Terminations, Reductions, and Savings

Budget of the U.S. Government
Fiscal Year 2010

Office of Management and Budget
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GENERAL NOTES

1. All years referenced for economic data are calendar years unless otherwise noted. All years referenced for budget data are fiscal years unless otherwise noted.
2. References to 2009 amounts exclude funding from American Recovery and Reinvestment Act of 2009.
3. Details in the tables may not add to the totals due to rounding.
4. Web address: *http://www.budget.gov.*

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Table of Contents

Page

Introduction

Summary Tables

Terminations

Reductions

Other Savings

INTRODUCTION

The President's 2010 Budget seeks to usher in a new era of responsibility—an era in which we not only do what we must to save and create new jobs and lift our economy out of recession, but in which we also lay a new foundation for long-term growth and prosperity. To do this, the Nation must address some of the deep, systemic problems that have been ignored for too long by making critical investments in: education, so that every child can compete in the global economy; health care reform, so that we can control costs while boosting coverage and quality; and alternative sources of energy and energy efficiency, so that we can reduce our dependence on foreign oil and become the world leader in the new clean energy economy. Education, health care, and clean energy are pillars of long-term economic growth in the decades to come.

Another central pillar of a sound economic foundation is restoring fiscal discipline. The Administration came into office facing a budget deficit of $1.3 trillion for this year alone, and the cost of confronting the recession and financial crisis has been high. While these are extraordinary times that have demanded extraordinary responses, we cannot put our Nation on a course for long-term growth with uncontrollable deficits and debt.

Just as families across the country are tightening their belts and making hard choices so must Washington. That is why the Budget overview document released in February of this year outlined billions of dollars of savings ranging from ending subsidies for big oil and gas companies to eliminating cotton storage payments. The Budget included a historic down payment on health care reform, the key to our long-term fiscal future, and was constructed without commonly used budget gimmicks that, for instance, hide the true costs of war and natural disasters. Even with these costs on the books, the Budget will cut the deficit in half by the end of the President's first term, and the Administration will bring non-defense discretionary spending to its lowest level as a share of GDP since 1962.

In the days since unveiling the Budget overview, the President has announced a procurement reform effort that will greatly reduce no-bid contracts and save $40 billion, and at the Cabinet's first meeting, he directed agency heads to identify at least $100 million in administrative savings. Secretary of Defense Gates, in consultation with our Nation's military leadership, unveiled an unprecedented effort to reform defense contracting, saving billions. And the Administration has been going through the Budget line by line so that taxpayer dollars are used wisely on programs that work.

This volume is the first report of that effort. In it, the Administration identifies programs that do not accomplish the goals set for them, do not do so efficiently, or do a job already done by another initiative—and recommends these programs for either termination or reduction. We have identified 121 terminations, reductions, and other areas of savings that will save approximately $17 billion next year alone. These changes range from eliminating entitlements to banks and lenders making student loans that will cost taxpayers $41 billion over the next decade to ending a $7 million education program that was used by only 15 school districts and with no evidence that it was improving student achievement. Half of these savings for the next fiscal year come from defense programs and half come from non-defense. No matter their size, these cuts and reductions are all important to setting the right priorities with our spending, getting our budget deficit under control, and creating a Government that is as efficient as it is effective.

Ultimately, reforming and transforming the Federal Government will not be done in one budget or in one year. It is an ongoing process to change the culture of Washington—to move beyond the ideological divides and the parochial interests that too often lead to programmatic spending without end and priorities that are not met. If we do that, we will be able to invest in critical priorities, build an economy on a solid foundation for growth, and put our Nation on a path toward prosperity for all Americans.

DISCRETIONARY TERMINATIONS AND REDUCTIONS

(Budget authority in millions of dollars)

Terminations	2009 Enacted	2010 Request	2010 Change from 2009
Academies for American History and Civics, Department of Education	2	......	–2
Anthrax Vaccine Research, Department of Health and Human Services	8	......	–8
Brownfields Economic Development Initiative, Department of Housing and Urban Development	10	......	–10
C-17 Strategic Airlift Aircraft, Department of Defense	......	91	91
California Diesel Emissions Reduction Grants, Environmental Protection Agency	15	......	–15
Character Education Program, Department of Education	12	......	–12
Christopher Columbus Fellowship Foundation	1	......	–1
Civic Education, Department of Education	33	......	–33
Close-Up Fellowships, Department of Education	2	......	–2
Combat Search and Rescue (CSAR-X) Helicopter, Department of Defense	233	89	–144
Corridor H of the Appalachian Development Highway, Department of Transportation	10	......	–10
Delta Health Initiative, Department of Health and Human Services	26	......	–26
Denali Access, Department of Transportation	6	......	–6
Denali Commission, Department of Health and Human Services	20	......	–20
Denali Job Training, Department of Labor	3	......	–3
Economic Action Program, Department of Agriculture	5	......	–5
Emergency Operations Centers Grant Program, Department of Homeland Security	35	......	–35
Environmental Infrastructure Construction, Corps of Engineers	180	......	–180
Even Start, Department of Education	66	......	–66
F-22 Raptor Fighter Aircraft, Department of Defense	2,907	......	–2,907
Foundations for Learning, Department of Education	1	......	–1
Future Combat Systems Manned Ground Vehicles, Department of Defense	3,614	2,981	–633
Harry S. Truman Scholarship Foundation	1	......	–1
Health Care Facilities and Construction, Department of Health and Human Services	310	......	–310
High Energy Cost Grant, Department of Agriculture	18	......	–18
Homeland Security Grants, Environmental Protection Agency	5	......	–5
Inter-City Bus Security Grant Program, Department of Homeland Security	12	......	–12
Javits Gifted and Talented Education Program, Department of Education	7	......	–7
Joint Strike Fighter Alternate Engine, Department of Defense	465	......	–465
Local Government Climate Change Grants, Environmental Protection Agency	10	......	–10
Loran-C, Department of Homeland Security	35	......	–35
Los Alamos Neutron Science Center Refurbishment, Department of Energy	19	......	–19
Multiple Kill Vehicle Program, Department of Defense	283	......	–283
National Institute for Literacy, Department of Education	6	......	–6
Next Generation Bomber, Department of Defense	......	......	......
Nuclear Hydrogen Activities, Department of Energy	8	......	–8
Nuclear Power 2010, Department of Energy	178	20	–158
Oil Research and Development Program (Discretionary Funding), Department of Energy	5	......	–5
Presidential Helicopter (VH-71), Department of Defense	835	85	–750
Public Broadcasting Grants, Department of Agriculture	5	......	–5
Public Telecom Facilities, Department of Commerce	18	......	–18
Rail Line Relocation Grants, Department of Transportation	25	......	–25
Ready to Teach, Department of Education	11	......	–11
Reliable Replacement Warhead, Department of Energy	......	......	......
Resource Conservation and Development Program, Department of Agriculture	51	......	–51
Rural Community Facilities, Department of Health and Human Services	10	......	–10
Rural Empowerment Zones and Enterprise Communities Grants, Department of Agriculture	8	......	–8
Safe and Drug-Free Schools and Communities State Grants, Department of Education	295	......	–295
State Criminal Alien Assistance Program (SCAAP), Department of Justice	400	......	–400
Student Mentoring Program, Department of Education	47	......	–47
Surface Transportation Priorities, Department of Transportation	161	......	–161
Transformational Satellite, Department of Defense	768	......	–768
Trucking Security Program, Department of Homeland Security	8	......	–8
Water Infrastructure Earmarks, Environmental Protection Agency	145	......	–145
Watershed and Flood Prevention Program, Department of Agriculture	24	......	–24
Work Incentive Grants, Department of Labor	17	......	–17
Yucca Mountain Repository Program, Department of Energy	288	197	–91
Total, Discretionary Terminations	**11,667**	**3,463**	**–8,204**

DISCRETIONARY TERMINATIONS AND REDUCTIONS—Continued

(Budget authority in millions of dollars)

Reductions	2009 Enacted	2010 Request	2010 Change from 2009
Abandoned Mine Lands Discretionary Grants, Department of the Interior	20	7	–13
African Development Foundation Program	33	30	–3
Agricultural Research Service Buildings and Facilities, Department of Agriculture	47	–50	–97
Airborne Laser Program, Department of Defense	401	187	–214
Aircraft Carrier Build Schedule, Department of Defense	1,211	484	–727
East-West Center Assistance, Department of State / International Programs	21	12	–9
Election Assistance Commission Grants, Election Assistance Commission	106	52	–54
Food and Drug Administration Construction Earmark for the National Center for Natural Products Research in Buildings and Facilities, Department of Health and Human Services	16	12	–4
Government Reliance on Contracted Service Support, Department of Defense	20,100	19,200	–900
Ground-Based Midcourse Defense Program, Department of Defense	1,507	983	–524
Low-Performing Corps Construction Projects, Corps of Engineers	244	......	–244
LPD-17 and Mobile Landing Platform Transport Ships, Department of Defense	930	1,177	247
Navy CG(X) Cruiser, Department of Defense	142	150	8
Office of Labor-Management Standards, Department of Labor	45	41	–4
Real Choice Change Systems Grants, Department of Health and Human Services	5	3	–2
Recruiting and Retention Adjustments to Maintain End-Strength, Department of Defense	7,039	6,246	–793
Targeted Funding for Alaska Native Villages Infrastructure, Environmental Protection Agency	19	10	–9
Voice of America, Broadcasting Board of Governors	3	1	–2
Total, Discretionary Reductions	**31,889**	**28,545**	**–3,344**
Total, Discretionary Terminations and Reductions	**43,556**	**32,008**	**–11,548**

MANDATORY TERMINATIONS AND REDUCTIONS
(Budget authority in millions of dollars)

Terminations	2010	2011	2012	2013	2014	2010–2014	2010–1019
Abandoned Mine Lands Payments to Certified States, Department of the Interior	–142	–164	–208	–210	–206	–928	–1,520
Advanced Earned Income Tax Credit, Department of the Treasury	–125	–76	–77	–78	–81	–437	–872
Conservation Reserve Program Set-aside for Public Access, Department of Agriculture	–5	–11	–14	–17	–20	–65	–178
Cotton Storage Payments, Department of Agriculture	–52	–58	–56	–56	–57	–279	–570
Entitlements for Financial Intermediaries Under the Federal Family Education Loan Program, Department of Education	–3,636	–6,037	–5,099	–3,605	–3,121	–21,498	–41,441
Oil and Gas Company Tax Preferences, Eliminate Preferential Time Period Treatment for Geological and Geophysical Amortization Period for Independent Producers, Department of Energy	......	–41	–154	–240	–233	–668	–1,189
Oil and Gas Company Tax Preferences, Repeal Deduction for Tertiary Injectants, Department of Energy	......	–5	–9	–9	–8	–31	–62
Oil and Gas Company Tax Preferences, Repeal Enhanced Oil Recovery Credit, Department of Energy	......	......	......	......	......	......	......
Oil and Gas Company Tax Preferences, Repeal Expensing of Intangible Drilling Costs, Department of Energy	......	–347	–595	–526	–395	–1,863	–3,349
Oil and Gas Company Tax Preferences, Repeal Manufacturing Tax Deduction for Oil and Natural Gas Companies, Department of Energy	......	–757	–1,310	–1,392	–1,464	–4,923	–13,292
Oil and Gas Company Tax Preferences, Repeal Marginal Well Tax Credit, Department of Energy	......	......	......	......	......	......	......
Oil and Gas Company Tax Preferences, Repeal Passive Loss Exemption for Working Interests in Oil and Natural Gas, Department of Energy	......	–2	–5	–6	–6	–19	–49
Oil and Gas Company Tax Preferences, Repeal Percentage Depletion for Oil and Natural Gas, Department of Energy	......	–316	–752	–925	–960	–2,953	–8,251
Oil and Gas Research and Development Program (Mandatory Funding), Department of Energy	–20	–40	–50	–50	–50	–210	–250
Total, Mandatory Terminations	**–3,980**	**–7,854**	**–8,329**	**–7,114**	**–6,601**	**–33,874**	**–71,023**
Reductions							
Crop Insurance Premiums/Underwriting Gains & Fees, Department of Agriculture	......	–429	–427	–595	–599	–2,050	–5,184
Market Access Program, Department of Agriculture	–4	–34	–40	–40	–40	–158	–358
Payments to High-Income Farmers, Department of Agriculture	–58	–24	–10	–9	–7	–108	–126
Phase-Out Direct Payments to Farms with Sales Above $500,000, Department of Agriculture	–85	–480	–625	–1,225	–1,225	–3,670	–9,765
Terrorism Risk Insurance Program, Department of the Treasury	......	–21	337	–228	–351	–263	–644
Total, Mandatory Reductions	**–147**	**–988**	**–765**	**–2,097**	**–2,222**	**–6,249**	**–16,077**
Total, Mandatory Terminations and Reductions	**–4,127**	**–8,842**	**–9,094**	**–9,211**	**–8,823**	**–40,123**	**–87,100**

OTHER SAVINGS

	Amount
Administrative Services at Posts, Department of State	$5 million total upon completion
Branding Activities, Department of Homeland Security	$750 thousand annually
Bureau of Information Resource Management Inventory Reduction, Department of State	Additional warehouse space for other use
Computer Consolidation, Department of Education	$8 million in 2009
Conferences, Department of Veterans Affairs	$18 million in 2009
Contract Consolidation, Department of State	7%-10% annually
Electronic Correspondence for Immigrant Visa Processing, Department of State	$1 million in the first year
Energy Use, Department of Homeland Security	$3 million annually
Healthy Start, Grow Smart, Department of Health and Human Services	$5.1 million in 2009
International Office Closure, Department of Education	$713 thousand annually
IT Infrastructure Streamlining, Environmental Protection Agency	$2 million annually
Levy Payments to Federal Contractors with Delinquent Debt, Department of the Treasury	$2 billion over ten years
Marketing and Regulatory Programs Work Reforms, Department of Agriculture	$1.5 million annually
Office Leases, Department of Agriculture	$62 million over a 15-year lease term
Office of Inspector General Office Consolidation, Department of Health and Human Services	$2 million total
Office Supplies and Computer Software, Department of Homeland Security	$59 million annually over five years
Online Judicial Forfeiture Notices, Department of Justice	$6.7 million annually over five years
Recovery Act Savings, Department of Transportation	15%-20% savings on bids in the early months of Recovery Act projects
Rural Development Online Training, Department of Agriculture	$1.3 million annually
Secretary's Regional Representatives, Department of Education	$2 million annually
USDA-IRS Data Sharing on Farmer Income, Department of Agriculture	$16 million annually
Utility Bill Online Payments, Department of Agriculture	$671 thousand annually

