a small number of elite students (around 0.3 percent of first-time postsecondary students receive the scholarship), and States are prohibited from considering financial need when awarding the scholarships. Reliable performance data are not available, and the design of the program suggests these scholarships do not generally facilitate postsecondary education opportunities that would not otherwise be possible for awardees. Given the high academic performance of the students who receive the award, many of these students would still enter an undergraduate course of study and graduate even without receiving the scholarship. The Department of Education supports student financial aid through a variety of generally available grant and loan programs.

Exchanges with Historic Whaling and Trading Partners: The Exchanges with Historic Whaling and Trading Partners program provides non-competitive grants to support culturally-based educational activities for Alaska Natives, Native Hawaiians, children and families of Massachusetts, and (as amended by Public Law 109-149) any federally recognized Indian tribe in Mississippi. Funds are provided only to five museums named in statute and have been awarded to the Mississippi Band of Choctaw Indians since 2006, rather than making awards based on a competition or merit.

The Department has no reliable performance data on the grantees in this program. The design of the program, non-competitive funding distributed each year to the same grantees, makes it difficult to evaluate effectiveness and circumvents the merit-based process of grant-making at the Department. The program's narrow goals are more appropriately served with State, local, and private funding.

Legal Assistance Loan Repayment: The Legal Assistance Loan Repayment program was authorized by the Higher Education Opportunity Act of 2008, and allows qualified individuals who enter and continue employment as civil legal assistance attorneys to receive up to $40,000 in loan forgiveness benefits. The program has no income limitation.

Civil legal service attorneys already qualify for loan forgiveness benefits under the Public Service Loan Forgiveness provisions of the William D. Ford Direct Student Loan program.

Underground Railroad Educational and Cultural: The Underground Railroad Educational and Cultural program provides grants to nonprofit educational organizations to establish facilities that house, display, and interpret artifacts relating to the history of the Underground Railroad, as well as to make the interpretive efforts available to institutions of higher education.

Federal funds provided in prior fiscal years have enabled a number of program grantees to make progress in securing private support by using public-private partnerships and creating endowment funds to support ongoing operations. The types of museum exhibits that are supported by this program are also eligible for funding under several broader grant competitions through the Institute of Museum and Library Services. Furthermore, the narrow purpose of this program limits the pool of eligible applicants. Since 2002, the program has had nine grantees, a few of which received multiple awards year after year.

TERMINATION: SURFACE TRANSPORTATION PRIORITIES

Department of Transportation

The Administration proposes to eliminate funding for Surface Transportation Priorities (STP). The funds are not subject to merit-based criteria or competition; nor are States or localities given the flexibility to target them to their highest transportation priorities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	293	0	-293

Justification

In 2010, the Congress directed over $293 million to fund 353 surface transportation projects called STP. STP funds are in addition to over $286 billion authorized under the latest highway bill, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU), as well as additional funding provided through extensions to SAFETEA-LU. Much of the funding provided under SAFETEA-LU authorities is delivered to States through formula grant programs based on need and administered by the Federal Highway Administration; formula funds are available for allocation, by the States, to projects identified as priorities via well established State level transportation investment planning processes.

TERMINATION: TARGETED AIRSHED GRANTS

Environmental Protection Agency

The Administration proposes to eliminate the $10 million in funds provided solely to California to retrofit existing diesel engines and $10 million in targeted airshed grants, but will maintain funding for the more merit-based nationwide clean diesel program that addresses the same issue for all States including California.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	20	0	-20

Justification

Over $400 million was provided in 2009 and 2010 for the nationwide Diesel Emissions Reduction Act program. These grants support projects that provide environmentally beneficial early reductions in diesel emissions. However, these reductions will occur anyway as older engines wear out and are replaced by newer engines subject to stringent regulations. Consequently, as the cost-effectiveness of these grants declines over time, the Administration is focusing its resources in 2011 on the nationwide program. The California-specific grant is not authorized and bypasses the normal grant allocation process, which established priorities that already provide significant funding to California to conduct diesel retrofit projects. The targeted airshed grants do not explicitly apply only to California, but the majority of the funds will go to that State. Furthermore, the $10 million in targeted airshed grants is being made available to fund emissions reductions that are already required to achieve compliance with Federal and State laws. The existing nationwide program is a more effective mechanism for addressing diesel emissions from legacy engines because it provides resources for additional pollution reduction, and awards these resources on the basis of merit as opposed to arbitrarily restricting grants to a particular area.

TERMINATION: TARGETED WATER INFRASTRUCTURE GRANTS

Environmental Protection Agency

The Administration proposes to eliminate $157 million provided in 2010 for water infrastructure projects. The 2010 enacted level included 333 wastewater and drinking water projects targeted to specific communities, not provided through a competitive or merit-based allocation. This approach to funding projects duplicates funding available through more effective formula allocation programs to States and bypasses the normal State prioritization process that funds the most important projects from a health and environmental standpoint.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	157	0	-157

Justification

These funds are targeted for wastewater or drinking water infrastructure projects in the Environmental Protection Agency's (EPA's) State and Tribal Assistance Grants account. These grants are duplicative of funding available for such projects through the Clean Water and Drinking Water State Revolving Funds (SRF), but are not subject to the State priority-setting process for these programs, which typically funds cost-effective and higher priority activities first. These types of projects require more oversight and technical assistance than standard grants because many recipients are unprepared to spend or manage funds. Such projects also generally take several years to complete, requiring EPA resources for an extended period of time.

The 2011 Budget continues robust funding for the SRFs, following an unprecedented increase provided in 2010. It requests $2 billion for the Clean Water State Revolving Fund and $1.287 billion for the Drinking Water State Revolving fund. SRF programs provide loans to wastewater and drinking water systems to support infrastructure improvements, including those in small and disadvantaged communities.

TERMINATION: TECH PREP CONSOLIDATION

Department of Education

The Administration proposes to consolidate the Tech Prep Education State Grants program into the larger Career and Technical Education (CTE) State Grants program. The activities conducted under Tech Prep may also be conducted under the larger CTE program and separate funding streams and additional administrative processes are inefficient.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Career and Technical Education State Grants Program	1,161	1,264	103
Tech Prep Education State Grants	103	0	-103

Justification

The purpose of the Tech Prep program is to support development and implementation of programs of sequential courses of study that incorporate secondary education and postsecondary education with work-based learning experiences. However, the Career and Technical Education (CTE) State Grants program also requires States to develop these types of programs, and to do so within the larger context of CTE programs within the State, and consistent with the State's CTE plan. Therefore, a separate Tech Prep program is unnecessary, and Tech Prep funding should be redirected to the much larger and more flexible CTE State Grants program.

States already have the ability to fold all or some of their Tech Prep funding into the State Grants allocation. During the 2009-2010 school year, 26 States chose to exercise this option and gain flexibility while still working toward the goals of the Tech Prep program. States that are currently not pursuing this flexibility would be able to continue all Tech Prep activities under the consolidated program. All States would be subject to fewer administrative burdens and reporting requirements.

TERMINATION: TELECOMMUNICATIONS DEVELOPMENT FUND

Federal Communications Commission

The Administration proposes to terminate the Telecommunications Development Fund (TDF). The fund has not demonstrated significant success in meeting its statutory goals, and the resources would be better devoted to alternative uses.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	7	7	7	6	6	33	63
Proposed Change from Current Law	-7	-7	-7	-6	-6	-33	-63

Justification

TDF was created in 1996 with the objective of promoting access to capital for small businesses, enhancing competition in the telecommunications industry, and improving the delivery of telecommunication services to rural areas. TDF receives interest earnings from deposits on spectrum auctions. A portion of these earnings is invested in small telecommunications firms.

Through 2010, TDF will have collected approximately $110 million in interest that would have otherwise been deposited in the Treasury and directly benefited taxpayers. The Budget proposes termination of TDF, as the program has not had a significant impact on its statutory goals, and has generally experienced losses on the funds that it has invested in telecommunications firms. The Administration supports other programs, including multi-billion dollar universal service programs and small business credit programs, which have much more impact and accountability.

TERMINATION: THIRD GENERATION INFRARED SURVEILLANCE PROGRAM (3GIRS)

Department of Defense

The Administration proposes to terminate the Third Generation Infrared Surveillance (3GIRS) program, and instead focus on upgrading the missile detection satellite currently in development, the Space Based Infrared Systems (SBIRS). A large investment in the technical maturation of a potential follow-on missile warning satellite program, such as 3GIRS, is thus premature.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	73	0	-73

Justification

The Department of Defense (DOD) is proposing to incorporate technology being developed in the 3GIRS program in future deployments of SBIRS. SBIRS satellites, and their associated ground architecture, are being designed to provide an initial warning of a ballistic missile attack on the United States, its deployed forces, or its allies.

Specifically, the SBIRS program will continue the on-orbit experiment of the Commercially Hosted Infrared Payload. The payload will help mature sensor and ground technologies and thus improve SBIRS missile detection capabilities, without the need for an immediate follow-on satellite program. This type of incremental evolution of sensors and ground systems, using mature/demonstrated technology, employs recommendations made by the Government Accountability Office on how to improve space system acquisitions.[1]

By ending the 3GIRS program and selectively applying the technology being developed in the program to an ongoing and mature program, DOD can create significant technical and cost efficiencies. Moreover, incrementally enhancing its missile detection technology will allow DOD time to conduct a strategic study of its missile warning architecture, which will begin in 2010.

Citations

[1] Government Accountability Office, *Space Acquisitions: Improvements Needed in Space Systems Acquisitions and Keys to Achieving Them*, GAO-06-626T (April 6, 2006).

TERMINATION: UNCONVENTIONAL FOSSIL TECHNOLOGY PROGRAM

Department of Energy

To foster the clean energy economy of the future and reduce the Nation's reliance on fossil fuels that contribute to climate change, the Budget proposes to terminate discretionary research and development (R&D) programs that promote fossil fuel production. The R&D activities that would be eliminated typically fund development of technologies that are more appropriate for the private-sector to perform. Terminating this program will save $20 million compared to 2010 funding levels.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	20	0	-20

Justification

In 2009, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2]

The Unconventional Fossil Technology R&D program is similar to the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum mandatory R&D program, also proposed for termination. The discretionary program was established with 2010 appropriations to replace the Petroleum-Oil Technology Program, but continue to subsidize the research and development of fossil fuel production technologies. The industry has the incentive and resources to undertake this work without this Federal subsidy.

According to the Government Accountability Office, the Department's R&D funding for fossil energy production is dwarfed by industry's ($20 billion for oil and gas R&D between 1997 and 2006), and the Department has often conducted research in areas that were already receiving funding from the private sector, especially for evolutionary advances and incremental improvements.[3]

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

[3] Government Accountability Office, *DOE Could Enhance the Project Selection Process for Government Oil and Natural Gas Research*, GAO-09-186 (December 2008).

TERMINATION: VOICE OF AMERICA

Broadcasting Board of Governors

The Administration proposes to reduce funding for the Voice of America (VOA) operations to countries that have greater access to unbiased news and information.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	3	0	-3

Justification

The 2011 Budget proposal would eliminate VOA Croatian and Greek language broadcasts. As proposed in 2010 and accepted by the Congress, VOA Hindi will cease broadcasting in 2010, these savings are also reflected in the funding summary. While the overall funding level for VOA is increasing from 2010, funding related to these language services within VOA will be eliminated. These reductions help to offset the total funds needed in 2011 to support ongoing programming and new priority needs.

The Broadcasting Board of Governors (BBG) broadcast services promote freedom and democracy, and enhance understanding through multimedia communication of accurate, objective, and balanced news, information, and other programming about America and the world.

Each year, BBG undertakes an assessment of each language in which the BBG entities broadcast, fulfilling a congressional mandate to “review, evaluate, and determine, at least annually, after consultation with the Secretary of State, the addition or deletion of language services.” These reviews are informed in part by independent media research and analysis conducted by BBG and from nongovernmental organizations such as Freedom House (www.FreedomHouse.org), which conducts annual surveys assessing the level of freedom and democracy in countries around the world. In the 2009 Freedom in the World survey, Greece and Croatia each received an overall rating of “Free,” thus making language services to these countries a lower-priority than broadcasts to countries that are rated “Partly Free” or “Not Free” with regards to freedom and democracy.

TERMINATION: WATER AND WASTEWATER TREATMENT

Corps of Engineers

Water and wastewater treatment projects, often referred to as “environmental infrastructure” projects, are outside the Corps of Engineers’ main mission areas of commercial navigation, flood and storm damage reduction, and significant aquatic ecosystem restoration. Therefore, the Budget does not include funding for these projects, redirecting these resources to other, higher-performing projects that are within the Corps’ main missions.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	129	0	-129

Justification

In 2010, the Congress directed funding to water and wastewater treatment projects in the Corps’ budget even though these projects are outside of the Corps’ main mission areas. Since 1992, the Congress has authorized approximately 450 sewage and wastewater treatment projects and has directed hundreds of millions of dollars toward them. The Corps does not assess the economic and environmental costs and benefits of these water and wastewater treatment projects and, therefore, has no basis to determine the value of these projects to the Nation. Providing funding in the Corps of Engineers’ budget for environmental infrastructure projects is not cost effective and duplicates funding for these types of projects in other Federal agencies, including the Environmental Protection Agency and the Department of Agriculture. Congressional funding for these projects through the Corps bypasses those agencies’ processes for setting funding priorities. The Budget proposes no funding for these types of projects in the Corps this year.

