

2008 Budget: Spending Taxpayer Dollars Wisely

Today, the Office of Management and Budget issued its Major Savings and Reforms in the President's FY2008 Budget, which highlights proposed terminations and reductions of Federal spending.

- The President's Budget reduces deficits each year and balances the budget by 2012, and keeps the economy strong by making tax relief permanent.
- While investing in national priorities, the Budget restrains spending elsewhere by focusing resources on more effective programs, reducing wasteful spending, and addressing the long-term challenge of the unsustainable growth in entitlement spending.
- The FY08 Budget also takes steps to improve the budget process, including proposals such as comprehensive earmark reform and a legislative line-item veto.

Spending Taxpayers Dollars Wisely. The volume describes the Budget's proposals to terminate or reduce 141 discretionary spending programs for a savings of \$12 billion in 2008 in discretionary spending, which represents the day-to-day Government spending that Congress must approve each year. These proposals will result in savings to taxpayers and improved Government services by eliminating or restructuring low-priority programs and programs that are not producing results.

- The Administration has undertaken a thorough review of all discretionary programs to identify duplicative, inefficient programs, or lower priority activities. The proposed terminations and reductions were guided by criteria that considered whether the programs:
 - Met the Nation's priorities;
 - Constituted an appropriate and effective use by the Federal Government of taxpayer resources; and
 - Produced the intended results.
- A factor in some of the terminations and reductions was the result of analysis using the Program Assessment Rating Tool, commonly known as the PART. Ninety-six percent of all government spending has been assessed using the PART to determine its effectiveness. Detailed assessments of these 977 programs totaling \$2.5 trillion in Government spending are available to the public at www.ExpectMore.gov.
- Examples of Proposed Terminations
 - Proposes to eliminate unnecessary research and development subsidies for oil and gas companies, saving \$12 million annually.
 - Proposes to eliminate NASA's Red Planet Venture Capital Fund for a savings of \$6 million dollars, because government should rarely, if ever, be investing in venture capital firms.
 - Proposes to eliminate the Exchanges with Historic Whaling and Trading Partners program because this \$8.9 million in grants is not provided on a competitive basis and the funds can be used for higher priority education programs.

Slowing the Growth in Entitlement and Mandatory Spending. The volume also describes the Budget's proposals to slow spending growth through sensible reforms in entitlement and other mandatory programs, resulting in \$96 billion in net savings over five years.

- The vast majority of spending for mandatory programs takes place automatically every year without any action on the part of the Congress or the President. The resulting automatic and unsustainable growth in these programs – particularly in Medicare, Medicaid, and Social Security – poses a significant long-term challenge to the Nation's budget.
 - The \$96 billion in net savings proposed in the Budget includes \$66 billion in savings in Medicare, slowing its average rate of growth by less than one percent from 7.4 percent to 6.7 percent.
- Changes now will help lay the foundation for more comprehensive reforms that are needed to insure these vital programs can provide health and retirement security for future generations.

Building on Success in Spending Restraint. In the 2006 appropriations bills, Congress accepted – in part or in whole – 89 of the President's 154 proposals for a total savings of \$6.5 billion.

For the Major Savings Volume, please view: <http://www.whitehouse.gov/omb/budget/fy2008/pdf/savings.pdf>

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