PROGRAM INTEGRITY SAVINGS
(Budget authority in millions of dollars)

	2010	2011	2012	2013	2014	2010–2014	2010–1019
Program Integrity Savings							
Savings from Discretionary Allocation Adjustments:							
Centers for Medicare and Medicaid Services, Department of Health and Human Services	–485	–503	–530	–565	–591	–2,674	–2,674
Disability Insurance and Supplemental Security Income Programs, Social Security Administration	–195	–1,683	–2,464	–3,367	–4,356	–12,065	–27,894
IRS Tax Enforcement, Department of the Treasury	–290	–1,119	–2,348	–3,864	–5,729	–13,350	–16,640
Unemployment Insurance, Department of Labor	–102	–214	–236	–260	–287	–1,099	–1,249
Total, Savings from Discretionary Allocation Adjustments	**–1,072**	**–3,519**	**–5,578**	**–8,056**	**–10,963**	**–29,188**	**–48,457**
Savings from Mandatory Proposals:							
Unemployment Insurance, Department of Labor	......	–519	–573	–284	–294	–1,869	–2,017
Total, Program Integrity Savings	**–1,072**	**–4,038**	**–6,151**	**–8,340**	**–11,257**	**–31,057**	**–50,474**

TERMINATION: ABANDONED MINE LANDS PAYMENTS TO CERTIFIED STATES

Department of the Interior

The Administration proposes to eliminate mandatory payments from the Treasury to States and Tribes that have been certified as having completed reclamation of their abandoned coal mines. These unrestricted payments can now be used by certified States for any purpose, which was not the original intention of the program.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	142	164	208	210	206	928	1,520
Proposed Change from Current Law	-142	-164	-208	-210	-206	-928	-1,520

Justification

Coal producers pay a fee on production for the purpose of reclaiming abandoned coal mines around the country. The 2006 amendments to the Surface Mining Control and Reclamation Act (SMCRA) authorized mandatory payments from general Treasury funds equivalent to the value of prior and current fee collections in those States and Tribes that are certified as having completed the reclamation of their abandoned coal mines.

These grants may be used for any purpose approved by the State legislatures, and therefore do not contribute to the original purpose of restoring abandoned coal mine lands.[1] The original objective of Abandoned Mine Lands (AML) fees was for the coal industry to pay for cleaning up mines that cannot be attributed to a particular producer. Coal production has shifted over time, however, so most current production is in the West and most abandoned mines are in the East. Therefore, the AML fee is intended for the industry as a whole to take responsibility for reclamation, regardless of where the fees are collected or where the mines are located.

The Administration is proposing to eliminate these unrestricted payments to certified States and Tribes, saving approximately $142 million in 2010 and $1.5 billion over ten years. This action will only affect four States and three Indian Tribes, in addition to any States that become certified in the future. Uncertified States will continue to receive payments, which must be used for abandoned coal mine reclamation and related activities.

Citations

[1] Nonna A. Noto, *Abandoned Mine Reclamation Fee on Coal*, Congressional Research Service, Report RL32993 (August 31, 2006).

TERMINATION: ADVANCED EARNED INCOME TAX CREDIT

Department of the Treasury

The Administration 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)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Proposed Change from Current Law	-125	-76	-77	-78	-81	-437	-872

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 according to the Government Accountability Office (GAO-07-1110). And the dollar amounts involved are consistently small; half of all AEITC recipients received less than $100.

An August 2007 GAO Report found an extremely high error rate in the AEITC program.[1] GAO examined returns for tax years 2002 through 2004 and found consistent noncompliance and limited Internal Revenue Service success in addressing this noncompliance. GAO found 80 percent of AEITC recipients did not comply with at least one program requirement. Some 20 percent of recipients had invalid Social Security numbers 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 social security number. And 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 because the program has achieved its goals of reducing the number of required vaccine doses, simplifying the administration route, and conducting long-term safety surveillance.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	8	0	-8

Justification

Anthrax vaccine research was initiated at CDC in 1999 as a result of a congressional mandate. CDC conducted studies of safety and efficacy of the U.S. licensed anthrax vaccine, Anthrax Vaccine Adsorbed (AVA, BioThrax). The goals of the program had been to support human clinical trials to optimize and reduce the doses for the vaccination schedule, change the administration route while ensuring efficacy, and to conduct surveillance for a long-term safety study. The program at CDC has achieved its stated goal and is expected to be completed in 2009, as exemplified 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. To the extent necessary, CDC could support Anthrax research through the CDC Upgrading Capacity research program.[1, 2, 3]

Citations

[1] *ACIP Changes Recommendations for Anthrax, Hepatitis A Vaccines, http://news.idsociety.org/idsa/textonly/printall.php?id=idsa20090201*

[2] Food and Drug Administration, Product Approval Information Letter to Emergent BioSolutions, (December 11, 2008) *http://www.fda.gov/cber/approvltr/biothrax121108L.htm*

[3] Phillip Pittman, et al., "Anthrax vaccine: immunogenicity and safety of a dose-reduction, route-change comparison study in humans," *Vaccine* vol. 20, no. 9-10 (January 31, 2002), pp. 1412-1420.

TERMINATION: BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE

Department of Housing and Urban Development

The Administration proposes to eliminate the Brownfields Economic Development Initiative. This program is extremely small relative to other programs that address this need. Local governments have access to other public and private funds that can address the same purposes.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	10	0	-10

Justification

The Brownfields Economic Development Initiative (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 local governments have access to other public and private funds, including the much larger Community Development Block Grant (CDBG). The 2010 Budget funds CDBG at $4.5 billion, or 14 percent above the 2009 enacted level.

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, the Department of Housing and Urban Development 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 the agency.

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: C-17 STRATEGIC AIRLIFT AIRCRAFT

Department of Defense

The Administration proposes to terminate production of the C-17 airlift aircraft and fund an orderly shutdown of the production line because the number of C-17s now ordered will be sufficient to meet the Department of Defense's (DOD's) airlift needs. The C-17 is designed to carry heavy military cargoes over long distances.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	0	91	91

Justification

A total of 205 C-17s have been ordered with budgetary resources provided prior to 2009. The Congress authorized six aircraft in 2009 but provided no funding. Continuing C-17 production would cost about $3 billion per year in 2010 and subsequent years. The Government Accountability Office has urged a careful balancing of costs and requirements in determining how DOD should meet its airlift needs, and DOD has conducted such assessments.[1] For example, in the Quadrennial Defense Review in 2006, and in other internal reviews, DOD examined the strategic implications of various airlift force levels.[2] DOD concluded that for long-range airlift 205 C-17s, together with the existing fleet of C-5 aircraft, would be sufficient to meet DOD's mobility needs, even under the most stressing scenarios. Thus, no more C-17s need be ordered, and production will cease when the 205th aircraft has been produced. The 2010 request includes $91 million for an orderly shutdown of the production line.

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: CALIFORNIA DIESEL EMISSIONS REDUCTION GRANTS

Environmental Protection Agency

In the Budget, the Administration proposes to eliminate the $15 million in earmarked funds for California to retrofit existing diesel engines, 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	15	0	-15

Justification

Over $400 million was provided in 2008 and 2009 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 2010 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 nationwide program is a more effective mechanism for addressing diesel emissions from legacy engines because it provides resources on the basis of merit as opposed to arbitrarily restricting grants to a particular area.

TERMINATION: CHARACTER EDUCATION PROGRAM

Department of Education

The Administration proposes to eliminate the Character Education program because its restricted scope limits its impact and efficiency. Its goals can be more effectively met by the Safe and Drug-Free Schools and Communities (SDFSC) National Programs, which is receiving an additional $111 million in the Budget.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	12	0	-12

Justification

The narrow purpose of the Character Education program limits the impact and efficiency of the Federal investment. The Character Education program supports the design and implementation of character education interventions, but a recent review of the evidence base suggests that it is very difficult to produce positive effects on student outcomes through character education programs alone.

Notably, the Department of Education's What Works Clearinghouse reviewed 93 studies of 41 character education programs that attempted to develop students' character by teaching core values and that had most if not all of their lesson plans or prescribed activities directly related to instilling those values.[1] The review found that only nine of these 41 programs had evidence that the program produced positive effects on student outcomes in at least one of the following three areas: behavior, academic achievement, and knowledge, attitudes, and values. Instead of continuing to support the development of narrowly focused interventions whose effects are difficult to evaluate, the Administration proposes to redirect this investment toward broader and more comprehensive efforts through Safe and Drug-Free Schools and Communities National Programs.

The Budget requests an additional $111 million for the SDFSC National Programs, of which $100 million is for a new initiative that supports many of the goals of the Character Education program. This program equips school districts with a set of approaches designed to change school culture and climate and thereby improve character and discipline, and reduce drug use, crime, and violence.

Citations

[1] U.S. Department of Education, Institute of Education Sciences, *What Works Clearinghouse: Character Education*, (June 2007).

TERMINATION: CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

The Administration is not proposing funding in the 2010 Budget for the Columbus Foundation because the Foundation has not demonstrated that its programs are a cost-effective use of Federal funds. The Foundation will continue its programs until its current funds are expended.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	1	0	-1

Justification

The Columbus Foundation supports competitive programs rewarding American scientists and researchers, companies, educators and students who develop new innovations and innovative approaches to homeland security, life sciences, agri-science and solving community issues through science and education. The Columbus Foundation has nearly exhausted its endowed Trust Fund that 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." This Foundation has not demonstrated clear outcomes from its awards and has high overhead costs. Because of its high overhead rates, the Foundation would spend only 20 percent of its 2010 appropriation on awards. Several other Federal agencies offer fellowships for those who are producing new discoveries in science, security, and other fields of endeavor. For example, the National Science Foundation spends more than $90 million per year through its Graduate Research Fellowship Program, with much lower overhead and more measurable outcomes.

TERMINATION: CIVIC EDUCATION, CLOSE-UP FELLOWSHIPS, AND ACADEMIES FOR AMERICAN HISTORY AND CIVICS (3 TERMINATIONS)

Department of Education

The Administration proposes to eliminate three programs that support activities related to civic education and to reallocate the funding into a new competitive grant program that is designed to more effectively meet the goals of the three programs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Civic Education	33	0	-33
Close-Up Fellowships	2	0	-2
Academies for American History and Civics	2	0	-2

Justification

The Administration proposes to eliminate the following three programs:

Civic Education. Provides several non-competitive grants to organizations that promote civic responsibility through teacher training and instructional materials.

Close-Up Fellowships. Provides a non-competitive grant to the Close-Up Foundation to provide fellowships to students and their teachers to finance their participation in one-week Washington, D.C. seminar programs on American government.

Academies for American History and Civics. Supports intensive workshops for teachers and students in the areas of history and civics.

The non-competitive awards provided by the Civic Education program and the Close-Up Fellowships program circumvent the merit-based grant-making process at the Department of Education. The Academies for American History and Civics program is considered to be too small to leverage funding effectively. In 2008, for example, only 256 students and teachers participated in the program. In addition, the Department has minimal evidence that any of these programs have a positive impact on the participating students and teachers.

The Administration proposes to replace these three programs with a new $37 million competitive grant program targeted toward civic education. The new grant competition would also require grantees to conduct rigorous evaluations and collect valid, comparable data on key outcomes.

Additionally, school districts and other entities that wish to implement history and civics training programs can use funds provided under other Federal programs. For instance, the Teaching American History program supports competitive grants to local educational agencies to promote the teaching of American history through professional development programming for teachers of American history. Also, the Teacher Quality State Grants program provides nearly $3 billion annually for efforts supporting highly qualified teachers in the core academic subjects, including history, and for enhancing teachers' skills and knowledge in those subjects.

TERMINATION: COMBAT SEARCH AND RESCUE (CSAR-X) HELICOPTER

Department of Defense

The Administration proposes to terminate the Air Force Combat Search and Rescue (CSAR-X) Helicopter Program because of problems with contracting, high costs, and questions about the need for an aircraft solely devoted to this purpose when multi-purpose aircraft are available.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	233	89	-144

Justification

The Department of Defense is questioning the need for a single-purpose helicopter. Unlike the other services, which carry out this mission with multiple-purpose helicopters, the Air Force has traditionally carried out this mission with single-purpose aircraft. The Department will review the combat search and rescue mission in the context of multi-service requirements and capabilities.

Further, this program has experienced contracting problems that have led to delays and higher costs. A prime contractor was selected but, because of multiple protests by the losing contractors, the program has not begun development. The Congressional Budget Office, Government Accountability Office, and the Center for Strategic and International Studies (CSIS) all reported that faulty contracting actions would result in costly delays with no clear resolution.[1, 2, 3] The original estimate for the program was approximately $11.5 billion. Funding in 2010 will be used for a requirements review and in support of the CSAR mission as determined in the Quadrennial Defense Review.

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).

[3] Hans Ulrich Kaeser and Anthony H. Cordesman, *Defense Procurement by Paralysis: Costly Mortgages for the Next Administration*, Center for Strategic and International Studies (November 2008 Draft).