TERMINATION: WATERS NETWORK

National Science Foundation

The Administration proposes to eliminate funding for the planned Water and Environmental Research Systems (WATERS) Network project. An independent scientific assessment was supportive of the project's research goals, but found that the case for a large, dedicated facility was lacking.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	4	0	-4

Justification

The WATERS Network was proposed as a joint construction project of three National Science Foundation (NSF) directorates. The overarching objective was to address the question: "How are human pressures and climate trends changing the water cycle, and how can we predict and better manage our water systems to ensure availability and quality for future generations and ecosystems?" While the project plans were not sufficiently mature to generate a realistic cost estimate, it is likely that the project would have cost in the range of $300-500 million.

Several workshops and planning activities were funded for this project, and a WATERS Network science plan was drafted. A National Research Council panel was asked to review the science plan. While the Council's report was supportive of additional research from a National need perspective, the panel questioned the necessity of a large permanent facility dedicated to this research.[1] Based on this recommendation, NSF will continue to allocate funding towards related research efforts but will not pursue design or construction funding for the WATERS Network as a major facility project.

Citations

[1] National Research Council, *Letter Report Assessing the WATERS Network Science Plan* (2009).

TERMINATION: WATERSHED AND FLOOD PREVENTION PROGRAM

Department of Agriculture

The Administration proposes to terminate the Watershed and Flood Prevention Operations program. The Congress has provided funding entirely to specific projects without any merit-based criteria, such as cost-effectiveness.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	30	0	-30

Justification

This program was first implemented under the authorities of the Watershed Protection and Flood Prevention Act of 1954 (Public Law 83-566) and the Flood Control Act of 1944 (Public Law 78-534). In 2010, almost 75 percent of the program was directed to specific projects, eliminating the Natural Resource Conservation Service's (NRCS) ability to use project evaluations as a basis for prioritizing funding. In addition, a 2003 Office of Management and Budget analysis showed that this NRCS program has a lower economic return than other Federal flood prevention programs (such as those in the Army Corps of Engineers or the Federal Emergency Management Agency).[1]

Citations

[1] U.S. Army Corps of Engineers, *2003 Budget*, pp. 294-295.

TERMINATION: YUCCA MOUNTAIN NUCLEAR WASTE REPOSITORY

Department of Energy

The Administration has determined that Yucca Mountain, Nevada, is not a workable option for a nuclear waste repository and will discontinue the Department of Energy's program to construct a repository at the mountain in 2010. The Department will carry out its responsibilities under the Nuclear Waste Policy Act within the Office of Nuclear Energy as the Administration develops a new nuclear waste management strategy.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	197	0	-197

Justification

The Nuclear Waste Disposal Account was established as part of the Nuclear Waste Policy Act of 1982 (Public Law 97-425), as amended, to provide funding to implement Federal policy for disposal of commercial spent nuclear fuel and high-level radioactive waste. The Administration has determined that developing a repository at Yucca Mountain is not a workable option and that the Nation needs a better solution for nuclear waste disposal. The President has made clear that the Nation needs a better solution than the proposed Yucca Mountain repository, saying that such a solution must be based on sound science and capable of securing broad support, including support from those who live in areas that might be affected by the solution.

In 2010 the Department will discontinue its application to the Nuclear Regulatory Commission (NRC) for a license to construct a high-level waste geologic repository at Yucca Mountain, Nevada. Secretary of Energy Chu has announced that he will establish a Blue Ribbon Commission to help inform the Administration as it develops a new strategy for nuclear waste management and disposal.

In the interim, all funding for development of the facility will be eliminated, such as further land acquisition, transportation access, and additional engineering. While a new strategy is developed, ongoing responsibilities under the Act, including administration of the Nuclear Waste Fund and the Standard Contract, will continue within the Office of Nuclear Energy, which will lead all future waste management activities, including research on alternative waste management and disposal pathways, such as deep borehole disposal, salt disposal, and geologic disposal sites. Residual responsibilities for site remediation will be assumed by the Office of Environmental Management and responsibilities for security at the site will be assumed by the National Nuclear Security Administration.

REDUCTION: AGRICULTURAL RESEARCH SERVICE BUILDINGS AND FACILITIES

Department of Agriculture

The Administration proposes no new funding, as well as the cancellation of $75.5 million in existing balances from previously approved facility construction funding, for the Department of Agriculture's (USDA) Agricultural Research Service.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	71	-76	-147

Justification

This proposal would provide no new funding for the construction of research facilities operated by USDA's Agricultural Research Service. In addition, it would cancel $75.5 million in unobligated balances for previously appropriated unrequested construction projects. The Congress routinely funds small amounts for up to 20 or more projects located throughout the Nation. The result of scattering funding in this manner is that unobligated balances increase since few if any of the projects are able to reach the critical threshold of funding that would allow construction to begin. Funding construction over such a long time significantly increases the amount of money needed to fully complete these projects, as well as postpones their completion for many years.

REDUCTION: ALASKA CONVEYANCE

Department of the Interior

The Administration proposes to reduce funding for the Bureau of Land Management (BLM) Alaska conveyance program as part of a new effort to explore opportunities to further streamline the conveyance process and focus resources on completing the goal of transferring title to 150 million acres the agency is required to convey. BLM has already issued final or interim conveyance on most of these acres but now needs a strategy to complete final transfers.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	34	21	-13

Justification

BLM is statutorily required to transfer title to 150 million acres of Federal lands in Alaska to the State of Alaska, Alaska Native Corporations, and individual Alaska Natives through the Alaska conveyance program. Conveyance work has been ongoing since the 1960s. The Alaska Land Transfer Acceleration Act of 2004 provided BLM with new authorities, allowing BLM to streamline land conveyances, improve business practices, and reduce costs.

By the end of 2009, BLM had surveyed and patented 84 million acres, or 56 percent, of the original 150 million acres. Approximately 60 million acres, or 40 percent, of the acres are under some form of tentative conveyance but have not been surveyed. Additionally, about six million acres, or less than four percent, of the lands need to be both surveyed and conveyed.

The Administration will evaluate options for additional program reforms and efficiencies to complete final transfers in a timely manner.

REDUCTION: BUREAU OF LABOR STATISTICS - CURRENT EMPLOYMENT STATISTICS

Department of Labor

The 2011 Budget proposes to restructure the way the Current Employment Statistics (CES) program produces State and Metropolitan Area data estimates. This change is expected to improve the reliability of these estimates and produce savings that will be used to improve the CES program's survey capabilities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	59	57	-2

Justification

The CES program collects information on employment, hours worked, and earnings from the payroll records of employers. Currently, the Bureau of Labor Statistics (BLS) produces National data, while the State Workforce Agencies (SWAs) generate figures for States and major metropolitan areas. The Administration proposes to centralize the production of monthly State and Metropolitan Area data estimates in BLS, while States would continue data analysis and dissemination and report to BLS on significant events not picked up by the sample (such as a large strike) that are relevant to the production of accurate local area estimates.

The restructuring would reduce the BLS's oversight function of State operations and leverage economies of scale by centralizing the production of the State and metropolitan estimates (now done by 53 separate offices). Savings would be directed, in part, to expand the CES program's capacity for collecting survey responses via Computer Assisted Telephone Interviews (which yield higher response rates) and increase non-response follow up.

Two million dollars in additional net savings from this termination would be redirected toward several other programmatic increases at the BLS, including the introduction of year-to-year comparisons of the Occupational and Employment Statistics, modernization of the Consumer Expenditure Initiative, and expansion of commodity and service price quote collections to reduce Consumer Price Index variance.

REDUCTION: BUREAU OF LABOR STATISTICS - NATIONAL COMPENSATION SURVEY (INCLUDES LOCALITY PAY SURVEYS COMPONENT)

Department of Labor

The Administration proposes to replace the Bureau of Labor Statistics' (BLS) Locality Pay Survey (LPS) with a model-based alternative that employs Occupational Employment Statistics and Employment Cost Index data.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	60	52	-8

Justification

Currently, BLS uses the LPS and the Employment Cost Index (ECI) to deliver data required by the President's Pay Agent in compliance with the requirements of the Federal Employees Pay Comparability Act of 1990 (FEPCA). The President's Pay Agent uses these data to recommend pay increases for Federal General Schedule workers; ECI data are used in determining the National adjustment and LPS data are used in determining locality-based adjustments. LPS currently covers 31 locality pay areas designated by the Pay Agent plus the "Rest of the United States."

The Administration proposes to eliminate the LPS and instead use a model-based approach drawing data from the richer, broader Occupational Employment Statistics (OES) and Employment Cost Index (ECI). The proposed alternative would use OES data to provide wage data by occupation and by area, and ECI data to specify grade level effects. This approach is more cost-effective, with no diminution in accuracy. Another advantage is that it will allow BLS to more nimbly add new localities, if there is such a demand.

Savings from this termination would be redirected toward several other programmatic increases at BLS, including the introduction of year-to-year comparisons of the Occupational and Employment Statistics, modernization of the Consumer Expenditure Initiative, and expansion of commodity and service price quote collections to reduce Consumer Price Index variance.

REDUCTION: BUREAU OF PUBLIC DEBT

Department of the Treasury

The Administration proposes over $6 million in efficiency savings in the Bureau of the Public Debt (BPD) from administrative expenses for facilities, procurement, and travel costs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	192	186	-6

Justification

BPD is the Federal agency responsible for accounting for and administering the Nation's debt. It is only fitting then that the Bureau be a leader in generating efficiency savings that will contribute to reducing the deficit. BPD identified over $6 million in net savings, or over 3 percent of its 2010 base. These savings are the combination of common sense reforms and reduced general administrative expenses, and will result in a leaner, more efficient Bureau.

Specifically, BPD will save money through new cost-cutting initiatives, such as reducing travel and conducting more meetings via teleconferencing; consolidating facilities at its Parkersburg, West Virginia headquarters; eliminating unfilled and unnecessary positions; and streamlining procurement operations and purchasing in bulk. The Bureau will also remove the added fee paid to issuing agents of paper savings bonds who submit customer orders electronically -- an unnecessary subsidy considering over 60 percent of agents already submit over-the-counter bids through this channel. Taken together, these activities will help foster a more efficient BPD that lowers overall cost to the taxpayers, and advance the principle of fiscal discipline.

REDUCTION: CAPITAL IMPROVEMENT AND MAINTENANCE PROGRAM

Department of Agriculture

The Capital Improvement and Maintenance (CIM) program improves, maintains, and operates facilities, roads, trails, and infrastructures to facilitate recreation, research, fire, and other administrative uses on Forest Service lands.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	538	438	-100

Justification

The 2010 appropriations funded the CIM program at $538 million. The CIM program provides funding for improvement and maintenance of recreation sites; buildings and facilities; and maintenance, decommissioning and improvements on National Forest System roads and trails. The Budget reflects the Forest Service's continued use of authorities that permit the agency to apply proceeds from the sale of excess facilities to replace other deficient facilities or perform needed rehabilitation work on existing facilities. The Budget also reflects a reduction in funding for new road construction activities since the Budget's focus on road decommissioning, erosion control, watershed health, and forest restoration reduces the need to build new forest roads.

REDUCTION: COMMAND SHIP REPLACEMENT (LCC-R)

Department of Defense

The Administration proposes to delay the procurement of the Navy's Command Ship Replacement (LCC-R) beyond 2015. The Navy's command ships are responsible for command and control and house Fleet Commanders and their staff by providing work space and living quarters. The LCC-R would have replaced the two command ships that the Navy currently operates. The proposed delay in procurement is appropriate because the Navy is planning on extending the service life of the current command ships to 2029.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	0	0	0

Justification

The Navy planned to procure one LCC-R in 2012 and a second one in 2014. This delay saves approximately $3.8 billion in procurement costs across the five-year defense plan.

The Navy is proposing to delay LCC-R because the service life of the two command ships currently in operation can be extended. If the service life is extended, the Navy will not need to begin procurement of LCC-R until after 2020. As the Congressional Research Service has noted, service life extension programs are a viable option to maintain the number of ships in the Navy's fleet and save near-term procurement costs.[1,2]

Citations

[1] Congressional Research Service, Ronald O'Rourke, *Navy Aegis Cruiser and Destroyer Modernization: Background and Issues for Congress* (October 22, 2009).

[2] Congressional Research Service, Ronald O'Rourke, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress* (December 22, 2009).

REDUCTION: COMMISSION OF FINE ARTS

The Administration proposes to reduce funding for National Capital Arts and Cultural Affairs (NCACA) grants from $9.5 million to $4.5 million, and to convert administration of these grants from a non-competitive to a competitive awards process. NCACA grants support arts organizations in the District of Columbia.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	10	5	-5

Justification

NCACA grants were established by the Congress in 1986 as a non-competitive Federal grant program that provides funding for overhead costs to local D.C. arts institutions, such as the Woolly Mammoth Theater, the Kennedy Center, the National Building Museum, the National Symphony Orchestra, and Ford's Theater, among others. Rather than allocating funds based on performance or need, NCACA funds are allocated to 24 specific organizations based on a 25 year-old formula. Some recipients receive Federal funds from other programs; for instance, the Kennedy Center received over $40 million in 2010 appropriations, and the benefits of its NCACA grant awards (which have averaged around $600,000 in recent years) have not been demonstrated. The Budget recommends reducing the amount of funding for NCACA grants by $5 million, and awarding $4.5 million for NCACA grants on a competitive basis to support organizations with the greatest need.

