

2009 Budget: Spending Taxpayer Dollars Wisely

151 Programs Totaling \$18 Billion Slated for Termination or Reduction

Today, the Office of Management and Budget – consistent with its E-Budget – issued its **Major Savings and Reforms Volume** at www.Budget.gov. This volume provides detail on the 151 discretionary programs that are slated for termination or reduction and the mandatory spending reform proposals in the President's FY2009 Budget.

- The Budget addresses our immediate economic challenges and helps ensure sustained prosperity by making tax relief permanent because economic growth is a crucial component of our Nation's fiscal health.
- While investing in national security and key domestic 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 Budget also takes steps to improve the budget process, including a legislative line-item veto and efforts to reform the culture of earmarking that has led to wasteful and low-priority spending.

Spending Taxpayers Dollars Wisely. This Volume describes the Budget's proposals to terminate or reduce 151 discretionary programs for a savings of \$18 billion in 2009 in discretionary 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 and duplicative programs as well as programs that are not producing results.

- The Administration has undertaken a thorough review of all discretionary programs to identify duplicative or inefficient programs and 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-eight percent of all Government spending has been assessed using the PART to determine its effectiveness. Detailed assessments of these 1,004 programs totaling \$2.3 trillion in Government spending are available to the public at www.ExpectMore.gov. Detailed rating and funding data is also available at <http://www.whitehouse.gov/omb/expectmore/part.xls>.

Slowing the Growth in Entitlement and Mandatory Spending. The FY2009 Budget slows spending growth through sensible changes to entitlement and other mandatory programs, resulting in \$208 billion in net savings over five years.

- Nearly 62 percent of government spending 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 important entitlement programs – particularly in Medicare, Medicaid, and Social Security – poses a significant challenge to the Nation's budget.
- These programs are growing faster than the economy and faster than our ability to pay for them. There are painful choices ahead if America stays on this path: massive tax increases, sudden and drastic cuts in benefits or crippling deficits. That's why the President has laid out specific proposals to strengthen these programs.
 - Of the \$208 billion in five-year proposed savings, \$178 billion is in Medicare. The proposals slow Medicare's average rate of annual growth over the next five years from 7.2 percent to 5 percent. In other words, Medicare will continue to grow at about the same rate as the economy. 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.

Examples of Proposed Terminations

- The Budget proposes to terminate funding for more than 200 congressionally directed agriculture research and extension grants and low priority projects, saving \$144 million. The grants are not awarded on the basis of a competitive, merit-reviewed process and do not represent the most effective use of Federal dollars. The Budget

redirects a portion of these funds to the Department of Agriculture's National Research Initiative – its main discretionary competitive grants program.

- The Budget also proposes to eliminate the funds that Congress earmarked for specific water infrastructure projects in the Environmental Protection Agency's (EPA's) State and Tribal Assistance Grants (STAG) account, saving \$133 million. This earmarking circumvents the normal allocation and State priority-setting processes and diverts funding from other higher-priority projects.
- The Budget proposes to terminate 23 small and narrow-purpose elementary and secondary education grant programs, saving \$494 million. States and school districts that view these issues as a high priority can support them with funds provided under broad-purpose Federal education programs, such as Title I, Teacher Quality State Grants, and other programs. The Budget redirects the savings from these terminations for priority education programs that have a demonstrated record of success, like Reading First, or that hold significant promise for increasing accountability and improving student achievement, like the Math Now program.

Working with Congress, the President Has Achieved Savings in the Budget. In the last three years, nearly 162 programs totaling more than \$10 billion have been terminated or reduced.

- In 2006: The President proposed 154 terminations and reductions (99 terminations and 55 reductions). Of these, 89 (52 terminations and 37 reductions) were either fully or partially accepted, saving almost \$6.5 billion.
- In 2007: The President proposed 141 terminations and reductions (91 terminations and 50 reductions). Of these, 44 (23 terminations and 21 reductions) were either fully or partially accepted, saving slightly more than \$2.0 billion.
- In 2008: The President proposed 141 terminations and reductions (91 terminations and 50 reductions). Of these, 29 (16 terminations and 13 reductions) were either fully or partially accepted, saving almost \$1.6 billion.

For the Major Savings and Reforms Volume, please view:

http://www.whitehouse.gov/omb/budget/fy2009/savings_reform.html.