TERMINATION: CONSERVATION RESERVE PROGRAM SET-ASIDE FOR PUBLIC ACCESS

Department of Agriculture

The Administration's 2010 Budget includes savings from discontinuing Conservation Reserve Program (CRP) incentive payments to CRP landowners who enroll in State hunting access programs. These payments duplicate existing funding for these State programs.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	1,936	1,850	1,934	2,044	2,168	9,932	21,959
Proposed Change from Current Law	-5	-11	-14	-17	-20	-65	-178

Justification

Both the Conservation Reserve Program (CRP) incentive payments and the Voluntary Public Access and Habitat Incentive Program (VPA) support State-run "public access" programs. These State-run programs open private land to public access for sporting purposes. VPA was established by the 2008 Farm Bill and provides $50 million through 2012 for this purpose, while the CRP incentive pays landowners an additional $3 an acre (on top of an average $44 an acre rental payment) to enroll their CRP land in the State-run programs. In addition, the CRP incentive would have paid farmers whose CRP land is already in the State-run programs, which would not have assisted in achieving the goal of creating more access. The Budget continues funding for the Voluntary Public Access program but includes savings from administratively discontinuing enrollment for the CRP incentive payments.

TERMINATION: CORRIDOR H OF THE APPALACHIAN DEVELOPMENT HIGHWAY

Department of Transportation

The Administration proposes to eliminate funding provided for Corridor H of the Appalachian Development Highway System (ADHS). This program is duplicative of highway formula funding that can be used for the same activities. Regional set asides such as this one are over and above formula allocations that allow States to set their own priorities and address local and regional needs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	10	0	-10

Justification

In 2009, this funding was provided specifically for West Virginia Corridor H of the Appalachian Development Highway System (ADHS). The 2009 appropriations earmark is in addition to the amounts authorized under the latest surface transportation bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which authorized $470 million annually from 2005 through 2009 to support highway and local access road construction under ADHS. In addition to these funds, formula funding provided to West Virginia through the Federal-Aid Highway program could support projects in this corridor at the discretion of the State.

TERMINATION: COTTON STORAGE PAYMENTS

Department of Agriculture

The Administration's 2010 Budget proposes to eliminate payments to cotton producers to compensate them for their cost of storing cotton that is put under loan with the Department of Agriculture. Cotton is the only commodity for which the Government unconditionally provides this assistance.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	52	58	56	57	57	279	570
Proposed Change from Current Law	-52	-58	-56	-56	-57	-279	-570

Justification

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

TERMINATION: DENALI ACCESS

Department of Transportation

The Budget proposes to eliminate earmarked funding for the Denali Access System. This program is duplicative of other highway formula funding that can be used for the same activities. Regional set asides such as this one are over and above formula allocations that allow States to set their own priorities and address local and regional needs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	6	0	-6

Justification

In 2009, this funding supported an earmark for projects in Alaska under the Denali Access System (DAS). The 2009 appropriations is in addition to the amounts authorized under the latest surface transportation bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which authorized $15 million annually from 2006 through 2009 for DAS to support planning, design, engineering and construction of road and other surface transportation infrastructure projects in Alaska. In addition to these funds, formula funding provided to Alaska through the Federal-Aid Highway program could support projects at the discretion of the State.

TERMINATION: DENALI JOB TRAINING

Department of Labor

The Administration proposes to eliminate the Department of Labor earmark for job training activities associated with Denali Commission projects in Alaska. This narrow-purpose funding is redundant and unnecessary, and there is no evidence that Denali Commission training programs improve employment outcomes for participants.

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	3	0	-3

Justification

The Denali earmark is duplicative of funding that Alaska receives through other Federal workforce development programs. In the current program year the State received $20.6 million in formula funding under programs authorized by the Workforce Investment and Wagner-Peyser Acts to deliver employment and training programs to adults, youth, and dislocated workers at One-Stop Career Centers. There also is a federally funded Job Corps center in Palmer that provides academic services and job training to at-risk youth. Alaska also receives funds from the Department of Education for vocational and adult education and training that improves employment opportunities for people with disabilities. In 2009, Alaska will receive an estimated $9.8 million for Vocational Rehabilitation State grants (authorized by the Rehabilitation Act of 1973) and $4.5 million for Career and Technical and Tech-Prep Education state grants (authorized by the Carl D. Perkins Career and Technical Education Act). Finally, certain Alaskan Tribes receive funding through the Workforce Investment Act Indian and Native American program.

Furthermore, there is little accountability for job training activities funded through this earmark. Unlike other Department of Labor programs, the Denali Commission job training initiatives are not required to report on the employment outcomes of participants, so there is little information to determine whether these initiatives are producing positive results.

TERMINATION: ECONOMIC ACTION PROGRAM

Department of Agriculture

The Administration proposes to eliminate funding in 2010 for the Department of Agriculture Forest Service's Economic Action Program because the program is not targeted and is duplicative of other Department of Agriculture programs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
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 Department of Agriculture programs that can address priority needs in rural areas via several programs that can assist forest-based industries. These programs include rural business and industry loans, biomass utilization grants, and biorefining assistance.

TERMINATION: EMERGENCY OPERATIONS CENTER GRANT PROGRAM

Department of Homeland Security

The Administration is proposing to eliminate the Emergency Operations Center (EOC) Grant Program in the 2010 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	35	0	-35

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 2009, 60 percent of the EOC grant funds were congressional earmarks 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 in order 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 Administration proposes to eliminate unnecessary subsidies to lenders that make loans to students. The Department of Education will increase its servicing capacity and maintain the current high level of customer service by using private sector contractors hired through a competitive bidding process. This proposal will save more than $4 billion annually that will be used to provide Pell Grants to students.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	-9,984	-1,999	982	1,584	1,251	-8,166	-8,295
Proposed Change from Current Law	-3,636	-6,037	-5,099	-3,605	-3,121	-21,498	-41,441

Justification

The Department of Education currently administers two main student loan programs: (1) Federal Family Education Loans (FFEL), where the Department pays entitlement subsidies to lenders to make loans to students; and (2) Direct Loans, where the Department borrows from the Treasury to make loans directly to students. Borrower terms in the two programs are essentially identical, but the Direct Loan program 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 while Direct Loans are cheaper to the taxpayer than comparable FFEL loans, even when you account for administrative costs. This has been demonstrated in prior President's Budgets as well as the current Budget, and both the Congressional Budget Office and Government Accountability Office have reached the same conclusion in previous reports.[1, 2, 3] FFEL also subjects students to uncertainty because of turmoil in the financial markets. Since the beginning of 2008, some 385 schools have left the FFEL program for the Direct Loan program, without significant disruptions to students. Another 407 schools have also signed up for the Direct Loan program over this time, but continue to originate FFEL loans largely being made with the temporary emergency authority granted by the Congress.

The Administration's proposal will take advantage of low-cost and stable sources of capital so students have access to loans, while also providing high-quality services for students by using competitive, private providers to service loans. In general, default rates in the Direct Loan program are comparable to default rates in the FFEL program, and Direct Loan customer satisfaction (as measured by the American Customer Satisfaction Index) is comparable with a major bank such as Wells Fargo/Wachovia.

This proposal will be effective for all loans beginning in the 2010-2011 academic year. FFEL lenders would continue to receive subsidies for new loans originated for the 2009-2010 academic year and 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.

Citations

[1] Office of Management and Budget, *2009 President's Budget Appendix*, (February 2008), p. 364.

[2] Congressional Budget Office, *Subsidy Estimates for Guaranteed and Direct Student Loans*, (November 2005).

[3] Government Accountability Office, *Federal Student Loans: Challenges in Estimating Federal Subsidy Costs*, (September 2005).

TERMINATION: ENVIRONMENTAL INFRASTRUCTURE CONSTRUCTION

Corps of Engineers

Water and wastewater infrastructure 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	180	0	-180

Justification

In 2009, congressional earmarks funded water and wastewater projects in the Corps' budget. This year, the Budget does not include funds for these water and wastewater projects because these projects are outside of the three Corps of Engineer's 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 2010 budget for the Corps reallocates funding for water and wastewater projects towards completion of other higher-priority projects in the Corps mission areas.

TERMINATION: EVEN START

Department of Education

The Administration proposes to eliminate the Even Start program because three national evaluations show the program is not effective. These funds will be redirected to programs that are likely to be more effective at improving early childhood education.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	66	0	-66

Justification

Launched as a small demonstration program in 1988, Even Start combines early childhood education, adult education, and parenting classes into family literacy programs for low-income children and their parents.

Three national evaluations of the program, including two with random control trial designs, show that Even Start is not effective. The children and adults who participate in the program do not make greater literacy gains than non-participants. The most recent evaluation concluded that, while Even Start participants made small gains, they did not perform better than the comparison group. That study included a random assignment control group study in 18 sites with 463 families and participation information from nearly all 855 local projects funded in 2000-2001.[1,2,3]

Detailed findings from the Third Evaluation, which is the most recent and the most rigorous, include the following: there was no difference between families who received Even Start services and those who did not on 38 out of 41 child and parental outcomes. For children, these outcomes included letter recognition, applied problems, story and print concepts, and social skills. For parents, they included reading comprehension, General Educational Development (GED) attainment, and parent participation in school. Even Start participants did better on one outcome measure: children showed fewer behavioral problems in elementary school. Control group children did better on two outcome measures: applied problems in mathematics and completing incomplete words. While Even Start participants made gains on some measures of literacy, they were very small and achievement remained at an extremely low level. For example, Even Start children started in the 4th percentile, and scored only in the 6th percentile when tested at the end of the program, and parents started in the 1st percentile on reading comprehension, and scored in the 2nd percentile when tested at the end of program.[1]

In addition, recent program performance data support one of the study's findings: a significant portion of Even Start families do not participate enough for the program to have an effect on outcomes. Data from the 2006-2007 school year show that nearly one-third of Even Start families participated less than six months.

While the Budget proposed elimination of Even Start, the President has made strengthening early childhood education a priority through a comprehensive Zero to Five initiative. The American Recovery and Reinvestment Act of 2009 provided nearly $5 billion in additional Federal support for Head Start, Early Head Start, IDEA Grants for Infants and Families, and the Child Care and Development Block Grant. The 2010 budget for the Department of Health and Human Services funds Head Start at a level sufficient to support the historic expansion in Head Start and Early Head Start and continue the improvement of program quality. It also provides $8.5 billion over ten years for a new mandatory program that provides funds to states for evidence-based home visitation programs for low-income families. The 2010 budget for the Department of Education provides $300 million for State grants to launch the first phase of the Early Learning Challenge Fund, and provides $500 million for a new Title I pre-school program.

Citations

[1] Abt Associates, *Third National Even Start Evaluation* (2003) *http://www.ed.gov/rschstat/eval/disadv/evenstartthird/toc.html*

[2] *Second National Even Start Evaluation, http://www.ed.gov/pubs/evenstart_final/evenstart.pdf*

[3] Fu Associates and Abt Associates, *First evaluation of Even Start* (1995).

TERMINATION: F-22 RAPTOR FIGHTER AIRCRAFT

Department of Defense

The Administration proposes to terminate the F-22 Raptor program after production of the planned 187 aircraft because the Department of Defense (DOD) has determined that 187 F-22s, together with other fighter aircraft including the new Joint Strike Fighter now in production, will be able to meet foreseeable threats.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	2,907	0	-2,907

Justification

This proposal would terminate procurement of the F-22 Raptor after 2009 when the current multiyear procurement contract ends. In December 2004, DOD determined that 183 F-22s would be sufficient to meet its needs. The Administration's current plans would provide a total of 187 aircraft, including four additional F-22s funded in the 2009 supplemental request to replace legacy aircraft lost in the war theater. Once these 187 aircraft are built, the production line will close. Both the Government Accountability Office and Congressional Budget Office have questioned the affordability of continuing the F-22 program, at about $3.5 billion per year, while simultaneously making other large procurements, such as the Joint Strike Fighter.[1,2] Moreover, several reviews within DOD, for example the 2006 Quadrennial Defense Review, have confirmed that 187 F-22s, together with the planned growth in the fleet of Joint Strike Fighters to 2,443, will meet DOD's requirements to maintain air superiority and to attack enemy forces on the ground.[3]

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).

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

TERMINATION: FOUNDATIONS FOR LEARNING

Department of Education

The Administration proposes to eliminate the Foundations for Learning program because it is too small to have a national impact and supports such a broad range of activities that the Department cannot reasonably evaluate grantee performance. The Budget proposes to reallocate this funding to the larger and more comprehensive Mental Health Integration program.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	1	0	-1

Justification

Foundations for Learning is a small program that supports approximately three to four grants per year that provide a broad range of services to foster the emotional, behavioral, and social development of at-risk children. The range of allowable activities makes it difficult for the Department to measure grantees' performance and evaluate program outcomes. Further, there are no evaluation data for the program.

Rather than continuing to fund the unfocused Foundations for Learning program, the 2010 Budget proposes to provide an increase, of an equivalent amount ($1 million), for the Mental Health Integration program. The Mental Health Integration program supports comprehensive and coordinated efforts that link school-based systems with local mental health service systems to deliver prevention, diagnostic, and treatment services as well as crisis intervention and consultation services for children and their families.

The 2010 Budget also proposes funding for several programs that support early childhood education and development, such as the Early Learning Challenge Fund, Early Reading First, Special Education Preschool Grants, and Special Education Grants for Infants and Families.

TERMINATION: FUTURE COMBAT SYSTEMS MANNED GROUND VEHICLES

Department of Defense

The Administration proposes to eliminate the Future Combat Systems (FCS) manned ground vehicles because of their high cost, concerns about their survivability in future conflicts, and the lack of a coherent tactical vehicle strategy. FCS includes unmanned aerial and ground vehicles, unattended sensors and rockets, manned vehicles and a network that links all systems together.

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	3,614	2,981	-633

Justification

The Future Combat Systems is the largest development program in the history of the United States Army. The program costs have swelled from $92 billion to $159 billion. The manned ground vehicle (MGV) portion of the program includes eight different vehicles built on a common chassis that are operated by a crew inside the vehicle. Individual vehicles are estimated to cost much more than the vehicles they were developed to replace.