REDUCTION: COMMODITY PAYMENTS TO WEALTHY FARMERS

Department of Agriculture

The Administration proposes to limit farm subsidies to wealthy farmers by reducing the cap on Direct Payments by 25 percent, and reducing each of the Adjusted Gross Income (AGI) commodity payment eligibility limits for farm and non-farm income by $250,000 over three years. This proposal will allow the Department of Agriculture (USDA) to target payments to those who need and can benefit from them most, while at the same time preserving the safety net that protects farmers against low prices and natural disasters.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	7,237	4,815	6,067	6,014	5,926	30,059	58,787
Proposed Change from Current Law	-1	-172	-201	-241	-245	-860	-2,263

Justification

This proposal would reduce the cap on Direct Payments from $40,000 per person per year to $30,000 per person per year and reduce the two AGI commodity payment eligibility limits by $250,000 each. Direct Payments are payments made to farmers based on historical production, regardless of whether they currently produce crops. They distort production and drive up the value of farm land. Currently, farmers can collect Direct Payments as long as their average farm AGI (the portion of their AGI that is attributable to activities related to farming, ranching, or forestry) is $750,000 or less, and they can receive Direct Payments and all other commodity payments if their average non-farm AGI (the difference between a person's average AGI and their farm AGI) is $500,000 or less. This proposal would reduce the farm AGI limit to $500,000 and the non-farm AGI to $250,000. This would allow USDA to target commodity payments to those who need and can benefit from them most, while at the same time preserving the safety net that protects farmers against low prices and natural disasters.

The President wants to maintain a strong safety net for farm families and beginning farmers while ensuring fiscal responsibility.

REDUCTION: COMMUNITY FACILITIES GRANTS

Department of Agriculture

The 2011 Budget requests $30 million for Department of Agriculture (USDA) Community Facilities Grants, but includes no funding for either the specialized community facilities grants, called the economic impact grants, or the set-asides. The base Community Facilities Grant program can be used to funds those needs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	45	30	-15

Justification

The base Community Facilities Grant program can fund the same activities as the economic impact grants and the set-asides. Moreover, appropriating the funds to the more generic Community Facilities Grant program targets these limited funds to the most needy based on all the criteria laid out for this program in the regulations. Specifically, projects are selected based on a priority point system. Priority projects are those that: serve small communities -- with the highest-priority going to projects located in a community with a population of 5,000 or less; serve low-income communities -- with the highest-priority going to projects serving communities with median household incomes below the higher of the poverty line or 60 percent of the State non-metropolitan median household income; and provide healthcare, public safety, or public and community services.

In addition, the Community Facility Grants are expected to have a larger than normal carryover from the 2010 appropriations due to the large amount of funding provided in the American Recovery and Reinvestment Act. This excess in carryover is expected to compensate for the reduction in requested funding for 2011.

REDUCTION: EMERGENCY STEEL GUARANTEED LOAN PROGRAM

Department of Commerce

The Administration proposes to cancel $43 million of unneeded Emergency Steel Guaranteed Loan Program (ESGLP) funds, thereby reducing the unobligated balance in the program to $5 million. The ESGLP was enacted in 1999 to help steel firms suffering financial losses from low prices and the inability to obtain financing for continued operations and facility reinvestment. However, only three loans were awarded through the program, and no new loans have been guaranteed since 2003.

The program was set to expire at the end of the 2009 calendar year, but the 2010 Consolidated Appropriations Act extended the program until 2011.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	0	-43	-43

Justification

Beginning in 2004, international demand and prices for steel increased significantly and numerous consolidations occurred in the domestic steel production market. Despite the recent slowdown in commercial construction, the 2009 price index of steel mill products through November is 62 percent higher than when the program was enacted. Demand for guarantees has been much lower than expected. There are no active loans and none are anticipated.

The Administration's proposal would reduce ESGLP by $43 million to provide funds for more urgent activities. The proposal would maintain funding in the program in case it is needed in the future.

REDUCTION: EPA HOMELAND SECURITY ACTIVITIES

Environmental Protection Agency

The Administration proposes to reduce funding for Homeland Security activities within the Environmental Protection Agency's (EPA) portfolio commensurate with significant progress made in the areas of laboratory and decontamination preparedness, the completion of modeling methodologies, and the installation of five full-scale contamination warning system demonstration pilots in public water systems under the Water Security Initiative. In addition, reductions in staffing and technology resources are proposed to reflect the increased capacity of other agencies to address certain environmental forensics work associated with potential homeland security incidents.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	155	120	-35

Justification

EPA provides resources to coordinate and support protection of the Nation's critical public infrastructure from terrorist threats and all-hazard threats. A multi-step approach to coordinating this effort included the determination of risk through vulnerability, threat, and consequence assessments, the installation of security enhancements, and the development of response protocols. EPA completed certain activities in the initial ramp up phase of this effort, including the development of modeling methodologies and the installation of five full-scale contamination warning system demonstration pilots in public water systems. EPA also coordinated with other agencies responsible for Homeland Security efforts, providing training and support for environmental forensic response to potential terrorist threats. With the initial ramp-up activities completed, EPA will now move into the next phase of its Homeland Security responsibilities, focusing on continued support and evaluation activities. These activities do not require the same level of funding as the initial ramp-up activities, resulting in the reduction proposed by the Administration.

REDUCTION: EXPEDITIONARY FIGHTING VEHICLE

Department of Defense

The Administration proposes to delay procurement of the Expeditionary Fighting Vehicle (EFV) one year while maintaining planned EFV research, development, test and evaluation (RDT&E) funding. EFV is the Marine Corps' next generation, armored, amphibious, troop-carrying assault vehicle. Delayed procurement will enable the completion of operational testing and evaluation (OT&E) prior to beginning procurement, thereby reducing the risk of cost growth.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	293	243	-50

Justification

The Marine Corps intends to procure 573 EFVs for use in amphibious landings and ground operations.[1] Plans call for the EFV to be launched from Navy ships 25 miles off-shore, achieve speeds of 25 knots on water and 72 kilometers per hour on land, mount a 30mm cannon, and carry and protect 17 Marines.[1,2] These capabilities are significantly greater than those of the aging Amphibious Assault Vehicle, which the EFV will replace.

However, since system development of EFV began in 2000, it has had severe cost growth and technological problems.[3] The program experienced substantial cost overruns in 2007 and was then restructured. Its primary challenges at this stage pertain to reliability and armor.[1] Delaying procurement one year while maintaining RDT&E funding gives the Marine Corps more time to correct the EFV's problems before making large investments in procurement.

Citations

[1] Department of Defense, *PB10 Limited Selected Acquisition Report (SAR): EFV,* RCS: DD-A&T(Q&A)823-515 (December 2008).

[2] Congressional Research Service, Feickert, Andrew, *The Marines' Expeditionary Fighting Vehicle (EFV): Background and Issues for Congress, http://www.fas.org/sgp/crs/weapons/RS22947.pdf* (August 2009).

[3] Government Accountability Office, *Defense Acquisitions: Assessments of Selected Weapon Programs*, GAO-09-326SP, *http://www.gao.gov/new.items/d09326sp.pdf* (March 2009).

REDUCTION: FAIR HOUSING ACTIVITIES PROGRAM

Department of Housing and Urban Development

The Administration proposes to fund Fair Housing Activities Program at $61 million.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	72	61	-11

Justification

The Fair Housing Activities Program funds the investigation of fair housing complaints, as well as initiatives to promote understanding of fair housing requirements and testing to detect the presence of discriminatory housing practices.

Given current fiscal constraints, the Administration proposes to reduce funding for this program and focus on the core responsibility of processing complaints. While lower than the 2010 appropriation, the 2011 level is still a historically high amount of funding and $7 million more than the 2009 appropriation. The reduction is largely in the initiatives component of the program. The investigations portion of the program is reduced by less than $1 million. This funding level will permit the program to maintain its level of complaint processing.

REDUCTION: FINANCIAL MANAGEMENT SERVICE

Department of the Treasury

The Department of the Treasury's Financial Management Service (FMS) identified nearly $9 million in savings from its 2010 spending. As the agency responsible for disbursing Federal payments such as Social Security benefits and tax refunds, and managing collections such as tax and loan payments, FMS has continued to modernize its systems to make these transactions more secure and convenient for the public. Improvements have led to considerable efficiency gains, allowing the agency to retire old systems and reduce excess positions associated with outdated processes.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	244	235	-9

Justification

Over the last decade, FMS has made significant advances in reducing the number of paper-based transactions by expanding the use of Electronic Funds Transfer and in eliminating the systems that support paper transactions. Modernization efforts have helped Social Security recipients receive more accurate payments and reduce the chance of stolen checks, allowed taxpayers to receive more timely tax refunds, and made it less costly for businesses and individuals to pay taxes. Building on these successes, in 2011, FMS will realize savings by implementing a new payments management system that consolidates dozens of applications into one standard portal for payments processing, and by completing an Internet-based system that eliminates paper claims associated with Federal court judgments. These improvements not only result in lower expenses for legacy systems that are now shut down, but will also allow FMS to reduce over 100 positions for a total savings of over $9 million.

REDUCTION: GREAT LAKES RESTORATION INITIATIVE

Environmental Protection Agency

The Administration proposes $300 million for the Environmental Protection Agency-led (EPA) Great Lakes Restoration Initiative (GLRI), a $175 million reduction from 2010. Because it is a new program, the 2010 projects and activities will begin in the spring and summer, and significant obligations for projects are unlikely to occur until 2011.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	475	300	-175

Justification

The 2010 Budget proposed and the Congress fully funded the new interagency GLRI to protect and restore the Great Lakes ecosystem. This initiative focused on five high priority issues: 1) toxic substances and designated Areas of Concern; 2) invasive species; 3) nearshore health and nonpoint source pollution; 4) habitat and wildlife protection; and 5) accountability, monitoring, and evaluation. The Budget provided the funds to EPA, which was charged with administering the initiative and distributing the funds to other Federal agencies as appropriate to accomplish restoration objectives.

However, because this is a very large new program, it will be difficult for EPA and its partner Federal agencies to spend all of the funds in 2010. Over much of the past year, EPA and other agencies have been working together and with stakeholders to get administrative and accountability functions in place, including an action plan that will guide restoration efforts. Implementing these critical items now will ease program administration in the future and result in better coordination and results. Consequently, much of the 2010 funding will not be spent until 2011.

REDUCTION: HAZARDOUS FUELS REDUCTION

Department of the Interior

The Administration proposes to focus funding for wildland fire hazardous fuels reduction treatments in areas that reduce the risk of wildfire to communities. Recent scientific findings indicate that the most effective way to protect communities from the risk of wildfires is to focus vegetative treatments in the areas nearest structures within the wildland-urban interface (WUI). Previous policies resulted in a patchwork of hazardous fuels treatments that are dispersed and difficult to measure. The Department of the Interior (DOI) will focus fuels management activities on mitigating hazards and enhancing the ability to control fires in the WUI.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	206	162	-44

Justification

The Wildland Fire Management account in DOI supports wildland fire preparedness, suppression, rehabilitation, and hazardous fuels reduction activities. When targeted properly, hazardous fuels reduction activities (e.g., removing brush and small trees in strategic locations) can reduce impacts from wildfires, including threats to public safety, suppression costs and damage to natural and cultural resources.

DOI and the Department of Agriculture's Forest Service have agreed on several actions to reduce impacts from wildfires, such as: 1) prioritizing fuels treatments that have been identified as key components of Community Wildfire Protection Plans and are cost effective; and 2) expanding wildland fire use as a means of treating fuels.

Although funding for hazardous fuels treatments has quadrupled since 2000, the previous policy of treating the greatest number of acres possible has led to a patchwork of hazardous fuels treatment that has not been as focused as it could have been on reducing risks in the WUI. As suggested by Forest Service scientists, extensive wildland vegetation management does not effectively change whether or not homes in the WUI catch on fire. When there is a clear priority of treating acres within the WUI, hazardous fuels treatments can be more effective in reducing risk.[1,2]

In 2011, the Forest Service and DOI will target fuels management activities to mitigate hazards and enhance the ability to control fires in the WUI. The agencies will focus funding for hazardous fuels treatments in communities that are on track to meet Firewise standards and have identified acres to be treated in Community Wildfire Protection Plans (or the equivalent) and have made an investment in implementing local solutions to protection against wildland fire.

Citations

[1] Cohen, Jack D., *Wildland-Urban Fire -- A different approach, USDA Forest Service*, unpublished research synthesis, Rocky Mountain Research Station, *http://www.firewise.org/resources/files/WUI_HIR/Wildlandurbanfire-approach.pdf*.

[2] Cohen, Jack D., *Reducing the Wildland Fire Threat to Homes: Where and How Much*?, USDA Forest Service Gen.Tech.Rep. PSW-GTR-173 (1999), *http://www.fs.fed.us/rm/pubs_other/rmrs_1999_cohen_j001.pdf*.

REDUCTION: HOME INVESTMENT PARTNERSHIPS PROGRAM

Department of Housing and Urban Development

The Administration proposes to reduce funding for the HOME Investment Partnerships Program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	1,825	1,650	-175

Justification

HOME Investment Partnerships Program is a formula block grant program that provides funding to increase the supply of affordable housing for low-income families.

HOME has sound performance metrics and evaluations suggesting that it accomplishes its goal of increasing the supply of low-income housing.[1,2] However, given current fiscal constraints and the program's scalability, the Administration proposes to reduce funding for HOME in 2011. The Administration requested and continues to work with the Congress to capitalize the Affordable Housing Trust Fund at $1 billion in 2010 and 2011 to further increase affordable housing supply, especially rentals, but for a more needy, lower-income population.

Further, a combined $6 billion was appropriated for the Neighborhood Stabilization Program through the Housing and Economic Recovery Act of 2008, and the American Recovery and Reinvestment Act of 2009. The Neighborhood Stabilization Program was created to address the foreclosure crisis, create jobs, and grow local economies by providing communities with the resources to purchase and rehabilitate foreclosed homes and convert them to affordable housing for very low and moderate-income families. NSP will make a significant contribution to the supply of affordable housing.