The eight manned ground vehicles are:

l) reconnaissance and surveillance vehicle;

2) mounted combat system;

3) non-line-of-sight cannon;

4) non-line-of-sight mortar;

5) field recovery and maintenance vehicle;

6) infantry carrier vehicle;

7) medical vehicle; and

8) command and control vehicle.

The Government Accountability Office has questioned the feasibility of the technology requirements for FCS and whether the technology will be developed and available in time and at a reasonable cost for production.[1] MGVs are the most controversial part of the FCS program because of their high cost, uncertain application to irregular warfare, and reduced armor compared with currently fielded combat vehicles. The Congressional Budget Office has raised questions whether the lighter armor on FCS vehicles makes sense in the types of wars our nation may face in the future.[2] The vehicle program was developed nine years ago and does not take into consideration the Army's recent investment in Mine Resistant Ambush Protected, Stryker, and upgraded, existing combat vehicles.

The Department of Defense intends to cancel the manned vehicle portion of FCS and will reevaluate requirements and available technologies to develop the next generation combat vehicle. The Department intends to retain and accelerate the fielding of other FCS capabilities that have demonstrated success, such as the unmanned ground and aerial vehicles and the unattended sensors. Through 2015 the remaining elements of FCS should cost approximately $24.5 billion including $2.981 billion in 2010. Net savings from cancellation of the manned ground vehicles totals approximately $22.9 billion.

Citations

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

[2] Congressional Budget Office, *Budget Options*, Publication Number 2921 (February 2007).

TERMINATION: HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

The Administration's 2010 Budget does not request any funding for the Truman Foundation because the existing endowment can support the statutory requirements without appropriated funds, and the Foundation should use its existing authorities to raise any additional funds through private donations.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	1	0	-1

Justification

Public Law 93-642 established the Harry S. Truman Scholarship Foundation in 1975 with an endowed trust fund account as a permanent Federal memorial to the 33rd President of the United States. The Foundation awards scholarships for up to four years to qualified students who demonstrate outstanding potential for and interest in careers in public service at the local, State, or Federal level or in the non-profit sector. The Foundation selects new Truman Scholars through an annual competition. The Harry S. Truman Foundation continues to operate on interest income from its trust fund and will be able to meet its statutory requirements without additional appropriated funding. The Administration believes the Foundation should seek private donations if it wants to deliver more activities than can be supported by the Foundation's endowment.

TERMINATION: HEALTH RESOURCES AND SERVICES ADMINISTRATION EARMARKS (3 TERMINATIONS)

Department of Health and Human Services

The Budget proposes to eliminate funding for congressionally-directed earmarks 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Health Care Facilities and Construction	310	0	-310
Denali Commission	20	0	-20
Delta Health Initiative	26	0	-26

Justification

In 2009, the Congress appropriated $356 million for 927 earmarks for local health projects. Included in this proposal are: Health Care Facilities and Construction ($310 million); the Denali Commission ($20 million); and the Delta Health Initiative ($26 million). Health Care Facilities and Construction support 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. Earmarked 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] Meritorious projects should be able to receive funding under a competitive process.

Citations

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

TERMINATION: HIGH ENERGY COST GRANT

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 electric loan program.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	18	0	-18

Justification

The Rural Utilities Service's (RUS) electric loan program and High Energy Cost grants program are duplicative, having similar goals of providing 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.

The 2010 Budget proposes elimination of the duplicative High Energy Cost grants program in favor of electric loans, which are more cost effective from the standpoint of the taxpayer. Using loans to provide support is less expensive than using grants because loans provide more support (loan level) with fewer appropriated dollars. For example, the 2010 Budget provides for $6.6 billion in electric loans at no cost to the taxpayer. In comparison, providing $18 million in grants costs the taxpayer $18 million. In addition, the funds for High Energy Cost Grants have not been obligated in a timely manner and $20 million in balances from previous year funding are still available.

TERMINATION: HOMELAND SECURITY GRANTS

Environmental Protection Agency

The Administration proposes to eliminate separate grants for homeland activities that have been completed or could be funded via non-homeland Environmental Protection Agency (EPA) grants. This change eliminates the homeland security grants for drinking water and wastewater systems due to declining obligations and decreased State demand resulting from completion of high priority activities associated with the Bioterrorism Act of 2002.

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	5	0	-5

Justification

EPA Homeland Security Grants provide grants to States to promote quality development of water infrastructure vulnerability assessments, for operator training and education on water utility preparedness, and for coordination and communication on security measures. Water utility vulnerability assessments were completed in 2004, current water training programs integrate homeland security issues, and EPA has established a secure clearinghouse for water utility operators on security information and best practices via a cooperative agreement (WaterISAC). Given that such training and information sharing efforts are now integrated, separately funding these activities in 2010 is redundant with other EPA funds including EPA grants for non-homeland related activities, such as funding security measures through the Clean Water and Drinking Water State Revolving Funds, and funding operator training through the Public Water System Supervision and Section 106 grants, all of which received funding increases in 2010.

TERMINATION: INTER-CITY BUS SECURITY GRANT PROGRAM

Department of Homeland Security

The Administration proposes in its 2010 Budget to eliminate the Intercity Bus Security Grant Program (IBSGP) since the awards are not based on risk assessment, and the homeland security investments in intercity 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	12	0	-12

Justification

The 2009 IBSGP provides funding to operators of fixed-route intercity 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 in GPS-type tracking systems that they could be making without Federal funding.

The Government Accountability Office has recommended that TSA 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 intercity 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: JAVITS GIFTED AND TALENTED EDUCATION PROGRAM

Department of Education

The Administration proposes to eliminate the Javits Gifted and Talented Education program because the program is not structured to assess program effectiveness and it has not identified successful strategies that could have broad national impact.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	7	0	-7

Justification

The Javits Gifted and Talented program supports research, demonstration and other activities to help elementary and secondary schools meet the educational needs of gifted students. The Administration supports gifted and talented education, however, there is no evidence showing that this small Federal program, which has been in operation for more than a decade, is increasing the availability of gifted and talented programs, enhancing their quality, or advancing innovation in the field.

Currently, one-third of the funds support a research center and the remainder supports grants to about 15 school districts nationwide at an average of $400,000 per district. These funds are not structured to assess program effectiveness and identify or replicate successful intervention strategies that could have broad national impact. An expert panel that was convened by the Department of Education to assess the quality of the work of grantees determined that the program did not have empirical measures for judging how high-ability students improve. The panel also found that most project evaluations were not structured to compare achievement results with a control group.

The vast majority of gifted and talented programs nationwide are implemented without support from this grant program. Other Federal funds may be used for gifted and talented programs, including Title I programs, Title II professional development programs, and special education programs.

TERMINATION: JOINT STRIKE FIGHTER ALTERNATE ENGINE

Department of Defense

The Administration has decided not to fund the Joint Strike Fighter (JSF) Alternative Engine Program (AEP), because it is no longer needed as a hedge against the failure of the main Joint Strike Fighter engine program. The Department of Defense (DOD) proposed cancelling the JSF AEP in the President's 2007 Budget because development of the main engine was progressing well and analysis indicated that savings from competition would not be offset by high upfront costs. DOD did not request funding for the program in the 2008 and 2009 Budgets. However, the Congress has rejected the proposed cancellations and has added funding each year since 2007 to sustain the AEP development.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	465	0	-465

Justification

Because DOD wanted to reduce technical risk in the development of the JSF engine, the Department has had two contractors developing separate JSF engines. However, in 2007, DOD proposed to cancel the contract for the second (alternate) engine because the main engine program was progressing well, making a second engine program unnecessary. 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 Congressional Budget Office have questioned the affordability of the current defense program, particularly the high cost of modernizing tactical aviation.[1,2] Canceling the AEP will result in estimated 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: LOCAL GOVERNMENT CLIMATE CHANGE GRANTS

Environmental Protection Agency

In 2009, the Congress funded a new 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 to 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	10	0	-10

Justification

The Congress first provided funding for this new program in 2009. The program 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, Methane to Markets, AgSTAR, and eventually, through the Administration's comprehensive greenhouse gas reduction effort. 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, such as the Home Energy Yardstick which reduces the costs of home energy rating audits and helps 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: LORAN-C

Department of Homeland Security

The Administration is proposing to terminate the terrestrial-based, long-range radionavigation system (Loran-C) operated by the U.S. Coast Guard because it is obsolete technology. Accounting for inflation, this will achieve a savings of $36 million in 2010 and $190 million over five years.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	35	0	-35

Justification

Loran-C is a federally-provided radionavigation system for civil marine use in U.S. coastal areas. The Nation no longer needs this system because the federally-supported civilian Global Positioning System (GPS) has replaced it with superior capabilities. As a result, Loran-C, including recent limited technological enhancements, serves only the remaining small group of long-time users. It no longer serves any governmental function and it is not capable as a backup for GPS.

Several Federal agencies, including the Departments of Defense, Transportation, and Homeland Security, already have backup systems for their critical GPS applications and the termination of Loran-C does not foreclose future development of a national back-up system. It merely stops the outflow of taxpayer dollars to sustain a system that does not now and will not, in its current state, serve as a backup to GPS.

TERMINATION: LOS ALAMOS NEUTRON SCIENCE CENTER REFURBISHMENT

Department of Energy

The Administration proposes to cancel refurbishment of the Los Alamos Neutron Science Center (LANSCE). The LANSCE 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	19	0	-19

Justification

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 ebbing.[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. For example, the Department of Energy (DOE's) Nuclear Energy program has recently stopped using LANCSE to produce medical isotopes.

The facility is mostly used by organizations outside of NNSA who do not pay the full costs of its operations. Operational costs must be subsidized by the National Nuclear Security Agency (NNSA). To keep LANSCE operable and up-to-date would require a $180 million refurbishment. Neither DOE nor NNSA have considered this cost justified, and NNSA has not requested funding for this refurbishment in 2009 or 2010. However, the Congress has kept the program going in the past

Citations

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

TERMINATION: MULTIPLE KILL VEHICLE PROGRAM

Department of Defense

The Administration proposes to terminate the Multiple Kill Vehicle (MKV), which is a long-term research and development program designed to counter ballistic missile threats by using several "kill" vehicles launched from a single interceptor, or missile. The Administration will instead focus on proven, near-term missile defense programs that can provide more immediate defenses of the United States, its deployed forces, and allies against ballistic missile attack.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	283	0	-283

Justification

The primary reason the Administration proposes to terminate this long-term development program is to focus, instead, on proven, near-term missile defense programs, such as the Terminal High Altitude Area Defense (THAAD) and the Aegis Ballistic Missile Defense programs. The capabilities of the THAAD and Aegis Ballistic Missile Defense programs have been demonstrated through numerous successful flight tests. This termination of MKV will save over $4 billion from 2010 through 2015.

In addition, program requirements are uncertain and the program is already behind schedule and over budget because of technological problems. In its 2009 *Assessments of Selected Weapon Programs*, the Government Accountability Office (GAO) assessed 16 of the program's critical technologies as immature and questioned whether the program could achieve its goals because it has yet to set top-level requirements.[1] In addition, in a March 2009 report, GAO pointed out that MKV experienced software development problems that delayed its planned 2008 fall test by several months.[2] In that same report, GAO estimated that one of MKV's task orders would have a cost overrun of between $1.6 million and $2.5 million, or between 8 to 13 percent, above the original budgeted amount.

Citations

[1] Government Accountability Office, *Assessments of Selected Weapon Programs*, GAO-09-326SP (March 30, 2009).

[2] Government Accountability Office, *Production and Fielding of Missile Defense Components Continue with Less Testing and Validation Than Planned*, GAO-09-338 (March 13, 2009).

TERMINATION: NATIONAL INSTITUTE FOR LITERACY

Department of Education

The Administration proposes to eliminate the National Institute for Literacy (NIFL). NIFL has had minimal success in fulfilling its mission to coordinate literacy services across the Federal Government. Efforts to provide national literacy leadership could be coordinated more efficiently by the Office of Vocational and Adult Education within the Department of Education.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	6	0	-6

Justification

The National Institute for Literacy (NIFL) was created in 1991 to provide national leadership on issues related to literacy, coordinate Federal literacy services and policy, and serve as a national resource for adult education and literacy programs.

However, NIFL's activities have had limited value in providing national leadership on literacy issues. Although one of NIFL's major responsibilities is to coordinate Federal literacy policy, a report produced by the Interagency Adult Education Working Group found that there was no unified Federal research agenda for adult education, and that each agency, including NIFL, appears to invest in research studies addressing its individual programmatic needs without considering holistically what educators and policymakers need to know about adult learning.[1] In addition, NIFL's programmatic funding is often spent on low value-added activities, such as printing brochures and reports, which NIFL spent over $2 million on from 2007 appropriations.

NIFL's structure and status as an entity that operates somewhat independently from the Department of Education have also led to inefficiencies. NIFL's statute requires that it maintain separate offices from the Department of Education. Based on this requirement, NIFL has chosen to rent space in a building separate from the Department of Education's headquarters and spends nearly half a million dollars in rent annually for an office of only 11 people. In all, nearly half of NIFL's 2009 appropriation will support expenses for personnel and overhead. NIFL's isolation from the larger Department has also resulted in NIFL needing its own administrative processes to handle such routine matters as travel management and employee performance evaluation. A 2005 Organizational and Management Study of NIFL found deficiencies in these and other administrative matters.[2]

Under the Administration's proposal, the Office of Vocational and Adult Education would take primary responsibility for the adult literacy agenda at the Department, and would absorb the resources now appropriated to NIFL. All of those resources would fund national program activities rather than Federal staffing and overhead.

Citations

[1] U.S. Department of Education, Office of Vocational and Adult Education, *Bridges to Opportunity: Federal Adult Education Programs for the 21st Century, Report to the President on Executive Order 13445* (2008).