Citations

[1] Urban Institute, *Expanding the Nation's Supply of Affordable Housing: An Evaluation of the HOME Investment Partnerships Program* (1998).

[2] Urban Institute, *Implementing Block Grants for Housing: An Evaluation of the First Year of HOME* (1995).

REDUCTION: INFORMATION TECHNOLOGY EFFICIENCIES

Department of the Interior

The Department of the Interior will save $20 million or two percent of current information technology spending, by implementing Department-wide solutions that will reduce duplication and parallel investments in information technology (IT) infrastructure.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	0	-20	-20

Justification

The Department has convened an Information Technology and Efficiencies Team comprised of technical experts to identify information technology innovations and reforms that will lead to improved efficiencies and reduced cost. Initial efforts will focus on the savings that can be achieved through the consolidation of like services and systems, such as: messaging and collaboration tools including email; servers and help desks; and data centers and hosting services.

For example, detailed planning is underway to deploy a common messaging system. Initial planning indicates that the Department can realize savings by eliminating redundant equipment, services, and support. The Department currently operates multiple email systems and utilizes resources to address issues related to incompatibility of messages between these systems.

SAVE proposals recommend consolidation or clustering of responsibilities for information technology support, streamlining and standardizing infrastructure, and reducing duplication. The result would be efficiency from more effectively utilized staff, services, and equipment and improved quality of services with consistent training, policies, and procedures. SAVE proposals recommend consolidation of the Department's nine major bureaus and multiple offices on one messaging system, use of a single intranet site to host Department information, and central hosting of messaging and web-portal services by a single entity in the Department.[1,2,3]

Citations

[1] Department of the Interior, Office of the Inspector General, *Evaluation of the Department of the Interior's Accountability of Desktop and Laptop Computers and Their Sensitive Data*, Report No. WR-EV-MOI-006-2008 (April 2009).

[2] Department of the Interior, Office of the Inspector General, *FY 2009 Federal Information Security Management Act Evaluation Report,* Report No. ISD-EV-MOA-0001-2009 (November 2009).

[3] Department of the Interior, Office of the Inspector General, *Compilation of Information Technology Challenges at DOI,* Report No. ISD-EV-OSS-0017-2008 (May 2008).

REDUCTION: LIGHT-DUTY SEDANS ADDED TO THE FBI'S FLEET

Department of Justice

The Administration proposes to reduce the number of light-duty sedans acquired by the Federal Bureau of Investigation (FBI) in 2011. The FBI manages a fleet of light, medium, and heavy duty vehicles to support various law enforcement operations. This reduction would lower the number of new light-duty sedans while preserving the FBI's ability to acquire vehicles to replace older vehicles.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	63	59	-4

Justification

Each year, the FBI's fleet program acquires additional vehicles to accommodate new staff and replace aging vehicles. Currently, the FBI maintains approximately 11,543 light-duty sedans to support agent operations in the field.[1] The Budget allows for replacement of approximately 1,250 aging vehicles, but would not create a net increase to the size of the fleet. Medium and heavy-duty vehicles such as armored vehicles, vans, and trucks are not impacted by this proposal.

Citations

[1] Department of Justice, *Motor Vehicle Fleet Report (as described in OMB Circular A-11, sec. 25.5).*

REDUCTION: LOW-PRIORITY CORPS CONSTRUCTION PROJECTS

Corps of Engineers

The Congress generally appropriates hundreds of millions of dollars annually in unrequested funds to the Corps of Engineers to construct projects that provide a low return on the Federal taxpayer's investment or that should be the responsibility of non-Federal interests, such as projects designed primarily for recreation. The 2011 Budget focuses funds on those Corps projects within its main mission areas -- facilitating commercial navigation, reducing the risk of flood and storm damage, and restoring significant aquatic ecosystems -- that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	214	0	-214

Justification

The 2011 Budget includes funds for construction projects that are within the Corps' three main mission areas that provide the best return, from a National perspective, in achieving economic, environmental, and public safety objectives. Projects that provide economic benefits have been ranked based upon their benefit-cost ratio, and the 2011 Budget includes projects with benefit-cost ratios of 2.5 or higher. The Budget also supports multiple-purpose projects that integrate environmental principles into traditional infrastructure efforts.

The Budget's proposal to reallocate funds from dozens of low-performing construction projects to projects that have a substantial positive economic and/or environmental return will enable the Corps to provide taxpayers with a better overall return on their investment. Allocating funds to the highest performers will expedite completion of these projects, realizing their navigation, flood damage reduction, environmental and other benefits sooner than they would otherwise be realized.

REDUCTION: MARKET ACCESS PROGRAM

Department of Agriculture

The Administration proposes to reduce the Market Access Program (MAP) by 20 percent because it overlaps with other Department of Agriculture trade promotion programs and its economic impact is unclear.[1,2]

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	200	200	200	200	200	1,000	2,000
Proposed Change from Current Law	-8	-38	-40	-40	-40	-166	-366

Justification

MAP helps U.S. producers, exporters, private companies, and other trade organizations finance promotional activities for U.S. agricultural products overseas. MAP participants include nonprofit agricultural trade organizations, State regional trade associations, and private companies that qualify as small business concerns under the Small Business Act.

This proposal would reduce MAP by 20 percent. The reasons for this reduction: the program overlaps with other Department of Agriculture trade promotion programs, including the Foreign Market Cooperator Program, which also provides funding for overseas marketing; and MAP's economic impact is unclear and it does not serve a clear need.

As part of the Administration's Government-wide Export Promotion Initiative, the Budget proposes an additional $53.5 million for Department of Agriculture export promotion activities, of which $34.5 million is for the Foreign Market Development program (effectively doubling the program), $9 million is for the Technical Assistance for Specialty Crops program (effectively doubling the program), and the remaining $10 million is for general export promotion and market development activities for the Foreign Agricultural Service.

Citations

1 Congressional Budget Office, *Reduce Funding for the Market Access Program*, *Budget Options Volume 2*, *http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf,* p. 82 (August 2009).

2 Government Accountability Office, *Agricultural Trade: Changes Made to Market Access Program, but Questions Remain on Economic Impact*, GAO/NSIAD-99-38, *http://www.gao.gov/archive/1999/ns99038.pdf* (April 1999).

REDUCTION: NATIONAL HERITAGE AREAS

Department of the Interior

The Administration proposes to reduce grants to non-Federal National Heritage Areas (NHAs) so that the National Park Service can focus resources on managing national parks and other activities that most closely align with its core mission. State and local managers of NHAs continue to rely on Federal funding, contrary to the original intent that Federal grants would be time-limited and NHAs would become self-sufficient. The NHA program also lacks key management controls to determine whether Federal funds are well spent and used to accomplish national goals.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	18	9	-9

Justification

The Congress has authorized 49 National Heritage Areas (NHAs), including 30 since 2000. Local organizations administer NHAs to promote tourism and protect natural and cultural resources. The NPS Heritage Partnership program provides technical assistance and grants, authorized up to $1 million annually for up to 10 to 15 years that serve as "seed money" to help NHA organizations become established. Since 1986, the Congress has appropriated more than $150 million for NHA grants.

The Administration proposes to focus NHA grants on recently authorized areas and eliminate funds to those well-established recipients that have not worked to become self-sufficient. Since 1984 when the first NHA was designated, 17 areas reached or nearly reached their original sunset dates, but received extensions and continue to receive funding. Criteria has not been established to evaluate potentially qualified NHA sites for designation.[1] As a result, sites have been authorized that do not necessarily warrant designation. The program also lacks key management controls to determine whether Federal funds are well spent.[2]

The Administration proposes a merit-based tiered system to allocate funding. NHAs established before 2001 would be ineligible for new base funding unless they have self-sufficiency plans as of February 1, 2010. NHAs established after 2001 would be eligible to receive a base allocation. All other NHAs that have Department of the Interior-approved management plans would be eligible to compete for additional grants that the NHA program would award using merit-based criteria.

Citations

[1] Congressional Budget Office, *Budget Options, Volume 2* (August 2009).

[2] Government Accountability Office, Testimony: *A More Systematic Process for Establishing National Heritage Areas and Actions to Improve Them Are Needed* (March 30, 2004).

REDUCTION: NEW CONSTRUCTION OF HOUSING FOR THE ELDERLY AND DISABLED (2 REDUCTIONS)

Department of Housing and Urban Development

The Administration proposes to reduce funding for the new construction of Housing for the Elderly and Housing for Persons with Disabilities. The Budget also proposes to shift fiscal responsibility of the Section 811 Mainstream Vouchers program to the Tenant-Based Rental Assistance program. Projects currently in the construction pipeline and units already occupied will not be affected.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Housing for the Elderly	825	274	-551
Housing for Persons with Disabilities	300	90	-210

Justification

The Housing for the Elderly program (Section 202) and Housing for Persons with Disabilities program (Section 811) provide capital advance grants and operating subsidies to nonprofit sponsors to construct multifamily housing for very low-income elderly and very low-income people with disabilities. Past studies have found that construction of Section 202 and Section 811 units is prone to delays, cost overruns, and lengthy development times.[1,2] On average, Section 202 and Section 811 units are more expensive to build than other federally assisted housing.[3] Also, in recent decades, the average size of new Section 202 projects has decreased, and new projects may lack the economies of scale needed to cost-effectively provide community spaces and supportive services.[4] Given current fiscal constraints and identified performance issues, the Administration proposes to reduce funding for the expansion of Section 202 and Section 811 in order to reassess the programs and make future projects more cost-effective and well-targeted.

Housing for the Elderly -- The Budget request of $274 million for Section 202 provides $183.7 million to fully fund anticipated renewals and amendments of existing project rental assistance contracts (PRAC) and $90 million for grants to support service coordinators and congregate housing services. The Administration also proposes to redesign Section 202 and institute reforms, such as: 1) allowing project sponsors to build larger projects with greater economies of scale; 2) reducing regulatory barriers to allow sponsors to leverage other sources of funding; 3) improving service provision by encouraging partnerships with programs of the Department of Health and Human Services; and 4) changing application requirements to provide more preferences for the extremely frail elderly, who are in the greatest need of supportive housing.

Housing for Persons with Disabilities -- The Budget provides $90 million for Section 811 to fully fund anticipated contract renewal and amendment costs and fund construction amendments and awards. The Budget also proposes shifting the $113.6 million required to renew nearly 15,000 Mainstream Vouchers from the Section 811 account to the Tenant-Based Rental Assistance account. The Mainstream Vouchers Program under Section 811 provides tenant-based rental assistance for people with disabilities. This one-time shift will allow the Department to consolidate its voucher programs and achieve administrative savings. The Administration continues to support legislative reforms that encourage Section 811 project sponsors to leverage other sources of funding, provide supportive housing in community-based settings in keeping with the *Olmstead decision*, and lead to more efficient use of capital advance awards.[5]

Citations

[1] Government Accountability Office, *Elderly Housing: Project Funding and Other Factors Delay Assistance to Needy Households,* GAO-03-512 (May 2003).

[2] Haley, Barbara and Robert Gray, *Section 202 Supportive Housing for the Elderly: Program Status and Performance Measurement*, U.S. Department of Housing and Urban Development, Office of Policy Development and Research (June 2008).

[3] Government Accountability Office, *Federal Housing Assistance: Comparing the Characteristics and Cost of Housing Programs,* GAO-02-76 (January 2002).

[4] Heumann, Leonard, Karen Winter–Nelson, and James Anderson, *The 1999 Survey of Section 202 Housing for the Elderly,* AARP Public Policy Report No. 2001-02 (January 2001).

[5] *Olmstead v. L.C.* (98-536) 527 U.S. 581 (1999).

REDUCTION: NORTH AMERICAN WETLANDS CONSERVATION GRANTS

Department of the Interior

The Administration proposes to reduce the North American Wetlands Conservation Act Fund (NAWCA) to the same as 2009 levels due to budget constraints. The 2010 Budget proposed an increase of $10 million in the NAWCA grants, and the Congress enacted half of that increase. The 2011 Budget returns NAWCA funding to the 2009 level, which is roughly the average for the past five years, and part of a shift in emphasis toward ecosystem restoration through the Land and Water Conservation Fund, the Migratory Bird Conservation Account, and other ongoing programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	48	43	-5

Justification

The Administration proposes to reduce NAWCA to 2009 levels due to budget constraints. While the NAWCA program is one way to conserve wetlands and has been successful, the Department of the Interior has other higher-priority needs and approaches to conservation. For example, the Department is committed to the President's goal of fully funding the Land and Water Conservation Fund by 2014, and the Budget includes an increase of $106 million for Interior to acquire and protect new lands for national parks, forests and refuges, protect endangered species habitat, and promote outdoor recreation. Addressing the impacts of climate change on ecosystems and wildlife habitat is also a high priority in the Budget, with an increase of $35 million.

REDUCTION: RIGHT-SIZE COMPONENT PERSONNEL TRAVEL BUDGETS

Department of Justice

The Department of Justice will be able to reduce travel expenditures by $20 million through administrative savings and program efficiency gains. The reduction will be divided throughout the majority of the Department's components with the Federal Bureau of Investigation receiving the largest reduction, $10 million, and the Office of Dispute Resolution's request will incorporate a $1,000 offset. The offset will be applied to minimize programmatic impact.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	470	450	-20

Justification

The Department of Justice will spend between $450 million and $500 million on personnel travel in 2010.[1] In recent years, travel has increased faster than the rate of inflation, when adjusted for personnel growth. Through a reduction, the prior-year budgetary increases will be right-sized.

Citations

[1] Travel expenditures and estimates were provided by the Department of Justice.

REDUCTION: STRATEGIC SOURCING

Department of the Interior

The Department the Interior will save a net of $30 million with acquisition reforms including strategic sourcing to consolidate acquisition for common services and commodities. The Department has successfully utilized strategic sourcing for the acquisition of information technology software and hardware for several years and benefited from the savings. The budget for the Working Capital Fund includes $5 million to support implementation costs associated with acquisition reforms, including Department-wide strategic sourcing.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	0	-30	-30

Justification

The Department is leading the efforts of the Acquisition Management Partnership, a team of acquisition professionals, to develop the Acquisition Improvement Plan (Plan) consistent with the Administration's goals to improve Government acquisition.[1] The Plan would outline actions to reduce inefficient acquisition practices. Within the Plan, the Department will identify strategic sourcing as a tool to promote more effective acquisition practices. A reduction of $30 million is proposed for 2011 that will result from savings from strategic sourcing, including potentially the use of enterprise contracts for telecommunications, relocation, copiers/printers, heavy equipment, recycled paper, shuttle services, furniture, wireless communications, and training.

Strategic sourcing consolidates like purchases by using common, shared contract vehicles that result in improved contracts and cost savings. The Department has extensive experience with this approach. Contracts have been in place for a number of years to purchase hardware and software through contracts that are used by all bureaus and offices in the Interior, including Dell hardware and Oracle and ESRI software. Using these contracts has achieved more effective deployment of information technology as purchases are consistent with a set of standards, greater efficiency with the use of consistent technology, and cost savings through economies of scale.

SAVE proposals recommend centralized purchasing to reduce labor costs and shipping expenses, reduced costs with quantity discounts, and more efficient processing of purchases, charge card processing, undelivered order management, and prompt pay. The proposals targeted the use of centralized purchasing generally and specifically for furniture, copies, fleet, and supplies.

Citations

[1] Office of Management and Budget, *Improving Government Acquisition Memorandum*, M-09-25 (July 2009).

REDUCTION: TERRORISM RISK INSURANCE PROGRAM

Department of the Treasury

The Administration proposes to decrease Federal intervention in the terrorism insurance market and reduce an excessive Federal subsidy to private insurers beginning in 2011, as originally proposed in the 2010 Budget. By reducing an insurance market subsidy, the proposal encourages the private sector to mitigate terrorism risk through other means such as constructing safer buildings. The proposal retains the current law sunset of the program in 2014.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Net Costs	147	193	321	320	206	1,187	1,260
Proposed Change from Current Law	-26	-42	-102	-134	-74	-378	-249

Justification

The Administration proposes reducing the Federal subsidy for providing property and casualty insurance against acts of terrorism. The proposal encourages the private sector to better mitigate terrorism risk through other means, such as developing alternative reinsurance options and building safer buildings. Even prior to the 2007 reauthorization of the Terrorism Risk Insurance Act (TRIA), private insurance coverage of domestic terrorism was widely available without Government support.[1]

In the 2010 Budget, the Administration proposed phasing the reduced Federal subsidy in over two years, in order to provide a transition period during which insurance companies and policy holders would be able to adjust to the change, and to provide time for greater economic recovery. The 2010 Budget put those parties on notice that this change was coming, and industry groups have demonstrated awareness of the proposal in their press releases and intra-industry publications over the past six months. Accordingly, this proposal recommends implementation in 2011.

The Budget also includes a reform that allows commercial policyholders additional time to pay premium surcharges equal only to actual Government payments to the Treasury beginning in 2011. In so doing, the proposal would allow the Treasury to assess a premium only after those indemnified began to recover from a terrorist attack. The proposal would also remove a provision that requires the Treasury Department to collect more surcharges than necessary to cover the Government's payments.

As of the third quarter of 2009, the property and casualty insurance market has improved its ability to absorb losses from a terrorist attack. The availability and affordability of terrorism insurance improved even as the private sector's authorized share of losses under the Terrorism Risk Insurance Program increased between 2002 and 2007. Property and casualty insurers are better equipped to pay claims associated with covered terrorist attacks as policyholder surplus has increased from $287.5 billion at the end of 2002 to $491 billion currently available.[1, 2] To put that in perspective, the September 11th insurance losses were $31.6 billion.[3]

The President's Working Group on Financial Markets (2006) also found that the price of terrorism insurance decreased or remained relatively stable as previous reauthorizations increased the private sector's share of coverage.[1]

Citations

[1] Report of the President's Working Group on Financial Markets, *Terrorism Risk Insurance*, *http://www.ustreas.gov/offices/domestic-finance/financial-institution/terrorism-insurance/pdf/report.pdf* (September 2006).

[2] Insurance Information Institute, *2009 - First Nine Months Results, http://www.iii.org/Financial_Results/2009-First-Nine-Months-Results.html* (2009).

[3] Insurance Information Institute, *Terrorism*, *http://www.iii.org/media/hottopics/insurance/terrorism/* (2009).

REDUCTION: TRAVEL AND RELOCATION REFORM

Department of the Interior

The Department of the Interior will save $12 million by reducing travel and relocation expenditures in 2011 through implementation of Department-wide policies and practices that will focus on allocation of funding to the highest priority mission travel; reforms in the management, tracking, and reporting of permanent change of station relocations; and reduced conferences by promoting and enforcing the use of teleconferencing and web sites for exchange of information.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Request	2011 Change from 2010
Budget Authority	0	-12	-12

Justification

The Department will reduce expenditures for travel and relocation through improved management of travel and employee relocation. Bureaus and offices will utilize travel ceilings to manage the top line of spending for travel and relocation, while using this as a way to allocate travel funding to the highest priority mission travel. The Department plans to implement policies that will encourage the use of existing technologies including teleconferencing, videoconferencing, shared websites, and others to enable real-time communications and shared access to documents to conduct more meetings remotely and electronically.

The Department will promote Department-wide coordination to maximize the use of existing videoconferencing facilities and little or no implementation costs are anticipated. The Department will improve its management of permanent change of station relocations, in response to an Office of Inspector General finding that suggests a need for improved policies, practices, oversight, and reporting in multiple areas including travel authorizations, payments, and standard requirements.[1] One aspect that will be examined is the need for an integrated information system to manage relocation financial and activity related data. It is anticipated that modifications to existing systems will be needed to implement these reforms, however, the estimated savings are net of any implementation costs.

SAVE proposals recommend the improvement of voucher and payment processing and oversight, better scrutiny of travel spending, and the need to eliminate travel that is not essential to mission delivery.

Citations

[1] Department of the Interior, Office of the Inspector General, *Employee Relocation,* Report No. WR-EV-MOI-0008-2008 (September 2008).

REDUCTION: UNIFORM CRITERIA FOR SPECIAL MONTHLY PENSION

Department of Veterans Affairs

The Administration proposes to establish permanent and total disability as a necessary criterion for veterans to receive special monthly pension (SMP) payments for being housebound. This proposal would reinstate longstanding Department of Veterans Affairs practice prior to the 2006 *Hartness v. Nicholson* decision by the United States Court of Appeals for Veterans Claims and rectify inequitable pension payments among veterans.

Funding Summary

(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	4,974	5,031	5,791	6,143	6,524	28,463	67,224
Proposed Change from Current Law	-3	-6	-10	-13	-16	-48	-181

Justification

In *Hartness v. Nicholson* (2006), the United States Court of Appeals for Veterans Claims interpreted statute to require an award of SMP for being permanently housebound if, in addition to being at least 65 years old, a wartime veteran possesses a minimum disability rating of 60 percent.[1] The original intent of this program was to pay SMP to veterans who are both permanently and totally disabled and housebound. Due to the court's interpretation, veterans who are not permanently and totally disabled could receive a greater pension than veterans who are permanently and totally disabled based on age alone. The Administration proposes to provide more equitable compensation of veterans by clearly establishing permanent and total disability as a requirement for SMP for all veterans.

Citations

[1] 38 U.S. Code §§ 1513(a), 1521(e).

OTHER SAVINGS: “POWER OFF” COMPUTERS

Department of Labor

A Department of Labor (DOL) employee suggested that a “large bulk of employees turn off their computer at the end of the day, rather than leaving them in a logged-off mode. This could save money in every agency in every part of the country.” DOL agrees, and is asking DOL users to “power off” personal computers, laptops, printers, and monitors when not in use, or at the end of each work day. By placing computers in a “powered down” condition when not in use, DOL could save roughly $50 per computer annually, with full compliance. DOL’s preliminary savings estimate for this idea is $727,000 over five years.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-0.020	-0.040	-0.727

Justification

In 2009, DOL began implementing a multi-year power management plan affecting all DOL employees that use a computer. In the plan’s first phase, each DOL office that provides computers for employees has established a policy that directs employees to *voluntarily* power off their information technology (IT) equipment when not in use. DOL will develop estimates of baseline energy use before the “power off” policy is implemented, monitor energy use, and quantify cost savings. In a future phase (by 2012), DOL plans to implement software that will *automatically* power off employee computers when not in use.

This SAVE award suggestion supports DOL’s contribution toward achieving the goals of the President’s October 2009 Executive Order on “greening” the Government, which sets sustainability goals for the Federal Government in a number of areas, including electronics stewardship.[1] In addition, it helps DOL demonstrate its commitment to the Federal Electronics Challenge (FEC). FEC supports Government-wide efforts to continuously improve environmental stewardship of electronic assets, through: Executive Order 13514, the Office of Management and Budget Environmental Stewardship Scorecard, and the Federal Electronics Stewardship Working Group.

Citations

[1] Executive Order No. 13514, *Federal Leadership in Environmental, Energy, and Economic Performance (*October 5, 2009).

OTHER SAVINGS: AIR FORCE - CELLULAR AIRTIME OPTIMIZATION

Department of Defense

The Cellular Airtime Optimization SAVE Award proposal recommends that the Air Force tailor cell phone calling plans held by Air Force personnel to actual usage.

The Air Force has identified over 12,000 accounts that could have more appropriate calling plans. The Air Force estimates that it could save approximately $2.0 million in 2011 and $2.1 million per year from 2012 to 2015.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0.000	-2.000	-8.300

Justification

The Air Force has established calling plans for its cellular customers. An Air Force analysis of recent cell phone usage data shows that the Air Force could save millions of dollars by systematically reviewing calling plan selection and placing users on plans more appropriate to usage.

The Air Force Information Technology Commodity Council conducted a centralized review of cell phone usage and considered plan changes that would reduce airtime costs. The Air Force has identified more than 12,000 accounts that could be adjusted to yield $2.0 million in savings in 2011 and $2.1 million per year from 2012 to 2015.

OTHER SAVINGS: ALLOW VETERANS TO KEEP THEIR MEDICATION WHEN THEY'RE DISCHARGED

Department of Veterans Affairs

Whenever patients left a hospital, leftover medications -- like eye drops and inhalers -- were just thrown away. Often, veterans would have to go right to the pharmacy to refill what was discarded. The Department of Veterans Affairs (VA) will implement a plan to re-label and dispense certain inpatient medications for outpatient use.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-0.045	-2.000	-14.545

Justification

VA will re-label certain medications provided to patients during their inpatient stay so that they can continue to be used after discharge, if so ordered by their physician. In order to implement this initiative in a safe and cost-effective manner, approximately 300 medications will be candidates for re-labeling according to criteria being developed by the Veterans Health Administration (VHA). Only medications whose costs exceed the cost to re-label and dispense will be eligible for re-labeling. Examples of medications that are candidates for re-labeling include oral and nasal inhalers, ophthalmic and otic preparations, and topically applied preparations.

OTHER SAVINGS: ARMY - STREAMLINING THE ARMY'S UNEMPLOYMENT COMPENSATION PROCESS

Department of Defense

The Army established an Unemployment Compensation Office to verify former Soldiers' unemployment compensation (known as UCX) requests. This office reviews UCX claims, determines eligibility (based on time served and type of separation) and notifies the respective State, usually within 48 hours, of the former Soldier's eligibility for benefits. Under Department of Labor rules, if the Army does not respond within 10 days, the claim is assumed to be valid. Prior to establishing this office, the Army was not validating any UCX claims, probably resulting in payment of erroneous claims. Expanding this validation effort from the current 31 to all 50 States should result in further savings.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-15.100	-15.300	-76.000

Justification

In just over four months, the program has established procedures to verify claims from 31 States and the Department of Labor. Of the 12,461 claims examined through December 2009, 470 (3.8 percent) of claims were deemed invalid, saving the Army about $4.2 million.[1] When annualized, this savings equals about $12.6 million for these 31 States. As the initiative matures and integrates all States by the end of January 2010, significant additional savings should be realized. The Army estimates total yearly savings of more than $15 million when projected claims from all 54 States and Territories are included.

Citations

[1] Army UCX Office Claim Processing Statistics, Weekly Data Update, UCX Office, Army Personnel Records Division, The Adjutant General Directorate, Army Human Resources Command, Indianapolis, IN (December 31, 2009).