[2] Booz Allen Hamilton, *Final Recommendations Report, Organizational and Management Study, the National Institute for Literacy* (May 2005).

TERMINATION: NEXT GENERATION BOMBER

Department of Defense

The Administration has decided not to pursue development of a new long-range bomber, which the Department of Defense (DOD) had planned to begin fielding in 2018 as a means of augmenting the existing bomber fleet. The existing fleet of 173 bombers will be able to meet expected threats.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	0	0	0

Justification

The 2006 Quadrennial Defense Review proposed that DOD develop a new long-range heavy bomber by 2018 to augment the current bomber fleet of B-52s, B-2s and B-1Bs.[1] The Administration has decided not to pursue technology efforts aimed at developing a new bomber because the current fleet is performing well. Further, as a result of ongoing efforts to upgrade the existing bomber fleet with new electronic and weapons systems, current aircraft will be able to meet the threats expected in the foreseeable future. Since there is no urgent need to begin an expensive development program for a new bomber, the Department will utilize the additional time to develop a better understanding of the requirement and to develop the technologies most suitable for a long-range bomber. Also, the Congressional Budget Office, in its analysis of the long-term implications of the defense program, concluded that DOD's weapons acquisition program, including the future bomber fleet, may not be affordable over the next six years.[2] Not pursuing this program will result in savings of several hundred million dollars through 2013.

Citations

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

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

TERMINATION: NUCLEAR HYDROGEN ACTIVITIES

Department of Energy

The Administration proposes to eliminate funding for the Nuclear Hydrogen Initiative and related work on the production of hydrogen in the Office of Nuclear Energy. This research was designed to develop economical commercial-scale hydrogen production technologies that utilize high temperature process heat and/or electricity from next generation nuclear energy systems. The 2010 Budget places an increased emphasis on development of transportation technologies that can have a nearer-term impact on our energy and climate change goals.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	8	0	-8

Justification

The goal of Nuclear Hydrogen Initiative was to complete a design of an economic, commercial-scale, environmentally benign hydrogen production system using nuclear energy by 2015. DOE's approach was to conduct research and development on advanced thermochemical technologies that the Department felt could, when used in tandem with generation IV nuclear energy systems, enable cost-competitive production of hydrogen in large quantities. Currently, the earliest estimate for completion of a demonstration facility of next generation nuclear energy technology is 2021.

The hydrogen production technologies being evaluated by the program require higher temperatures than are available from current nuclear reactors, making commercial-scale hydrogen production using nuclear energy a long-term research effort. In addition, the methods of hydrogen production being pursued by the nuclear program have the potential to be coupled with other energy sources, and therefore are not specific to nuclear technology.[1, 2] At least three reports on the hydrogen economy conclude that significant basic research is needed to overcome the technical barriers to a competitive hydrogen economy: by the Department of Energy's Office of Basic Energy Science, by the National Research Council, and by the American Physical Society Panel on Public Affairs.[3, 4, 5] The 2010 Budget will focus its nuclear energy research funding on higher priority areas such as waste management and storage, materials, and simulation.

Citations

[1] Al Weimer, *Development of Solar-powered Thermochemical Production of Hydrogen from Water, http://www.hydrogen.energy.gov/pdfs/review06/pd_10_weimer.pdf*

[2] *DOE solar-hydrogen workshop presentation on high-temperature electrolysis, http://www1.eere.energy.gov/solar/pdfs/doctor.pdf*

[3] *Basic Research Needs for the Hydrogen Economy; Report on the Basic Energy Sciences Workshop on Hydrogen Production, Storage, and Use, http://www.sc.doe.gov/bes/hydrogen.pdf*

[4] National Academies Press, *The Hydrogen Economy: Opportunities, Costs, Barriers, and R&D Needs, http://www.nap.edu/catalog/10922.html*

[5] The Hydrogen Initiative, American Physical Society, Panel on Public Affairs (POPA) *http://www.aps.org/policy/reports/popa-reports/upload/hydrogen.pdf*

TERMINATION: NUCLEAR POWER 2010

Department of Energy

The Budget proposes to terminate the Nuclear Power 2010 (NP2010) demonstration program. The Budget provides $20 million as a final contribution to this cost-shared effort with industry, which was announced in 2002. The program has largely accomplished its intended purpose to help industry overcome regulatory uncertainties by demonstrating the Nuclear Regulatory Commission's (NRC's) new approach to commercial nuclear reactor licensing, including the new combined construction and operating license (COL) process. Therefore, the program will stop support for vendors and one of the license applicants, and will not fund activities that may have slipped into future years due to previous delays.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	178	20	-158

Justification

As a demonstration program, this program was designed to have the Federal Government pay up to 50 percent of the total program cost. The projected Federal share of the largest component of the program - the COL projects - was approximately $500 million at the start. By 2008, the projected Federal cost share for that component had escalated to over $700 million. The cost associated with NRC review significantly escalated due to increases in the level of detail required by the NRC beyond the scope originally envisioned by the program. These changes have driven significant increases in program costs beyond the Government's original estimate of $500 million.

Through 2009, the program will have helped fund the nuclear utility industry to achieve several significant program milestones, including the issuance of three NRC-approved Early Site Permits, which establish that a site is suitable for possible future construction and operation of a nuclear power plant, and the submission to the NRC of two COL applications for two reactor designs. The 2010 funds are being provided to support close out activities on one COL project, positioning it to begin initial NRC licensing hearings. Component vendors and other private sector partners will have adequate incentive to complete additional work without further Federal funding.

There is already evidence that NP2010 and other Federal activities have helped promote industry's interest in the deployment of new nuclear plants; to date the NRC has received 17 COL applications for 26 new commercial nuclear reactors.[1]

Citations

[1] NRC list of expected and received applications, *http://www.nrc.gov/reactors/new-reactors/new-licensing-files/expected-new-rx-applications.pdf*

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

Department of Energy

As part of the President's agenda to transform our energy sector and, also, make a fairer tax code, the Budget proposes to cut unjustified tax loopholes that benefit oil and gas corporations. Ending these subsidies would raise about $26 billion over the next ten years.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	n/a	1,468	2,825	3,098	3,066	10,457	26,192
Proposed Change from Current Law	0	-1,468	-2,825	-3,098	-3,066	-10,457	-26,192
Repeal Enhanced Oil Recovery Credit	0	0	0	0	0	0	0
Repeal Marginal Well Tax Credit	0	0	0	0	0	0	0
Repeal Expensing of Intangible Drilling Costs	0	-347	-595	-526	-395	-1,863	-3,349
Repeal Deduction for Tertiary Injectants	0	-5	-9	-9	-8	-31	-62
Repeal Passive Loss Exemption for Working Interests in Oil and Natural Gas Properties	0	-2	-5	-6	-6	-19	-49
Repeal Manufacturing Tax Deduction for Oil and Natural Gas Companies	0	-757	-1,310	-1,392	-1,464	-4,923	-13,292
Eliminate Preferential Time Period Treatment for Geological and Geophysical Amortization Period for Independent Producers	0	-41	-154	-240	-233	-668	-1,189
Repeal Percentage Depletion for Oil and Natural Gas	0	-316	-752	-925	-960	-2,953	-8,251

Justification

This proposal would give oil and gas companies the same tax treatment as other corporations engaging in similar activities and would take effect beginning January 1, 2011.

The oil and gas subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices. Elimination of these subsidies would save taxpayers about $26 billion over the next ten years, an amount that represents only a tiny percentage of annual domestic oil and gas revenues -- about one percent over the coming decade. Government Accountability Office found that "the government take in the U.S. Gulf of Mexico ranks among the lowest across a large number of other oil and gas fiscal systems, ... [and] that other measures, including fiscal attractiveness and rates of return, indicate the U.S. Gulf of Mexico and other U.S. oil and gas producing regions are attractive places to invest."[1] Therefore, any claim that this proposal would have a significant impact on oil and gas production is unfounded.

Oil and, to a large extent, gas are internationally traded commodities and their prices are determined on the world market. As a result, domestic oil and gas production subsidies generally do not significantly reduce the prices that consumers pay for products such as gasoline and home heating oil, resulting primarily in higher returns to the oil industry.

Citations

[1] Government Accountability Office, *Oil and Gas Royalties: The Federal System for Collecting Oil and Gas Revenues Needs Comprehensive Reassessment*, GAO-08-691 (September 3, 2008).

Note: Baseline outlays are calculated beginning January 1, 2011, when the policy proposal would be implemented.

TERMINATION: OIL AND GAS RESEARCH AND DEVELOPMENT PROGRAM (MANDATORY FUNDING)

Department of Energy

The Administration proposes to repeal provisions in the 2005 Energy Policy Act for the mandatory oil and gas research and development (R&D) program. 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)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	50	50	50	50	50	250	290
Proposed Change from Current Law	-20	-40	-50	-50	-50	-210	-250

Justification

The Energy Policy Act of 2005 established a new mandatory oil and gas R&D program funded from Federal revenues from oil and gas leases, the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research program. It is similar to the existing discretionary oil R&D programs, also proposed for termination in the 2010 Budget.

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 (GAO) 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.[1] 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] Government Accountability Office, *DOE Could Enhance the Project Selection Process for Government Oil and Natural Gas Research*, GAO-09-186 (December 2008).

TERMINATION: OIL RESEARCH AND DEVELOPMENT PROGRAM (DISCRETIONARY FUNDING)

Department of Energy

The Administration proposes to terminate the oil research and development (R&D) program. The R&D activities that will be eliminated typically fund development of technologies that can be commercialized quickly and provide little public benefit, like technology for improved drill motors. They are more appropriate for the private-sector oil industry to perform.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	5	0	-5

Justification

The discretionary oil R&D program is similar to the mandatory oil and gas R&D program, also proposed for termination. The discretionary program is managed by the Department of Energy (DOE) and is funded by annual appropriations, whereas the mandatory program is managed by a private consortium and is funded by receipts from government leases of oil and gas.

Much of DOE's oil R&D goes toward incremental improvement of oil technologies that can be commercialized quickly. The oil industry has the incentive and resources to undertake this work without this Federal subsidy, and this program has been shown to provide little public benefit. According to the Government Accountability Office, DOE's program is dwarfed by industry's ($20 billion for oil and gas R&D between 1997 and 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.[1]

Citations

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

TERMINATION: PRESIDENTIAL HELICOPTER (VH-71)

Department of Defense

The Administration proposes to terminate the Presidential Helicopter replacement (VH-71) program and to initiate a new Presidential Helicopter replacement program, and to properly develop options for a fiscal year 2011 follow-on program. The Presidential Helicopter is responsible for the safe, reliable transport of the President in administrative and contingency environments, worldwide. The VH-71 is being developed to replace the existing VH-3D and VH-60N helicopters, which currently serve as "Marine One".

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	835	85	-750

Justification

The VH-71 program is six years behind schedule, and its cost has grown from $6.5 billion to over $13 billion. Over $3.2 billion has already been spent on this program with no operational aircraft delivered. The Government Accountability Office has warned that future costs of the VH-71 are unknown,[1, 2] and the Congressional Research Service has raised the question if the current program should be cancelled.[3] These high costs and schedule slippage have occurred because of challenging program requirements and an ambitious schedule. Instead of continuing to pursue the current program, the Administration proposes to cancel it, review requirements, and establish a new program. A new Presidential Helicopter replacement program will allow the Administration to take advantage of new technologies and develop a helicopter that is fiscally responsible while still meeting the President's requirements.

Funding in 2010 will cover termination costs, Government efforts to develop options for a Presidential Helicopter replacement program, and service life extensions for the current Presidential Helicopter fleet.

Citations

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

[2] Government Accountability Office, *Defense Acquisitions: Assessments of Selected Weapon Programs*, GAO-08-467SP (March 2008).

[3] Christopher Bolkcom, *VH-71 Presidential Helicopter Program*, Congressional Research Service (CRS), RS22103 (March 5, 2009).

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 Broadcast Grants program. Public Broadcast Grants provide funding to public broadcast companies to convert to digital transmission, which is largely complete.[1]

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	5	0	-5

Justification

Since 2004, the USDA Public Broadcast 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 Broadcast 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 $61 million for CPB in 2010, which is in addition to its $420 million enacted advance appropriation, for total proposed 2010 resources of $481 million. The Budget also includes an advance appropriation request for CPB in 2012 of $440 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 2009 and FY 2011. http://cpb.org/aboutcpb/financials/appropriation/justification_09-11.pdf

TERMINATION: PUBLIC TELECOM FACILITIES

Department of Commerce

The Budget supports public broadcasting through increased appropriations to the Corporation for Public Broadcasting (CPB), and eliminates 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 will be completed in fiscal year 2009.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	18	0	-18

Justification

Since 2000, most PTFP awards have supported public television stations' conversion to digital broadcasting. Digital broadcasting facilities mandated by the Federal Communications Commission will be completed in fiscal year 2009, and there is no further need for DOC's program.

The Administration proposes to support public broadcasters through CPB, and the Budget includes $61 million for CPB in 2010, which is in addition to its $420 million enacted advance appropriation, for total proposed 2010 resources of $481 million (nearly $20 million above 2009). The Budget also includes an advance appropriation request for CPB in 2012 of $440 million to support public broadcasters. CPB funds can support the same types of capital projects as PTFP funding as well as stations' operating and programming costs.

PTFP, in contrast, was appropriated only $18 million in 2009, 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 Commerce Department 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 challenge for this small Commerce Department bureau, and one which will aid the nation's economic recovery and help promote long-term economic competitiveness.

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 earmarks rather than distributed through a need- or merit- based process.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	25	0	-25

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 through 2009. 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. As it has in previous years, the Congress placed 22 earmarks in the 2009 appropriation for the program, undermining the Department of Transportation's discretion in allocating funds through a 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.

TERMINATION: READY TO TEACH

Department of Education

The Administration proposes to eliminate the Ready to Teach (RTT) program because it contains design flaws that reflect outdated ideas on the content and delivery of teacher professional development. In lieu of this program, the Administration supports teacher professional development through other Department programs and activities, including a new grant competition designed to more effectively meet the goals of the RTT program.