OTHER SAVINGS: CENTERS FOR MEDICARE AND MEDICAID SERVICES, PROGRAM INTEGRITY ALLOCATION ADJUSTMENT

Department of Health and Human Services

The Administration proposes a multi-year increase in program integrity activities at the Department of Health and Human Services (HHS) through a discretionary allocation adjustment. It is currently estimated that for every additional dollar spent by HHS to fight health care fraud and reduce improper payments, about $1.55 will be saved or averted.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Allocation Adjustment (Discretionary Budget Authority)	561	589	619	649	682	3,100	6,753
Mandatory Savings	-740	-860	-910	-960	-1,000	-4,470	-9,870

[1] *The Return on Investment is based on the discretionary allocations amount less the administrative costs for implementing the legislative and administrative program integrity proposals.*

Justification

The Administration places a high priority on combating waste, fraud, and abuse in the Children's Health Insurance Program (CHIP) and in the Medicaid and Medicare programs. Activities financed by the program integrity funding are used to detect and prevent health care fraud, waste and abuse through investigations, audits, educational activities, and data analysis. The discretionary allocation adjustment of $561 million in 2011 for the Health Care Fraud and Abuse Control activities is designed to expand the Health Care Fraud Prevention & Enforcement Action Team initiative, to provide resources to implement a robust set of administrative and legislative program integrity proposals, and to provide additional resources to identify and reduce improper payments in the Medicare, Medicaid, and CHIP programs. The funding would be allocated among the Centers for Medicare and Medicaid Services (CMS), HHS Office of Inspector General, the Federal Bureau of Investigation, and the Department of Justice to safeguard Medicare, Medicaid and CHIP against fraud and abuse. The adjustment also will enable CMS to more rapidly respond to emerging program integrity vulnerabilities through an increased capacity to identify excessive payments and new processes for identifying and correcting problems.

OTHER SAVINGS: COINAGE MATERIAL

Department of the Treasury

The Budget proposes to provide the U.S. Mint with greater flexibility in the material composition of coins to reduce its losses on some coins and the production costs associated with volatile metal prices.

Justification

The Mint's primary cost driver is the price of metal, a factor over which it has no control. Daily spot prices of copper and zinc, the Mint's two main metallic materials, have fluctuated in excess of 100 percent, and the price of nickel by 500 percent in recent years.[1] This contributes to volatile and negative margins on both the penny and nickel: in recent years the penny has cost approximately 1.8 cents and the nickel approximately 9 cents to produce.[2] Costs have exceeded the value of these two coins by over $100 million in prior years. Through its gains on other coins, the Mint annually returns hundreds of millions of dollars to the Treasury General Fund (GF) and is funded by the Mint Public Enterprise Fund.

Greater flexibility in the composition of coinage materials could enable the Mint to utilize less expensive metals in the minting process and substantially reduce its production costs. Using alternative coinage materials could save $150 million annually after an initial period of development and capital adjustments. These savings result from increased seigniorage, or the difference between the face value of the coin paid by the Federal Reserve and the cost of production. Seigniorage increases the available means of financing, but has no direct budgetary impact. Specifically, the Budget includes provisions that authorize the Department of the Treasury to approve alternative coinage compositions and weights across five denominations (half dollar, quarter, dime, nickel, and penny).

The 2011 Budget would bring the costs of coins more in-line with their face values and create a more sustainable, cost-effective 21st Century use of materials in the minting process. The Budget enables the Department of the Treasury to explore, analyze, and approve new, less expensive materials for all circulating coins based on factors that will result in the highest quality of coin production at the most cost-effective price. Such factors may include physical, chemical, metallurgical and technical characteristics; material, fabrication, minting, and distribution costs; materials availability and sources of raw materials; durability; effects on sorting, handling, packaging and vending machines; and resistance to counterfeiting. The added flexibility the Budget proposes will improve the minting process and enable the Mint to mitigate the high, volatile costs of commodity metals.

Citations

[1] Global InfoMine, *Metals Prices, http://www.infomine.com/investment/metalprices/* (January 2010).

[2] USA TODAY, *Coins Cost More to Make than Face Value, http://www.usatoday.com/money/2006-05-09-penny-usat_x.htm (*May 2006).

OTHER SAVINGS: COMMON SENSE ADMINISTRATIVE SAVINGS

Department of Education

The Department of Education is implementing some common sense cost policies that will help reduce their administrative costs. By emphasizing two-sided printing, videoconferencing instead of travel, and putting more documents on their website thus reducing Freedom of Information Act (FOIA) needs, the Department estimates that these policies will save over $350,000 per year.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-0.365	-0.365	-1.825

Justification

Paper: savings of $65,000 per year. The Department plans to implement an initiative to use double sided printing as their default printing option. The Department estimates that half of their printing will be two-sided. If half of the time printing continued to be one-sided and half of the time two-sided, savings would be approximately $65,000.

Videoconferencing: savings of $240,000. The Department plans to implement a policy that emphasizes videoconferencing first, instead of onsite travel. Also, the Department will use videoconferencing between regions as its main method of communication. Based on a reduction of 300 trips per year at $800 per trip, the resulting savings is two percent of the Department's overall travel budget.

FOIA: savings of $60,000 per year. The Department is proposing to put more documents on its Website, thus reducing the amount of FOIA requests and saving approximately 1,000 hours per year in manpower needs.

OTHER SAVINGS: CONSOLIDATE REGULATION OF FEDERALLY-CHARTERED COMMERCIAL DEPOSITORY INSTITUTIONS AND REPEAL THRIFT CHARTER

Department of the Treasury

Through the Administration's financial regulatory reform proposal, regulation of federally chartered commercial depository institutions would be consolidated into a new National Bank Supervisor (NBS) and the Federal Thrift Charter would be eliminated beginning in 2011. The fragility of thrifts has become readily apparent during the financial crisis: a) the thrift charter created a loophole that allowed some companies that owned depository institutions, including AIG, to avoid bank holding company regulation by the Federal Reserve; b) the existence of two separate regulators for federally chartered institutions has created significant opportunities for private sector arbitrage of our financial system; and c) because thrifts are required by law to focus more of their lending on residential mortgages, thrifts were more vulnerable to the housing downturn that the United States has been experiencing since 2007. Creation of the NBS would merge the supervisory functions of the Office of the Comptroller of the Currency (OCC) and the Office of Thrift Supervision (OTS), eliminating arbitrage opportunities and closing the loophole for bank holding companies.

Justification

The Congress created the Federal thrift charter in the Home Owners' Loan Act of 1933 in response to the extensive failures of State-chartered thrifts and the collapse of the broader financial system during the Great Depression. In the wake of the savings and loan crisis, the Financial Institutions Reform Recovery and Enforcement Act of 1989 established OTS to centralize oversight of Federal thrifts. The rationale for Federal thrifts as a specialized class of depository institutions focused on residential mortgage lending has weakened considerably in recent years, as the powers of thrifts and banks have substantially converged. As securitization markets for residential mortgages have grown, commercial banks have increased their appetite for mortgage lending, and the Federal Home Loan Bank System has expanded its membership base. Accordingly, the need for a special class of mortgage-focused depository institutions, and the need for a separate supervisor to regulate them, has receded. Moreover, the fragility of thrifts has become readily apparent during the financial crisis. Because thrifts are required by law to focus more of their lending on residential mortgages, thrifts were vulnerable to the housing downturn that the United States has been experiencing since 2007. Specifically, troubled assets (noncurrent loans and repossessed assets) at thrifts were 3.63 percent of assets at the end of the third quarter of 2009, up from 3.5 percent at the end of the previous quarter and from 2.4 percent a year ago.[1] The current ratio represents an increase of 50 percent relative to last year.

The existence of two separate regulators for federally chartered institutions has created opportunities for financial institutions to arbitrage and weaken our financial regulatory system. The failure of IndyMac (among the largest bank failures in history) has been attributed in part to inadequate Federal oversight.[2] Furthermore, Countrywide switched from a national bank to a thrift in 2007, after the housing market had started to turn down. A year later, Countrywide, on the brink of failure due to heavy losses in its mortgage portfolio, was purchased by Bank of America. This form of arbitrage would be eliminated with the consolidation of OCC and OTS into the new NBS. Additionally, the merger should facilitate savings opportunities by reducing overhead costs.

Consistent with the Administration's proposal to merge the OCC and OTS, the Administration has proposed to eliminate the thrift charter beginning in 2011.[3] Specifically, the Administration's proposal calls for each thrift to notify the new NBS within six months of the proposal's enactment as to whether it will become a national bank, mutual national bank, State bank, or State savings association. Each affected thrift that elects to become a national bank or mutual national bank will have up to one year to convert its charter from the date of enactment, with the option of up to two more years if extended by the NBS. For thrifts that choose to become State-regulated banks or savings association, the Federal Government would no longer bear the cost of regulating those institutions.

Citations

[1] Office of Thrift Supervision, *OTS 09-066 - Thrift Industry Posts Another Break-Even Quarter, http://ots.gov/?p=PressReleases&ContentRecord_id=2727b9c1-1e0b-8562-ebb3-ce064d9a04d5* (November 2009).

[2] Department of the Treasury, Office of the Inspector General, *Material Loss Review of IndyMac Bank, http://www.ustreas.gov/inspector-general/audit-reports/2009/oig09032.pdf* (February 2009).

[3] Department of the Treasury, *Financial Regulatory Reform: A New Foundation, http://www.financialstability.gov/docs/regs/FinalReport_web.pdf, pp. 31-33* (February 2009).

OTHER SAVINGS: DISABILITY INSURANCE AND SUPPLEMENTAL SECURITY INCOME PROGRAMS, PROGRAM INTEGRITY ALLOCATION ADJUSTMENT

Social Security Administration

The 2011 Budget provides additional dedicated funding for the Social Security Administration (SSA) to perform specific program integrity activities: Continuing Disability Reviews and Supplemental Security Income (SSI) Redeterminations. These eligibility reviews evaluate program recipients' continued eligibility for the Disability Insurance and SSI programs. The Administration proposes an additional $513 million in 2011 for a discretionary allocation adjustment for SSA to perform these critical activities.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Allocation Adjustment (Discretionary Budget Authority)..	513	642	751	924	1,123	3,953	10,252
Mandatory Savings..	-651	-2,347	-3,538	-4,315	-5,251	-16,102	-57,838

Justification

The 2011 Budget will permit SSA to reverse a decline in the number of Continuing Disability Reviews (CDRs) and SSI redeterminations. These activities verify continued eligibility for the Disability Insurance and Supplemental Security Income (SSI) programs. While outlays for the Disability Insurance program grew by 65 percent between 2001 and 2007, the level of Full Medical Reviews (one type of CDR) fell from approximately 840,000 in 2001 to 190,000 in 2007.[1,2]

CDRs and SSI redeterminations are a proven investment. CDRs recoup more than $10 for each dollar invested, and SSI redeterminations recoup approximately $8 for each dollar spent. The Budget proposes a five-year discretionary allocation adjustment for SSA (sustained by baseline inflation between 2016 and 2020), which will save approximately $57.8 billion over the 10-year budget window, with additional savings accruing after 10 years. Funding these types of initiatives will improve the benefit accuracy at the front end of the process as well.

Citations

[1] Social Security Administration, *2007 Annual Report of Continuing Disability Reviews* (November 17, 2008).

[2] *The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (March 25, 2008).

OTHER SAVINGS: ELIMINATE PAPER PAYSTUBS

Department of the Treasury

With over 100,000 employees, the Department of the Treasury spends a considerable amount of time and money mailing paper paystubs each pay period. The mailing of paystubs was once an essential task to provide employees access to important information. However, with advancements in technology the time is right to transition to more electronic means of communications that will allow the Department to communicate that same information faster and with fewer costs. Beginning in 2011 this initiative is expected to save the Department $2 million annually, assuming agreement is reached with Treasury employee representatives prior to the start of the fiscal year.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0.000	-1.500	-6.000

Justification

Across the Department, there are presently two bureaus (the Financial Crimes Enforcement Network and The Office of Inspector General) that already require all employees to receive their paystubs electronically. Based on the savings realized with the use of electronic paystubs with that small subsection of the Treasury workforce, the opportunity exists to achieve meaningful savings across the Department.

OTHER SAVINGS: EXPAND CMS PROGRAM INTEGRITY AUTHORITY

Department of Health and Human Services

The Administration puts forth legislative proposals to provide additional program integrity authority to the Centers for Medicare and Medicaid Services (CMS). These additional authorities will help CMS to minimize inappropriate payments and strengthen Medicare and Medicaid program integrity actions. These proposals aim to prevent fraud and abuse before it occurs, detect it as early as possible when it does occur, and vigorously enforce all penalties and recourses available when fraud is identified.

Funding Summary

(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Proposed Change from Current Law (Mandatory)	-109	-213	-1,121	-1,250	-1,418	-4,111	-13,079

Justification

Reducing fraud, waste, and abuse is an important part of restraining spending growth and providing quality service delivery to beneficiaries. In November 2009, the President signed Executive Order 13520 to reduce improper payments. As part of this effort, the President directed the Director of the Office of Management and Budget to develop policy recommendations designed to reduce improper payments, including those caused by error, waste, fraud, and abuse, without compromising program access.

The proposals in the Budget will strengthen Medicare and Medicaid program integrity actions by allowing CMS to take specific actions against providers who inappropriately bill Medicare -- including recouping overpayments; allowing additional flexibilities in medical review and access to certain information about fraudulent suppliers; and requiring State Medicaid agencies to track and monitor prescription drug billing, prescribing, and utilization patterns that could be indicative of abuse or overutilization.

OTHER SAVINGS: FECA REFORM

Department of Labor

Acting on longstanding Government Accountability Office (GAO) and Inspector General recommendations -- as well as numerous SAVE award nominations -- the Administration proposes legislation to improve and update the Federal Employees' Compensation Act (FECA); adopt best practices of State workers' compensation systems; and strengthen incentives for beneficiaries to return to work as early as appropriate.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Baseline Outlays	180	174	179	185	190	908	1,963
Proposed Change from Current Law	-10	-14	-7	-10	-20	-61	-310

Justification

FECA provides wage-replacement and medical benefits to Federal civilian employees who suffer occupational injury or disease. Benefits are paid by the Department of Labor (DOL), which is then reimbursed by Federal agencies for benefits paid to their employees. FECA pays up to 75 percent of the individual's basic pay, adjusted annually for inflation. Under current law, individuals can receive FECA benefits indefinitely, as long as their injury or illness diminishes their wage-earning capacity.

The program has not been substantially updated since 1974, and needs to be reformed. FECA benefits typically exceed Federal retirement benefits, an incentive for individuals to remain on FECA beyond the point when they otherwise would have retired. While State workers' compensation systems have waiting periods for benefits to deter frivolous claims, FECA has a 3-day waiting period that for non-Postal employees only comes after the 45-day period during which an employer must continue to pay the individual's salary while the claim is being processed. In addition, the Federal Government currently has no legal basis to obtain refunds of compensation costs paid to employees when they receive recoveries from third parties liable for their injuries.[1] The law also needs to be updated -- the maximum benefits for burial expenses, for example, have not been increased since their establishment in 1949.

The 2011 Budget acts on longstanding GAO, Congressional Budget Office, and Office of the Inspector General recommendations -- as well as numerous SAVE Award nominations -- to amend FECA to convert prospectively retirement-age beneficiaries to a retirement annuity-level benefit, impose a uniform up-front waiting period for benefits for all beneficiaries, streamline claims processing, permit DOL to recapture compensation costs from responsible third parties, authorize DOL to cross-match FECA records with Social Security records to reduce improper payments, and make other changes to improve and update FECA. The table above reflects net savings to the FECA account and does not include projected reductions in Federal agencies' payments for FECA benefits paid to their employees. These changes would generate net savings of more than $300 million, and Government-wide savings of more than $400 million.

Citations

[1] Government Accountability Office, *Redefining Continuation of Pay Could Result in Additional Savings to the Government*, GAO/GGD-95-135, *http://archive.gao.gov/t2pbat1/154363.pdf* (June 1995).

OTHER SAVINGS: INCREASED USE OF VIDEO TELECONFERENCING TECHNOLOGY

Department of Energy

The Department of Energy (DOE) 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 five percent versus its 2009 travel expenditures. The savings from this reduction will be used to assist the Office of the Chief Information Officer in implementing a strategy of enhanced reliance on video telecommunications to bring down travel costs in 2011 and beyond.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0.000	-3.000	-10.000

Justification

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.

OTHER SAVINGS: IRS TAX ENFORCEMENT, PROGRAM INTEGRITY ALLOCATION ADJUSTMENT

Department of the Treasury

The Administration provides additional funding for the Internal Revenue Service (IRS) tax enforcement program to improve fairness in the tax system and reduce the tax gap. These dedicated resources will support additional tax enforcement activities such as new initiatives targeting international tax compliance of high net worth individuals and corporations. The IRS has demonstrated that targeted enforcement resources more than pay for themselves through increased revenues, a finding verified by, among others, the Government Accountability Office (GAO).[1] These additional funds will enable the IRS to generate additional tax enforcement revenues that ultimately support critical Government programs and reduce the deficit. The Administration proposes $1,115 million, an increase of $225 million over the 2010 enacted level, for additional tax enforcement and related support activities; this amount will be funded through a discretionary allocation adjustment in the Enforcement ($790 million) and Operations Support ($325 million) accounts, with additional appropriations language requiring that all of the base funding in the enforcement account be provided and that such sums must be made available to fully support all tax enforcement activities carried out in the Operations Support account.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Allocation Adjustment (Discretionary Budget Authority)	1,115	1,357	1,724	2,105	2,568	8,869	23,275
Receipt Savings	-385	-1,164	-2,355	-3,955	-6,015	-13,874	-62,217

Justification

The funding provided in the 2011 Budget will permit the IRS to generate additional enforcement revenue through additional program activities designed to narrow the tax gap. With about $50 billion in 2009 revenue directly attributable to IRS activities, the total 2009 IRS funding level of $12.1 billion provided a return on investment (ROI) of over $4-to-$1, with direct revenue-producing enforcement activities yielding an average ROI of $7-to-$1, with some activities yielding an ROI as high as $11-to-$1 or more. As in the previous year, the President's Budget proposes a five-year discretionary allocation adjustment for IRS (sustained by baseline inflation between 2016 and 2020), which will save over $60 billion over the ten-year budget window, with additional savings accruing after ten years. The Budget will support continued 2009 and 2010 IRS enforcement initiatives, new 2011 initiatives, and additional initiatives over the next five years, as well as much of the inflationary costs of these activities. The new enforcement initiatives planned for 2011 alone are expected to generate an additional $1.95 billion in revenue once the activities funded reach full potential in 2013. Funding these enhanced initiatives will help increase taxpayer compliance with their tax obligations, particularly those taxpaying entities with complex tax situations.[2]

As GAO has noted in several reports and testimonies, "[U]nder-reporting of income by businesses and individuals accounted for most of the estimated $345 billion tax gap for 2001, with individual income tax underreporting alone accounting for $197 billion, or over half of the total gap. Corporate income tax and employment tax underreporting accounted for an additional $84 billion of the gap." Further, "[G]iven the tax gap's persistence and size, it will require considering not only options that have been previously proposed but also new administrative and legislative actions. Even modest progress would yield significant revenue; each one percent reduction would likely yield nearly $3 billion annually."[3]

The 2011 Budget proposes a number of high-ROI program activities funded through the discretionary allocation adjustment that are designed to generate additional revenue through additional compliance activities. For example, the IRS will further expand its compliance work in the international tax arena, placing greater scrutiny on cross-border transactions and tax issues. The IRS also plans to place greater emphasis on underreporting of tax, particularly in traditionally non-compliant areas such as pass-through entities and self-employed individuals. Through these activities and others, the IRS will narrow the tax gap through improved tax compliance.

Citations

[1] Government Accountability Office. *Internal Revenue Service: Fiscal Year 2009 Budget Request and Interim Performance Results of IRS's 2008 Tax Filing Season*. GAO-08-567, *http://www.gao.gov/new.items/d08567.pdf* (March 2008).

[2] Department of the Treasury, Internal Revenue Service. *Reducing the Federal Tax Gap: A Report on Improving Voluntary Compliance* (August 2007).

[3] Government Accountability Office. *TAX GAP: Multiple Strategies, Better Compliance Data, and Long-Term Goals Are Needed to Improve Taxpayer Compliance*, GAO-06-453T (February 2006).

OTHER SAVINGS: LEVY PAYMENTS TO FEDERAL CONTRACTORS WITH DELINQUENT DEBT, PROGRAM INTEGRITY INITIATIVE

Department of the Treasury

The Administration proposes two changes to the Department of the Treasury's debt collection procedures that will increase the amount of delinquent taxes collected from Federal contractors by an estimated $2.0 billion over 10 years. The first proposal will modify administrative requirements so the Treasury can levy a payment much sooner in the debt collection process. The second proposal increases the amount of tax debt the Treasury can collect from a payment to a Federal contractor.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Total, Proposed Changes from Current Law	-138	-202	-205	-214	-187	-946	-2,001
Authorize Post-Levy Due Process (receipts)	-77	-115	-119	-124	-109	-544	-1,156
Increase Levy Authority to 100 percent for Vendor Payments (receipts)	-61	-87	-86	-90	-78	-402	-845

Justification

In 2007, the Government Accountability Office estimated that approximately 60,000 Federal contractors were delinquent on over $7 billion in Federal taxes.[1] While the Internal Revenue Service can initiate enforcement proceedings against delinquent tax filers in order to collect taxes owed, the Treasury can also reduce a Government payment owed to a contractor to collect unpaid taxes. However, the Treasury generally must wait until all debt collection administrative procedures are complete before reducing a Government payment. Typically, by the time this lengthy process is finished, the Treasury has already paid the Federal contractor, thus resulting in a lost opportunity to collect taxes owed. Under the first proposal, the Treasury will be allowed to reduce payments before all debt collection administrative procedures are complete, and will therefore collect more unpaid taxes.

Pursuant to the American Jobs Creation Act of 2004 (Public Law 108-357), the Treasury is authorized to levy 100 percent of Federal contractor payments in order to collect delinquent debt. However, the language contains an imperfection that has the unintended effect of limiting the levy to 15 percent of certain payments. The second proposal will allow the Treasury to levy up to 100 percent of a Federal payment to a contractor.

Citations

[1] Government Accountability Office, *Tax Compliance: Thousands of Federal Contractors Abuse the Federal Tax System*, GAO-07-742T (April 19, 2007).

OTHER SAVINGS: MAKE SOCIAL SECURITY APPOINTMENTS ONLINE

Social Security Administration

A growing number of individuals now apply online for Social Security benefits. When individuals are unsuccessful in their attempt to complete an online application, they will now have the opportunity to schedule online an appointment to complete this application. This initiative will result in an improved customer experience.

Projected savings are based on less staff time required to schedule these appointments.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0.000	-0.150	-0.850

Justification

This SAVE initiative will benefit the public by providing the opportunity for certain individuals to schedule appointments online. With this option, the public will easily switch from the online benefit application to an in-office or telephone claims appointment to efficiently complete the application.

This new process will result in an improved customer experience and possibly shorter wait times for the public. This initiative improves the navigation for individuals on Social Security Administration's (SSA's) web site, allowing them to more readily locate the services they need. Through guided search tools, the customer will arrive at the correct service quickly.

SSA plans to implement this new process in 2011, with savings realized upon implementation. Projected savings are based on online appointments for customers who do not successfully complete their claims application. SSA recognizes the public's interest in improved customer service. After this first step, SSA will study the results and determine where and how to expand this service option.

OTHER SAVINGS: NAVY - STREAMLINING ADMINISTRATIVE SUPPORT ON NAVY SHIPS

Department of Defense

Navy officers and sailors aboard forward-deployed ships must currently travel to a shore-based personnel office when they detach from their ship. Because most personnel offices are not in the nearby region, it can result in significant additional travel when transitioning to a new assignment. A member might have to travel to the same personnel office twice should he/she be reassigned to a ship in the same battle group.

The Navy can save money by simplifying its detachment process. By using electronic personnel records and digital signatures, the Navy could eliminate much of the required travel to naval personnel offices away from duty stations. Presently there have been no systematic studies to address the potential cost savings, but these could be significant.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0		

Justification

The Navy will assess the processes employed for officers and sailors when they detach from forward-deployed ships. If revisions are necessary to streamline the process, an analysis will include the comparison of the cost of the travel as compared to the investment of any additional infrastructure.

OTHER SAVINGS: ORACLE ENTERPRISE LICENSE AGREEMENT

Department of Veterans Affairs

The Department of Veterans Affairs (VA) intends to issue an award for an Oracle Enterprise License Agreement (ELA). VA will use this ELA agreement as a means to reduce cost, drive development standardization, improve the system development process, enhance customer service to the Nation's veteran constituency, aid in the improvement of information security, and improve our asset utilization and visibility.

In summary, ELA will establish a single contract vehicle that will consolidate all of the existing Oracle software programs owned by VA today, while at the same time providing unrestricted access to the Oracle software programs that VA requires in order to fulfill its mission. In addition, ELA will establish the support agreements and communication that are required in order to effectively develop, deploy and maintain VA's mission critical applications supporting the determination and payment of benefits and healthcare to our Nation's veterans.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-9.926	-40.243	-117.750

Justification

The ELA will reduce costs by allowing VA to leverage economies by receiving a significant discount on the new license purchase requirements; providing reduced support and maintenance costs in 2010 that will continue on for the life of ELA; consolidating existing Oracle software licenses under one agreement, which will result in the reduction of purchase orders issued and invoices processed from over 400 to 5; and significantly reducing the cost associated with license eminence and governance.

The ELA will also provide VA with the ability to better carry out VA's mission of providing services to the Nation's veterans by providing the flexibility to establish a world-class data architecture and disaster recovery strategy without incurring incremental cost; enabling VA to better secure veteran data and personally identifiable information; allowing VA to reduce project development and deployment lifecycle time; providing the data infrastructure required to support data sharing between VA and its constituents (e.g., DOD, CDC, SSA); providing asset visibility and improving budget forecasting; and allowing VA to provide self-service access to the Nation's veterans for things such as prescription refill, appointment scheduling, and personal record updating and viewing.

OTHER SAVINGS: PERSONAL COMPUTER POWER SAVINGS

Department of Veterans Affairs

In order to demonstrate its commitment to greening and environmental responsibility as well as realize significant recurring cost savings, the Department of Veterans Affairs (VA) is introducing and/or strengthening its energy conservation efforts. One significant component of this undertaking is reducing the energy consumed by the almost 300,000 personal computers (PCs) in use across VA through an orchestration of a myriad means. The approach has four key components:

1. Introduction of energy efficient hardware,

2. Use of a standard, enterprise software distribution and client management tool (Microsoft System Center Configuration Manager-SCCM),

3. Use of current PC chip technology related to remote, out of band system management, and

4. Use of software tools that enhance the power management capabilities such as 1E Night Watchman.

The standard, enterprise PC lease program instituted by VA's Office of Information and Technology over three years ago has cycled out of service the vast majority of aged equipment in favor of highly energy-efficient machines that are compliant with Energy Star specifications, as drafted under the Environmental Protection Agency program of the same name. These systems -- including, in most cases, the PC monitor -- have sleep mode capabilities which place the systems in a low-power "hibernated" state when they are left idle. These technologies, developed for laptop computers to preserve battery life, have been ported to desktop systems, and have been extremely effective in decreasing their power consumption. These same PCs from the enterprise lease are also capable of leveraging the latest remote system management capabilities, allowing for remote power off and on for much greater flexibility and capability in administration and management of the devices.