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	11	0	-11

Justification

The RTT program supports grants to telecommunications entities to carry out programs to improve teaching in core curriculum areas and to develop and distribute educational video programming. By limiting eligibility for grants to telecommunications entities, the program undermines its ability to establish "best practices" for the development and delivery of course content. In 1995, when the RTT program was originally authorized, it was not yet clear what role new technologies, in particular the Internet, might eventually play in transforming and supporting the delivery of teacher professional development. However, considering the number of private vendors and school districts using new technologies to provide effective, online professional development, this eligibility limitation no longer makes sense.

In lieu of this program, the Administration proposes to conduct a new $5 million grant competition in 2010 that would accomplish the goals of the RTT program without the unnecessary eligibility limitation. The new grant competition, called Digital Professional Development, would make up to five awards for the purpose of creating digital professional development that would be available through the Internet, online portals, and other digital media platforms, and that utilizes the latest innovative technologies to enhance the relevance and effectiveness of such materials for individuals and groups of users. The new grant competition would also require grantees to conduct rigorous evaluations and collect valid, comparable data on key outcomes.

Also, the Administration supports the professional development of teachers through more substantial investments in other Department of Education programs, such as the $2.9 billion Improving Teacher Quality State grants program.

TERMINATION: RELIABLE REPLACEMENT WARHEAD

Department of Energy

The Administration proposes to cancel development of the Reliable Replacement Warhead (RRW) -- a new design warhead intended to replace the current inventory of nuclear weapons -- because it is not consistent with Presidential commitments to move towards a nuclear-free world.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	0	0	0

Justification

Development of RRW was scheduled to require $60 million between 2009 and 2014 to complete both design work and analysis for a new family of nuclear warheads. The 2009 request for the program went unfunded by Congress. Terminating RRW is consistent with Congressional priorities and the Administration's commitment to move toward a nuclear-free world.

In recent studies, the National Academy of Sciences, the Government Accountability Office, and other prominent groups have concluded that the current stockpile will remain reliable for an extended period as long as planned maintenance and certification programs continue.[1, 2, 3] On-going Life Extension Programs (involving replacement of aging components and selected improvements to safety, security and reliability) support these maintenance and certification efforts and will continue.

The Nuclear Posture Review will address the programs needed to support long-term certification of the stockpile and how to maintain the required skilled and specialized workforce. Until its results are published, committing funding to any particular programmatic solution is premature.

Citations

[1] National Research Council of the National Academies, *Evaluation of Quantification of Margins and Uncertainties Methodology for Assessing and Certifying the Reliability of the Nuclear Stockpile* (November 2008).

[2] Government Accountability Office, *Nuclear Weapons: NNSA Needs to Establish a Cost and Schedule Baseline for Manufacturing a Critical Nuclear Weapon Component*, GAO-08-593 (May 23, 2008).

[3] George P. Shultz, William J. Perry, Henry A. Kissinger, and Sam Nunn, "Toward a Nuclear-Free World," *Wall Street Journal* (January 15, 2008).

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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	51	0	-51

Justification

The RC&D Program funds coordinators in 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 programs for the community's benefit. After 47 years, this goal has been accomplished. These councils have developed sufficiently strong State and local ties that the Administration believes it is no longer necessary to fund Federal council coordinators, as the councils are now able to secure funding for their continued operation without Federal assistance. A 2006 report to the Congress by the Department of Agriculture found that the councils have been effective at developing local leadership.[1] The program has been in operation for decades and these councils have a proven track record of success, showing that they have outlived the need for Federal 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 Budget proposes to eliminate the Rural Community Facilities program, because the program duplicates other more efficient Federal programs and does not further the mission of the agency.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	10	0	-10

Justification

The Rural Community Facilities Discretionary Grant Program provides training and technical assistance grants to communities in developing affordable and safe water and wastewater treatment facilities. While the Administration fully supports access to clean and safe water, the program does not belong in the Administration for Children and Families, which provides social services to vulnerable populations. Federal assistance for water treatment facilities is available through two programs in the Environmental Protection Agency. The Clean Water and Drinking Water State Revolving Funds (SRFs) provide grants to States to loan funds to local communities for wastewater and drinking water systems. The Clean Water SRF received an additional $4 billion in the American Recovery and Reinvestment Act of 2009, and the President's Budget provides $2.4 billion for this program. The Drinking Water SRF received an additional $2 billion in the Recovery Act, and the President's Budget provides $1.5 billion for this program. In total, the President's Budget increases funding for these two programs by nearly $2.4 billion over the regular 2009 appropriation. The Department of Agriculture provides direct loans, loan guarantees, and grants for rural water and wastewater management programs. The program received $1.4 billion in the Recovery Act and the President's Budget provides an additional $546 million, of which almost $20 million is set aside specifically to provide technical assistance for rural water systems.[1]

Citations

[1] The Clean Water SRF is authorized by Title VI of the Federal Water Pollution Control Act and the Drinking Water SRF is authorized by section 1452 of the Safe Drinking Water Act. USDA loans and grants for rural water and wastewater management are authorized under 306(a) the Consolidated Farm And Rural Development Act.

TERMINATION: RURAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES GRANTS

Department of Agriculture

In the 2010 Budget, the Administration proposes to eliminate Rural Empowerment Zones and Enterprise Communities Grants (EZ/EC program). The program duplicates Rural Development's other programs which provide identical support to these communities. Authority to make the grants expires on December 31, 2009.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	8	0	-8

Justification

The Department of Agriculture supports rural economic development through community infrastructure, utility, and housing loan and grant programs. The small EZ/EC program duplicates those programs. Communities designated as Rural EZ/ECs are qualified for the regular rural development programs such as the Business and Industry Guaranteed Loan Program, the Self Help Housing and Development loans and the Rural Water and Waste Disposal Programs, and, which in many cases, have set asides in those programs. The Budget continues to provide funding to the EZ/EC communities through set asides from other Rural Development programs, totaling $27.6 million. These set asides have been included by the Congress in previous appropriation bills and are expected to be continued. In addition, the program expires December 31, 2009. If appropriation language in the 2010 Budget were to remain as it did in 2009, the program would continue to exist past the December expiration date.

TERMINATION: SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES STATE GRANTS

Department of Education

The Administration proposes to eliminate the Safe and Drug-Free Schools and Communities (SDFSC) State Grants program because both independent and Department of Education analyses have shown that the program is poorly designed. The Administration is increasing funding for the SDFSC National Programs, which is better structured to address the same goals as the State Grants program.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	295	0	-295

Justification

The SDFSC State Grants program provides formula funds intended to help create and maintain drug-free, safe, and orderly environments for learning in and around schools. While reducing violence and drug use in and around schools is a compelling goal, reviews by an independent evaluator and by a statutory advisory committee have demonstrated that this program is poorly matched to achieving that goal. A 2001 study from the RAND Drug Policy Research Center concluded that the structure of the program is "profoundly flawed." The program does not focus on the schools most in need and the thin distribution of funding prevents many local administrators from designing and implementing meaningful interventions. For example, SDFSC State Grants provide more than half of their recipients with allocations of less than $10,000. This is not sufficient funding to support a research-based intervention likely to succeed.[1]

In 2007, the SDFSC Advisory Committee affirmed the RAND findings, noting that the amount of money allocated to the program is too small and may be spread too thinly. The Advisory Council also echoed many of the recommendations of the RAND study, such as recommending that the Federal Government instead provide competitive grants to concentrate a greater amount of funding to school districts with a demonstrated need.[2]

The SDFSC National Programs is better structured to support targeted, high-quality interventions. Indeed, its design follows several of the key recommendations made by RAND and the Advisory Council. Under the National Programs, the Department can award grants directly to local projects in amounts sufficient to make a real difference, for activities that are structured in a manner that permits grantees and independent evaluators to measure progress and add to the national knowledge base on program effectiveness and best practices. Accordingly, the Budget proposes to increase funding for the SDFSC National Programs in order to fund direct grants to local educational agencies (LEAs), or to other organizations in partnership with LEAs, to support new approaches to assist schools in fostering a safe and drug-free learning environment. By identifying effective models that States and schools can adopt, SDFSC National programs hold greater potential for national impact than the State Grant program.

Citations

[1] Peter H. Reuter and Mike P. Timpane, *Options for Restructuring the Safe and Drug-Free Schools and Communities Act*, RAND (2001).

[2] U.S. Department of Education, Safe and Drug-Free Schools and Communities Advisory Committee, *Enhancing Achievement and Proficiency Through Safe and Drug-Free Schools* (August 2007).

TERMINATION: STATE CRIMINAL ALIEN ASSISTANCE PROGRAM (SCAAP)

Department of Justice

The State Criminal Alien Assistance Program (SCAAP) provides a partial subsidy for the cost of incarcerating in State prisons and county jails illegal aliens who have committed crimes. The program is proposed for termination because it functions as an unfocused block grant and funds can be used for any correctional-related purpose.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	400	0	-400

Justification

The Administration proposes to terminate SCAAP. The Administration recognizes the financial burden that the current immigration system places on States and localities, and is committed to reducing illegal immigration. However, SCAAP resources can be better used to enhance Federal enforcement efforts.

SCAAP funds can be used for extraneous items and services such as bonuses, consultants, and purchase of vehicles.

In place of SCAAP, the Administration proposes a comprehensive border enforcement strategy that supports resources for a comprehensive approach to enforcement along the Nation's borders that combines law enforcement and prosecutorial efforts to investigate arrest, detain, and prosecute illegal immigrants and other criminals. The initiative also enhances the Department's ability to track fugitives from justice, combat gunrunners and illegal drug traffickers.

In addition, the 2010 Budget will provide funding to support 20,000 Border Patrol agents protecting nearly 6,000 miles of U.S. borders. The Budget also will provide over $1.4 billion for Immigration and Customs Enforcement programs to support expeditious identification and removal of illegal aliens who commit crimes from the United States.

Finally, as part of the comprehensive U.S.-Mexico Border Security Policy announced by the Administration on March 24, 2009, the Department of Homeland Security is developing a plan to supplement resources on the Southwest Border. This plan would double the Violent Criminal Alien teams located in Southwest Border Field Offices and increases engagement with State and local law enforcement.

TERMINATION: STUDENT MENTORING PROGRAM

Department of Education

The Administration proposes to eliminate funding for the Student Mentoring program, which a recent Department of Education impact evaluation found to be ineffective. It is also duplicative of other Federal programs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	47	0	-47

Justification

A March 2009 impact evaluation of the Student Mentoring program conducted by the Department of Education's Institute of Education Sciences found the program to be ineffective. Specifically, the evaluation compared outcomes of students in the fourth through eighth grades who were randomly assigned either to receive or not to receive school-based mentoring from one of the Department's mentoring grantees. Students were compared on seventeen measures across four domains: school engagement, academic achievement, delinquent behavior, and "prosocial" behavior. The evaluation found that, for the full sample of students, the program did not lead to statistically significant impacts on any of the measures.[1]

In addition, mentoring activities are supported by many other Federal programs. An October 2003 report by the White House Task Force on Disadvantaged Youth identified over 100 youth programs that support mentoring in 13 agencies. For example, the Budget provides $80 million for the Department of Justice's Juvenile Mentoring Grants and the Corporation for National and Community Service invests significant funding each year to mentoring and mentoring-related activities through its Senior Corps, AmeriCorps, and Learn and Serve America programs.[2]

Citations

[1] L. Bernstein, C. Dun Rappaport, L. Olsho, D. Hunt, and M. Levin, *Impact Evaluation of the U.S. Department of Education's Student Mentoring Program*, National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education (March 2009).

[2] *White House Task Force on Disadvantaged Youth, Final Report* (October 2003).

TERMINATION: SURFACE TRANSPORTATION PRIORITIES

Department of Transportation

The Administration proposes to eliminate funding for Surface Transportation Priorities (STP). The STP appropriations account is exclusively earmark projects. 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	161	0	-161

Justification

In 2009, over $160 million was provided to fund 194 congressionally earmarked surface transportation projects called Surface Transportation Priorities. 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). Much of the funds provided by SAFETEA-LU are delivered to States through formula grant programs 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: TRANSFORMATIONAL SATELLITE

Department of Defense

The Administration proposes to terminate the Air Force's Transformational Satellite (TSAT) program because of significant cost increases and slips in schedule. It intends instead to buy additional Advanced Extremely High Frequency (AEHF) satellites, which offer maturity and stability in technology development and in design. The TSAT program was envisioned as a constellation of four satellites and a spare -- with supporting ground infrastructure -- designed to provide strategic communications and Internet-like capabilities to deployed forces.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	768	0	-768

Justification

The TSAT program has suffered from funding instability, and increasing costs and development delays. Moreover, the program's schedule has slipped significantly. The Government Accountability Office (GAO) noted that the revised date for the launch of the first satellite was 2019 -- almost four years later than previously scheduled.[1] GAO further noted that the launch delay was supported by the Office of the Joint Chiefs of Staff, which had concerns about TSAT's development progress and synchronization with other programs. Also, in recent testimony before the Congress regarding alternate budget scenarios, the Congressional Budget Office pointed to the cancellation of TSAT as a potential cost-saving measure.[2]

Based on a recent revision of the program, the estimated investment cost for the current TSAT program is $19.4 billion. This represents an increase in the cost for each satellite of roughly $400 million over the original estimate. Significantly, the latest TSAT configuration has substantially less technical capability than what was proposed for the original configuration. The Air Force has spent approximately $3.3 billion on the TSAT program through 2009. A preliminary assessment done by the Department of Defense (DOD) anticipates savings of about $1.5 to $2.5 billion dollars though 2015 as a result of procuring AEHF satellites in the place of TSATs.