Long-standing procedure in most of VA has necessarily been to leave PCs powered on at all times to facilitate scanning and critical system patching including fixes of a security nature. These important activities are typically performed off-hours to minimize operational disruption and the historical method of leaving the PC on for that activity to occur results in significant energy consumption. The advent of -- and VA's use of -- advanced tools that can remotely, on a schedule or on an ad hoc basis, turn machines off and on while still preserving and restoring the state of end user sessions (i.e., what documents were open on the PC at the time of shutdown) allows the optimal combination of machines that are energy efficient when on and that can be fully powered off/on on a scheduled or ad hoc basis, remotely and in an automated fashion. This combination of tools and management methods has been shown to save organizations, on average, $26 per PC per annum in energy costs.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings..	-2.194	-6.890	-32.484

Justification

These energy saving efforts will reduce costs in a variety of ways. In addition to the move to Energy Star compliant devices -- replacing old devices -- energy savings will be realized by having PCs turned off completely when not in use. The resultant energy cost savings realized are estimated in the table above, and include "soft cost" savings in increased end user productivity due to minimized disruptions for PC patching/updates and greater desktop PC stability, as well as "soft cost" savings in increased system administrator productivity due to enhanced tools and capabilities for desktop PC management.

These efforts will also provide VA with the ability to better carry out its mission of providing services to the Nation's veterans by making end user systems key to serving the veteran more highly available; increasing the security of the systems used to process veteran data and other sensitive information; and facilitating VA's participation and leadership in Federal sector efforts to optimize energy efficiency and reduce carbon footprint.

OTHER SAVINGS: SAVE MONEY WHEN COLLECTING MONEY

Department of Agriculture

A Forest Service employee working in the Monongahela National Forest in West Virginia proposed a plan to cut red tape in the way visitor fees and other funds from National Forests are deposited in the Government's bank account.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-0.100	-0.240	-1.000

Justification

The SAVE Program suggestion proposed savings by allowing deposit access to any local bank. Unfortunately, Federal depositary accounts are under Treasury control where Treasury has cited risk to prohibit deposits into any and all local banks that are not officially authorized. Consequently, the original proposal could not be implemented as planned. However, as a result of the SAVE suggestion, the Forest Service has determined that moving to monthly from weekly deposits will save money, time, and energy. The projected savings is based on Forest Service's request to Treasury to change the requirement for weekly deposit in favor of a threshold of $500 or monthly that would mean monthly deposits for offices with low volume collections ($500 or less). The above savings could result from making monthly lockbox bank deposits monthly versus weekly when amounts collected are $500 or less, 74 percent of field offices are in this low volume category. Monthly deposits will decrease the amount of employee time, deposit fees and transportation currently utilized to deposit Forest Service collections. Bank customers' lives would be improved by not having Federal deposit process added to their wait time while doing banking for nominal sums. Additionally, the environment will benefit from reduced carbon footprint from less motor vehicle transportation to make the deposits as well as reduction in paper-based processing.

The Forest Service is working with Treasury and requesting a threshold requirement of $500 or monthly versus the current weekly requirement. Once the threshold is approved, Forest Service expects to issue an implementing directive immediately. If the Forest Service's request is approved by Treasury within the next 60 days, the Forest Service will implement on or before April 30, 2010.

OTHER SAVINGS: SHIPMENT POLICY ADJUSTMENT

Consumer Product Safety Commission

The Consumer Product Safety Commission (CPSC) field investigators ship product samples from various locations throughout the Nation to its laboratory in the Washington, D.C. area for testing and analysis. CPSC will reevaluate its shipping practices to utilize less expensive shipping techniques for products that do not present immediate and severe hazards. It is anticipated that this practice will save approximately $10,000 in 2011.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	-0.005	-0.010	-0.045

Justification

As part of its compliance activities, CPSC has investigators throughout the Nation who perform safety evaluations. Oftentimes, these investigators ship product samples to CPSC's Washington, D.C. area laboratory for more precise results. In 2009, CPSC spent $85,000 in shipping costs. Not all products shipped for testing present an immediate and severe hazard, so some products may be shipped using less expensive techniques, such as using ground shipping as opposed to overnight shipping. CPSC will reevaluate its product sample shipping policy to promote less expensive methods without compromising safety. Delaying the arrival of some product samples will decrease the storage costs for the laboratory. It is anticipated that by altering its shipping policy, CPSC will save approximately 10 percent of its shipping costs, or approximately $10,000 in 2011.

OTHER SAVINGS: SPACE CONSOLIDATION FOR RENT SAVINGS

Environmental Protection Agency

The Administration proposes cutting unnecessary training space within the Environmental Protection Agency's (EPA's) facility in Lakewood, Colorado. EPA is also reviewing space management and utilization at Agency facilities nationally to identify ways to use space more efficiently as well as reduce annual rental costs.

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0.000	-0.240	-0.960

Justification

The Office of Enforcement and Compliance Assurance currently operates a 12,000 square foot facility for the National Environmental Training Institute in Lakewood, Colorado. The facility was created in 1992 under the Pollution Prosecution Act and has operated to provide classroom training to EPA's environmental enforcement personnel. EPA is consolidating this facility with other enforcement operation facilities and releasing underutilized space at Lakewood, Colorado in 2011.

EPA is engaged in a cross-Agency exercise to identify more efficient use of space and rent costs. The savings would be realized from consolidating the Agency's space in a more efficient manner and right-sizing office space.

OTHER SAVINGS: STREAMLINE REDUNDANT INSPECTION OF SUBSIDIZED HOUSING

Department of Housing and Urban Development

The idea proposes standardization of the Department's physical and financial compliance reviews across program areas to reduce administrative burden on participants and save the Department of Housing and Urban Development (HUD) financial and human capital resources. The idea is to have one compliance review for any owner that receives funding from more than one HUD program or also benefits from other agency assistance with similar compliance requirements such as Low Income Housing Tax Credit.

HUD was required by the Housing and Economic Recovery Act of 2008 to reduce certain duplicative reviews on Federal Housing Administration-insured multifamily projects that also benefit from Low Income Housing Tax Credits.[1] The Department's Office of Multifamily Housing is currently working on the details of how to implement this legislative requirement and expects to issue a determination during the third quarter of 2010. Any changes resulting from this determination would be implemented in 2011. The savings from implementing such a program are unknown at this time.

HUD currently has approximately 1,100 projects that would be subject to a Real Estate Assessment Center inspection in its active inventory that are insured and receive tax credits. HUD estimates a cost of $1,000 for a two-day inspection. If every project were inspected each year, HUD would spend $1.1 million. Assuming that half of the projects are inspected every year and depending upon the final determination of how many projects HUD may ultimately decide do not need an inspection, the savings would be anywhere from $0 to $550,000 per year (one half of $1.1 million).

Funding Summary
(In millions of dollars)

.	2010	2011	2010-2014
Savings	0.000	-0.550	-2.200

Justification

If implemented, the proposal would significantly reduce the administrative burden of multifamily owners and management agents associated with duplicative regulatory agency reviews. Owners and agents could realize cost savings from not having to prepare for multiple reviews or submit duplicative reports. In addition, HUD savings could be achieved through reduced contract fee inspection costs, and HUD's human resources could be better utilized by redirecting staff to perform higher priority functions.

Citations

[1] Housing and Economic Recovery Act of 2008, Section 228.

OTHER SAVINGS: UNEMPLOYMENT INSURANCE, PROGRAM INTEGRITY ALLOCATION ADJUSTMENT

Department of Labor

The 2011 Budget provides additional dedicated funding to allow the States to conduct Reemployment and Eligibility Assessments (REAs) -- in-person interviews with Unemployment Insurance (UI) claimants to determine continued eligibility for benefits and whether additional reemployment assistance is needed. The Administration proposes $55 million in a discretionary allocation adjustment in 2011 to support these assessments, which will strengthen UI program integrity by reducing improper payments. The funding also will help reduce UI benefit costs, because it will help unemployed individuals return to work more quickly than they would if this targeted assistance were not provided.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Allocation Adjustment (Discretionary Budget Authority)	55	60	65	70	75	325	720
Mandatory Savings	-88	-184	-202	-222	-241	-937	-2,296

Justification

The 2011 Budget would permit the Department of Labor (DOL) to expand its initiative for REAs. These assessments are in-person interviews with selected UI claimants to review their adherence to State UI eligibility criteria, determine if reemployment services are needed for the claimant to secure future employment, refer the individual to reemployment services as necessary, and provide labor market information that addresses the claimant's specific needs.

A preliminary impact evaluation, using control groups, looked at the REA program in nine States in 2005.[1] While data problems limited the impact evaluation to two States, the evaluation found statistically significant results in one State with reduced overpayments, as well as reductions in the likelihood of exhausting UI and in the number of weeks compensated. Results for REAs in the second State were not statistically significant, possibly due to the small sample size and the reemployment services available to members of the control group. A follow-up study is underway.

The request of $55 million (a $5 million increase over the 2010 enacted level) is estimated to fund 558,000 REAs. The request will support continuation of the initiative in 39 States and expand participation to additional States. The funds will also support the use of additional technology-based overpayment prevention, detection, and collection activities.

The President's Budget proposes discretionary allocation adjustments totaling $720 million for DOL (sustained by baseline inflation between 2016 and 2020), which will save approximately $2.3 billion in mandatory outlays over the ten-year budget window.

Citations

[1] Jacob Benue, Eileen Poe Yamagata, Ying Wang, and Etan Blass, *Reemployment and Eligibility Assessment (REA) Study*, FY 2005 Initiative, Final Report, Impaq International (March 2008).

OTHER SAVINGS: UNEMPLOYMENT INSURANCE, PROGRAM INTEGRITY INITIATIVE

Department of Labor

The Administration proposes to strengthen the financial integrity of the Unemployment Insurance (UI) system by reducing improper benefit payments and tax avoidance.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Total, Proposed Changes from Current Law	0	-264	-366	-300	-281	-1,211	-2,350
Mandatory Savings	0	-222	-324	-284	-285	-1,115	-2,632
Receipt Savings (net of income offset)	0	-42	-42	-16	+4	-96	+282

Justification

The Budget includes a multi-part proposal to strengthen the financial integrity of the UI system. The Administration's proposal will boost States' ability to recover benefit overpayments and deter tax evasion schemes by permitting States to use a portion of recovered funds to expand enforcement efforts in these areas, including identification of misclassified employees. In addition, the proposal would require States to impose a monetary penalty on UI benefit fraud, which would be used to reduce overpayments. It would require States to charge employers found to be at fault when their actions lead to overpayments. It would expand collection of delinquent employer taxes and UI overpayments when the claimant is at fault through garnishment of Federal tax refunds. Finally, it would improve the accuracy of hiring data in the National Directory of New Hires, which would reduce benefit overpayments by stopping a UI claimant who has found a job from continuing to collect benefits.

These efforts to strengthen the financial integrity of the UI system will increase recoveries of improper payments, reduce benefit overpayments, keep State UI taxes down, and improve the solvency of the State unemployment trust funds.

OTHER SAVINGS: WEP/GPO ENFORCEMENT PROVISION, PROGRAM INTEGRITY INITIATIVE

Social Security Administration

The Administration proposes to increase enforcement of the existing Social Security Windfall Elimination Provision/Government Pension Offsets. This proposal would improve enforcement of current law provisions, resulting in improved payment accuracy for the Old-Age and Survivor's Program. This proposal would better enforce current law provisions until they can be considered as part of Social Security reform. It would reduce the overpayments that occur because the Social Security Administration (SSA) does not find out that the Windfall Elimination Provision (WEP) or the Government Pension Offset (GPO) should have been applied until after the beneficiary has received benefits for a number of years.

Funding Summary
(In millions of dollars)

.	2011	2012	2013	2014	2015	2011-2015	2011-2020
Proposed Change from Current Law (Mandatory)	0	0	0	-172	-375	-547	-2,909

Justification

WEP and GPO are adjustments to the Social Security formula to make sure that non-covered workers do not receive a higher proportional benefit than workers with similar earnings who worked their entire lives in covered employment. If WEP and GPO were not in place, non-covered workers would be given an additional subsidy as compared with similarly situated workers who spent their entire careers working in covered employment, meaning that non-covered workers would be treated more favorably than covered workers.

Currently, WEP and GPO are not applied unless the individual attests that he or she has a pension in non-covered employment or SSA finds out about a non-covered pension. SSA matches data with OPM to identify Federal workers who spent time in non-covered employment, but there is no similar data system to obtain information on State or local pensioners. Currently, SSA makes a significant number of retroactive adjustments when they do figure out that the WEP or GPO should have been applied, and must assess a retroactive overpayment, which creates a burden on retirees as well as hampering the effectiveness of the provisions. In 2007, approximately 1,000,000 beneficiaries had their benefits reduced by the WEP, and 463,000 beneficiaries had their benefits reduced by the GPO.

Under this proposal, SSA would develop a system for obtaining information about pensions in State and local non-covered employment so SSA can apply WEP or GPO correctly. This proposal is estimated to save $2.9 billion over 10 years in improper payments.[1,2,3]

Citations

[1] Congressional Budget Office, *Budget Options: Volume 2* (August 2009).

[2] Congressional Research Service, *Social Security: The Government Pension Offset,* RL32453 (March 2007).

[3] Government Accountability Office, *Social Security: Issues Regarding the Coverage of Public Employees,* GAO-08-248T (November 2007).