Procuring more than the four AEHF satellites currently under development will allow DOD to continue upgrading its communications satellite inventory with less expensive satellites than TSAT. AEHF satellites will provide a significantly higher data throughput capacity than protected satellites currently in use. Also, they have enhanced features to make them more survivable, jam-resistant, and secure from eavesdropping than current protected satellites. Most importantly -- and as noted by GAO -- AEHF component technologies are mature and their design appears stable.

Citations

[1] Government Accountability Office, *Defense Acquisitions: Assessments of Selected Weapons Programs*, GAO-09-326SP (March 30, 2009).

[2] Congressional Budget Office, *The 2009 Future Years Defense Program: Implications and Alternatives*, Statement of J. Michael Gilmore, Assistant Director, before the Committee on the Budget, U.S. House of Representatives (February 4, 2009).

TERMINATION: TRUCKING SECURITY PROGRAM

Department of Homeland Security

The Budget proposes to eliminate the Trucking Security Program (TSP), as it does not allocate awards based on risk assessment. Both the Government Accountability Office (GAO) and the Department of Homeland Security's (DHS's) Office of the Inspector General have questioned the homeland security benefits achieved through this program relative to its costs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	8	0	-8

Justification

The 2009 TSP funding was awarded to eligible applicants to implement security improvement measures and policies. The grants were originally intended to assist in the training of personnel to identify and report security threats; however these funds have become focused on the purchase and installation or enhancement of equipment and systems related to tractor and trailer tracking systems, which are investments that private sector grantees should make on their own.

The TSP lacks a risk-based methodology in the allocation of grant awards. In 2009, there were few applicants, and the program is carrying forward $5 million of the $8 million appropriated in 2009. The Administration believes the TSP program and commercial trucking grants should be evaluated in the context of the risks faced and relative benefits (to be gained by Federal investments) across all transportation sectors.

A recent GAO report states that TSA has yet to seriously address the risk faced in the commercial vehicle sector.[1] The Office of Inspector General (IG) at DHS released a report in September of 2008 outlining some of the issues that have plagued the program as well. The IG could not verify whether the benefits were worth the costs.[2]

Citations

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

[2] Department of Homeland Security, Office of the Inspector General, *Effectiveness of the Federal Trucking Industry Security Grant Program*, OIG-08-100.

TERMINATION: WATER INFRASTRUCTURE EARMARKS

Environmental Protection Agency

In the President's 2010 Budget, the Administration proposes to eliminate $145 million in 2009 earmarked funds for water infrastructure projects. The 2009 enacted level included 301 wastewater and drinking water projects targeted to specific communities. 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	145	0	-145

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, but are not subject to the State priority-setting process for these programs, which typically funds cost-effective and higher priority activities first. Additionally, earmarks single out projects and communities for greater subsidy than otherwise available through existing programs. 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 Budget significantly increases funds for EPA's water infrastructure programs. It requests an additional $1.7 billion, a 248 percent increase, for the Clean Water State Revolving Fund and an additional $671 million, or 81 percent increase, for the Drinking Water State Revolving Fund over 2009 enacted levels. SRF programs provide loans to wastewater and drinking water systems to support infrastructure improvements, including in small and disadvantaged communities.

TERMINATION: WATERSHED AND FLOOD PREVENTION PROGRAM

Department of Agriculture

The Administration proposes to terminate the Watershed and Flood Prevention Operations program. The Congress has earmarked virtually all of this program in recent years, meaning that the agency is unable to prioritize projects on any merit-based criteria, such as cost-effectiveness.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	24	0	-24

Justification

This program was first implemented under the authorities of the Watershed Protection and Flood Prevention Act of 1954 (P.L. 83-566) and the Flood Control Act of 1944 (P.L. 78-534). In recent years the Congress has earmarked virtually all of this program, meaning that the Natural Resources Conservation Service (NRCS) is unable to prioritize allocation of these funds or direct funding to projects that are cost-effective. In 2009, more than 95 percent of the program was earmarked, eliminating 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 chapter," *2003 Budget*, pp. 294-295.

TERMINATION: WORK INCENTIVE GRANTS

Department of Labor

The Administration proposes to end funding for Work Incentive Grants, a demonstration program that began in 2000 and has accomplished its mission. The 2010 Budget builds on the practices developed under this program by boosting funding for the Office of Disability Employment Policy to facilitate the placement, retention, and promotion of individuals with disabilities in employment.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	17	0	-17

Justification

This competitive grant program was established to strengthen the capacity of the Nation's workforce investment system to serve people with disabilities through its network of One-Stop Career Centers. In 2000, States were still in the process of establishing the One-Stop network, which was authorized in the Workforce Investment Act of 1998 (WIA). The Work Incentive Grants demonstration was created to allay concerns about the new system's accessibility to people with disabilities. One-Stops are now the standard delivery mechanism, and the program has accomplished its mission of demonstrating new approaches to improving the accessibility of services at One-Stops. (One such approach was the use of "disability program navigators" to help One-Stop staff learn to serve individuals with disabilities.)

The Administration believes that a small competitive grants program is no longer needed to promote One-Stop accessibility. Building on the knowledge developed through the Work Incentive Grants, workforce investment boards should be able to effectively serve workers with disabilities through their regular One-Stop Career Center operations. Services in the One-Stop Centers are supported by close to $4 billion in formula grants from the Department of Labor, with additional funds from other One-Stop partners.

One-Stop Career Centers must be accessible to job-seekers with disabilities. Section 504 of the Rehabilitation Act mandates that organizations that receive Federal funds be accessible to people with disabilities, and State Vocational Rehabilitation agencies funded by the Department of Education will continue to provide technical assistance to One-Stop Centers on program accessibility.

To foster greater innovation and emphasize its commitment to employment opportunities for workers with disabilities, the Administration is requesting an increase of $10 million (39 percent) for the Department of Labor's Office of Disability Employment Policy, which provides national leadership on disability employment policy. Building on the lessons learned from the Work Incentive Grants and in partnership with the Department of Education and others, ODEP will launch an initiative to work with One-Stops, employers, labor organizations, and others to facilitate the placement, retention, and promotion of individuals with disabilities in integrated employment, apprenticeship and pre-apprenticeship programs, and community service activities that help build skills for employment.

TERMINATION: YUCCA MOUNTAIN REPOSITORY PROGRAM

Department of Energy

The Administration proposes to eliminate the Yucca Mountain repository program. The Budget provides $196.8 million for the Department of Energy (DOE) to explore alternatives for nuclear waste disposal and to continue participation in the repository license proceeding before the Nuclear Regulatory Commission.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	288	197	-91

Justification

This proposal implements the Administration's decision to terminate the Yucca Mountain program while developing disposal alternatives. All funding for development of the facility would be eliminated, such as further land acquisition, transportation access, and additional engineering.

The President has acknowledged that nuclear power is -- and likely will remain -- an important source of electricity for many years to come and that how the Nation deals with the dangerous byproduct of nuclear reactors is a critical question that has yet to be resolved.

The President, however, has made clear that the Nation needs a better solution than the proposed Yucca Mountain repository. 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. Accordingly, Secretary of Energy Chu has announced that he will stand up an expert, Blue Ribbon Commission to evaluate options and make recommendations to the Administration for developing a new plan for the back end of the fuel cycle. The program accounts continue to fund only those costs necessary to participate in the Nuclear Regulatory Commission proceeding and an effort by the Administration to devise a new strategy toward nuclear waste disposal.

REDUCTION: ABANDONED MINE LANDS DISCRETIONARY GRANTS

Department of the Interior

The Administration proposes to reduce discretionary funding for emergency abandoned coal mine land reclamation, which can now be done by States and Tribes using new Federal mandatory funding, making these discretionary funds duplicative and no longer needed.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	20	7	-13

Justification

The 2006 amendments to the Surface Mining Control and Reclamation Act authorized a dramatic increase in funding for the Abandoned Mine Land program (AML) for States and Tribes, including new mandatory funding for AML reclamation grants. In 2010, these mandatory payments will total $374 million, an increase of $242 million, or 183 percent, over 2007 levels.

The increase in mandatory funding to the States and Tribes allows the Office of Surface Mining to begin phasing out discretionary funds for AML emergency programs. The dramatic increase in mandatory funding started in 2008. The House Appropriations Subcommittee for Interior, Environment, and Related Agencies recognized the need to phase out the discretionary funding and allow the States to take over this role, providing 2009 funding as a "one-time bridge". This bridge funding is available for use in States with approved AML programs that have the capability to use their mandatory funding to address emergencies in the future.

The Administration proposes a net reduction of $13 million, which includes the elimination of State emergency grants ($6.3 million), a reduction in federally-managed emergency projects ($5.2 million), and a reduction in OSM program operations ($1.4 million) to reflect savings in the overall staff management of these projects. OSM will continue to maintain responsibility for emergencies in States without AML programs.

REDUCTION: AFRICAN DEVELOPMENT FOUNDATION PROGRAM

The Administration proposes to reduce funding for the African Development Foundation from 2009 enacted levels due to a failure of its "Strategic Partnership" program to produce projected results.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	33	30	-3

Justification

The African Development Foundation (ADF) received a significant increase in the fiscal year 2008 budget to support a "Strategic Partnership" program to create incentives for co-funding and collaboration with African partner governments and private sector partners, and thus to leverage the foundation's resources. The program failed to achieve its goals for projected leverage and partnerships that had been used to justify the increases to ADF's budget. Only about 40 percent of planned contributions were received, due to lack of sustained interest on the part of partners, as this effort pre-dated the global economic recession. This proposal to reduce ADF funding by $2.5 million will refocus the Foundation's resources on its core program to provide small grants that directly benefit underserved and marginalized communities in Africa.

REDUCTION: AGRICULTURAL RESEARCH SERVICE BUILDINGS AND FACILITIES

Department of Agriculture

The Budget proposes no new funding in 2010, and to cancel balances for previously approved facility construction earmarks for the Department of Agriculture's Agricultural Research Service.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	47	-50	-97

Justification

This proposal would provide no new funding for the construction of research facilities operated by the Department of Agriculture's Agricultural Research Service. In addition, it would cancel $50 million in unobligated balances for previously appropriated earmarked construction projects. The Congress routinely earmarks small amounts of funding to 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 postponing their completion for many years.

REDUCTION: AIRBORNE LASER PROGRAM

Department of Defense

The Administration proposes to terminate the second Airborne Laser (ABL) prototype and instead focus the program's research and development efforts on resolving the numerous technology problems with the first ABL prototype. The goal of the ABL program is to destroy enemy missiles during the boost, or initial, phase of their flight. However, the ABL program must work out many technical and operational problems before it will be ready for operational testing and production.

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	401	187	-214

Justification

The first ABL prototype has been in development since 1996 and has experienced many cost overruns, schedule delays, and technology problems. Technical difficulties with the beam control hardware in 2008 caused the program to incur unanticipated costs and schedule slippage. Recent tests have indicated excess jittering, which must be reduced so the vibration of the aircraft does not degrade the laser's aim. These problems and others have been highlighted in numerous Government Accountability Office reports.[1, 2] The Congressional Budget Office included an option for canceling ABL in its 2007 *Budget Options* report.[3]

Further, ABL's affordability and feasibility as an operational system is in question because of the large number of aircraft and unique support system required to be effective. A report by the American Physical Society noted that maintaining one ABL aircraft continuously in one area would require tanker support and defensive air cover.[4] That same report also raised questions about the effectiveness of ABL and its ability to defend the United States against a liquid-propellant Intercontinental Ballistic Missiles launched from a country such as Iran because of its geographical size.

The Missile Defense Agency had planned to begin developing a second ABL prototype in 2010. This prototype was intended to be more robust, supportable, and producible than the testing prototype and suitable for operational testing. However, the technological problems with the first prototype need to be resolved before proceeding with a more advanced version.

Citations

[1] Government Accountability Office, *Assessments of Selected Weapon Programs*, GAO-09-326SP (March 30, 2009).

[2] Government Accountability Office, *Production and Fielding of Missile Defense Components Continue with Less Testing and Validation Than Planned*, GAO-09-338 (March 13, 2009).

[3] Congressional Budget Office, *Budget Options*, Publication Number 2921 (February 2007).

[4] American Physical Society, *Report of the APS Study Group on Boost-Phase Intercept Systems for National Missile Defense: Science and Technical Issues* (October 2004).

REDUCTION: AIRCRAFT CARRIER BUILD SCHEDULE

Department of Defense

The Administration proposes to delay the aircraft carrier, CVN-79, by one year from 2012 to 2013 which reduces advance procurement funding for the ship in 2010. CVN-79 is the second ship in the Ford Class of aircraft carriers. This next generation aircraft carrier will include new technologies such as advanced radar and an electromagnetic aircraft launch and recovery system. The delay will allow the Navy to begin procuring aircraft carriers at five-year intervals instead of four, while still meeting its wartime requirements and forward presence goals.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	1,211	484	-727

Justification

The Budget seeks to delay CVN-79, the second ship of the Ford class by one year. This delay will allow the Navy to begin procuring aircraft carriers on a five-year build cycle. Because aircraft carriers have a service life of fifty years, the total number of aircraft carriers will remain at 11 for most years through 2040. However, after 2040, this building rate will support a force structure of 10 aircraft carriers, which will still allow the Navy to meet wartime requirements and maintain a sustainable and independent forward presence.[1]

USS Gerald R. Ford (CVN-78, the first ship in the Ford class) is experiencing cost growth and schedule delays in the new Electromagnetic Aircraft Launch System (EMALS), the system used to launch aircraft, the new dual band radar and the advanced arresting gear. The Government Accountability Office has raised particular concerns about the aircraft launch system because some carrier-specific functionality testing will conclude shortly before shipyard delivery in 2013 leaving little time to resolve problems before it is installed on the ship. With an additional year, the Navy will have more time to work through these challenges before these technologies are installed on CVN-79.[2, 3, 4]

Citations

[1] Robert Work, *The US Navy: Charting a Course for Tomorrow's Fleet*, Center for Strategic and Budgetary Assessments (CSBA) (2008).

[2] Government Accountability Office, *Assessments of Selected Weapon Programs*, GAO-09-326SP (March 30, 2009).

[3] Government Accountability Office, *Navy Faces Challenges Constructing the Aircraft Carrier Gerald R. Ford Within Budget*, GAO-07-866 (August 2007).

[4] Hans Ulrich Kaeser, *Abandon Ships: The Costly Illusion of Unaffordable Transformation*, Center for Strategic and International Studies (CSIS) (August 2008)

REDUCTION: CROP INSURANCE PREMIUMS/UNDERWRITING GAINS & FEES

Department of Agriculture

This proposal would reduce the Federal subsidy to both farmers and the insurance companies in three ways: 1) reduce premium subsidies by five percentage points on all coverage levels; 2) increase the Government's share on underwriting gains to 20 percent from 5 percent; and 3) reduce the premium on Catastrophic Crop Insurance (CAT) by 25 percent and charge a sliding scale fee for CAT coverage from $300 up $5,000 depending on the crop value. These changes are justified because the 2008 Farm Bill created several new subsidized programs in this area, and farmers and the crop insurance companies have recognized the value of crop insurance, so such a heavy subsidy is no longer needed.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	7,654	7,306	2,148	7,089	7,356	31,553	70,520
Proposed Change from Current Law	0	-429	-427	-595	-599	-2,050	-5,184

Justification

Crop insurance costs have ballooned in recent years from $2.4 billion in 2001 to a projected $7 billion in 2009.[1] The 2010 proposal would rein in these costs by reducing the crop insurance subsidies to both the farmers and the crop insurance companies. This is reasonable given that the 2008 Farm Bill created new subsidized programs for risk management for farmers such as Supplemental Revenue Assistance (SURE) and Average Crop Revenue Election (ACRE). With these new programs, the current crop insurance program does not need to be so heavily subsidized to provide all farmers with a backstop for loss.

While the cost of the crop insurance program has increased in part due to high commodity prices, the primary reason is that farmers have been opting for higher levels of coverage for both yield and revenue. This is a strong indicator that need for the deep premium subsidy currently offered to get farmers to participate no longer exists -- farmers understand and appreciate the value of the program and participation rates are unlikely to get significantly higher.[2] Meanwhile, increasing the Government's share of underwriting gains reduces a corporate subsidy that has grown disproportionately as participation has increased since 2001.[3]

Citations

[1] House of Representatives, Committee on Oversight and Government Reform, *Hearing Transcript, Waste Fraud and Abuse in the Federal Crop Insurance Program*, Serial No. 110-74 (May, 3 2007).

[2] Government Accountability Office, *Crop Insurance: Actions Needed to Reduce Program's Vulnerability to Fraud, Waste, and Abuse*, GAO-05-528 (September 2005).

[3] Government Accountability Office, *Crop Insurance: Continuing Efforts Are Needed to Improve Program Integrity and Ensure Program Costs Are Reasonable*, GAO-07-944T (June 7, 2007).

REDUCTION: EAST-WEST CENTER ASSISTANCE

Department of State / International Programs

The Administration proposes to reduce funding for the East-West Center (EWC), a non-profit education and research organization that seeks to strengthen U.S.-Asia Pacific understanding and relations, thereby encouraging the EWC to pursue increased support from private donors and other governments of the region.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	21	12	-9

Justification

The East-West Center (EWC) is a nonprofit organization governed by an international board. It was established in 1960 at the University of Hawaii to promote U.S.- Asia Pacific understanding and relations by bringing Americans and individuals from the Asia Pacific region to the Center for policy-oriented study, training, and research.

While the Administration supports the mission of EWC, in 2008 the Government provided over 70 percent of its funding. The 2010 Budget proposal would encourage EWC to compete for other Federal grants and pursue increased contributions from private entities, foundations, corporations, and other governments.

REDUCTION: ELECTION ASSISTANCE COMMISSION GRANTS

Election Assistance Commission

The Administration proposes reducing new funding for Election Assistance Commission-administered grants to States under the Help America Vote Act (HAVA), because States have large unspent balances and the additional funding is not necessary.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	106	52	-54

Justification

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 since more than $1.3 billion in funds distributed to States in prior years has gone unspent and some States are returning unused prior appropriations. This proposal does not affect HAVA polling place accessibility grant funding administered by the Department of Health and Human Services.

REDUCTION: FOOD AND DRUG ADMINISTRATION CONSTRUCTION EARMARK FOR THE NATIONAL CENTER FOR NATURAL PRODUCTS RESEARCH IN BUILDINGS AND FACILITIES

Department of Health and Human Services

The Budget proposes to eliminate funding for construction and renovation of the National Center for Natural Products, which is not related to FDA's regulatory mission and has been inappropriately funded through two separate earmarks.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	16	12	-4

Justification

The 2009 Omnibus Appropriations Act includes almost $3.5 million for the National Center for Natural Products Research for construction or renovation. This funding is provided through a grant to the Center to carry out its research on natural products. Funding construction and renovation for a non-federal, earmarked facility is outside the Food and Drug Administration's (FDA's) regulatory mission to assure the safety of food, drugs, and cosmetics. This grant is a free-standing appropriation that flows through FDA to HHS's Health Resources and Services Administration (HRSA) for implementation causing unnecessary administrative burden and cost. This is the second consecutive year that the Center has received these earmarked funds from FDA. In addition, the Center has also received $5 million from HRSA's facility earmarks. The Budget also proposes to eliminate HRSA's earmarked projects because they are not subject to a competitive or merit-based process and do not necessarily reflect a community's most pressing needs.

REDUCTION: GOVERNMENT RELIANCE ON CONTRACTED SERVICE SUPPORT

Department of Defense

The Budget proposes reducing spending on contractor services in the Department of Defense (DOD) in 2010 to achieve net savings of $0.9 billion by bringing some contracted services in house.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	20,100	19,200	-900

Justification

DOD intends to reduce the number of support service contractors from the current 39 percent of the defense workforce to the pre-2001 level of 26 percent. To that end, DOD's 2010 budget request reduces funds for service contracts and expects to achieve savings of 40 percent per year by replacing selected contractors with 33,600 Federal civilians by 2015. The net savings is $0.9 billion.

In 2003, the Government Accountability Office (GAO) reported that DOD spends more on services than on supplies and equipment and that these costs are increasing year after year.[1] Between 1998 and 2007, DOD service contract obligations grew 83 percent. This growth was due to increased operations and maintenance requirements from overseas contingency operations, a relative decrease in the number of military personnel available to provide support services, and the previous Administration's emphasis on competitive sourcing.[2]

Citations

[1] Government Accountability Office, *Improved Knowledge of DOD Service Contracts Could Reveal Significant Savings*, GAO-03-661 (June 2003).

[2] Government Accountability Office, *Trends in O&M Costs and Support Services*, GAO-07-631 (May 2007).

REDUCTION: GROUND-BASED MIDCOURSE DEFENSE PROGRAM

Department of Defense

The Administration proposes to hold the number of deployed Ground-Based Midcourse Defense (GMD) interceptors at 30, which provides an adequate near-term defensive capability of the United States, while allowing for additional testing and the resolution of problems with interceptor technology. The GMD program tracks and intercepts intermediate and long-range ballistic missiles in the midcourse phase, which is the longest phase of flight, using missiles called Ground-Based Interceptors (GBI). The program had planned to deploy 44 interceptors at Fort Greely, Alaska, and Vandenberg Air Force Base, California, by 2011.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	1,507	983	-524

Justification

The Missile Defense Agency has procured the hardware for 44 interceptors of which it plans to deploy 30 interceptors by the end of 2009. These 30 deployed interceptors will provide the United States with a sufficient inventory of operational interceptors based on the current intelligence assessment of the national security threat.

Technology and hardware problems delayed planned tests of the GMD and have raised questions about the effectiveness of the system and the reliability of the interceptors already fielded. In a March 2009 report, the Government Accountability Office (GAO) expressed concern that the GMD program is fielding interceptors before they are properly tested.[1] The GAO concluded the interceptors were produced before being tested in a realistic environment.

In light of these concerns, the Administration proposes to hold the number of deployed interceptors at 30 and instead focus on testing and correcting any remaining technology and software problems. The Administration will decide at a later time if deploying an additional 14 interceptors is warranted.

Citations

[1] Government Accountability Office, *Production and Fielding of Missile Defense Components Continue with Less Testing and Validation Than Planned*, GAO-09-338 (March 13, 2009).

REDUCTION: LOW-PERFORMING CORPS CONSTRUCTION PROJECTS

Corps of Engineers

The Congress generally appropriates hundreds of millions of dollars annually of 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 2010 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)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	244	0	-244

Justification

The 2010 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 2010 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: LPD-17 AND MOBILE LANDING PLATFORM TRANSPORT SHIPS

Department of Defense

The Administration proposes to delay building both the eleventh LPD-17 and the Mobile Landing Platform (MLP) ships by one year. The LPD-17 transport dock ship is an amphibious ship designed to transport up to 700 Marines and their heavy equipment into a hostile environment. The MLP ship is designed to facilitate at-sea cargo transfers. The LPD-17 delay allows the Navy more time to fully analyze required amphibious fleet capabilities and the MLP delay allows the Navy to develop a more mature design for this ship.

Funding Summary

(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	930	1,177	247
LPD-17 Transport Dock Ship	930	1,057	127
MLP Mobile Landing Platform Ship	0	120	120

Justification

The Department of Defense (DOD) proposes to delay these two ships by one year in order to assess costs and fully analyze required capabilities. In 2009, the Congress provided partial funding for one LPD-17 (the tenth). The 2010 request provides the remaining funding for that ship and delays funding for the eleventh ship. This delay will give the Navy an opportunity to assess its needs for amphibious lift in light of the Administration's strategic review.[1, 2]

The 2010 request also provides funding for materials needed before the start of construction for the MLP. This request is significantly lower than the full funding request originally planned by the Navy. This delay will allow the Navy to develop a more mature design for the MLP before beginning construction, consistent with the President's announced principles of acquisition reform and reduce the risk of cost growth that has plagued other Navy shipbuilding programs.[1, 3]

Together, delaying these ships saves approximately $3 billion in 2010 compared to what the request would have been if it included full funding for these ships as had been planned.

Citations

[1] Ronald O'Rourke. *Navy-Marine Corps Amphibious and Maritime Prepositioning Ships Programs: Background and Oversight Issues for Congress*, Congressional Research Service (CRS), RL32513 (July 2007).

[2] Eric J. Labs, *Current and Projected Navy Shipbuilding Programs CBO Testimony*, Congressional Budget Office (CBO) (March 2008).

[3] Government Accountability Office, *Assessments of Selected Weapon Programs*, GAO-09-326SP (March 30, 2009).

REDUCTION: MARKET ACCESS PROGRAM

Department of Agriculture

The Administration proposes to reduce the Market Access Program (MAP) by 20 percent. The reasons for reducing the program are: (a) MAP overlaps with other Department of Agriculture trade promotion programs; (b) large for-profit entities indirectly benefit from MAP; (c) MAP's economic impact is unclear; and (d) oversight entities single out MAP as an example of corporate welfare.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	170	200	200	200	200	970	1,970
Proposed Change from Current Law	-4	-34	-40	-40	-40	-158	-358

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. Many of the nonprofit trade groups receiving MAP funds for generic product promotion activities are partly supported by large organizations. Large, privately-held cooperatives also benefit from the branded product program. For example, in 2008 one large cooperative received $4.2 million, and another large cooperative received $2.8 million.

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;[1] there are large for-profit entities that indirectly benefit from MAP's generic program; MAP's economic impact is unclear and it does not serve a clear need;[2] and MAP has often been singled out as an example of corporate welfare.[3]

Citations

[1] See "Reduce Funding for the Market Access Program" Congressional Budget Office, *Budget Options* (February 2007) p. 88. *http://cbo.gov/ftpdocs/78xx/doc7821/02-23-BudgetOptions.pdf*

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

[3] Citizens Against Government Waste, *Prime Cuts 2009 Database Introduction* (2009). *http://www.cagw.org/site/PageServer?pagename=reports_primecuts*

REDUCTION: NAVY CG(X) CRUISER

Department of Defense

The Administration proposes to delay the next generation Navy cruiser beyond 2015. The CG(X) next generation cruiser is a multi-mission ship with an emphasis on air and ballistic missile defense. It will replace the existing Ticonderoga Class Cruisers. This delay will allow the Navy additional time to decide on the hull and propulsion system for this ship and develop the needed capabilities.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	142	150	8

Justification

The Navy originally planned to procure its first CG(X) cruiser in 2011 but will now delay this procurement. The Navy will continue to fund a research and development effort that represents an increase from 2009, but is a significant reduction from what it would have been if the ship were still planned for procurement in 2011.[1] The CG(X) hull and some new technologies such as advance radar were originally based on the next generation destroyer program (DDG-1000). However, continued development, testing and a study of alternatives is necessary before deciding on the preferred hull and technologies on CG(X).[1, 2] This delay will allow the Navy additional time to decide on the type of hull and propulsion required for the CG(X) and then to develop the needed capabilities. In the near term, to meet its warfighting requirements, the Navy will buy additional DDG-51 class destroyers that will have advance capabilities.

Delaying the procurement of the cruiser saves approximately $150 million in 2010 compared to what the request would have been if the Navy still planned to procure the cruiser in 2011.

Citations

[1] Ronald O'Rourke, *Navy CG(X) Cruiser Program: Background, Oversight Issues, and Options for Congress*, RL34179, Congressional Research Service (CRS) (November 2008).

[2] Robert Work, *The US Navy: Charting a Course for Tomorrow's Fleet*, Center for Strategic and Budgetary Assessments (CSBA) (2008).

REDUCTION: OFFICE OF LABOR-MANAGEMENT STANDARDS

Department of Labor

The Budget proposes to reduce funding for the Office of Labor Management Standards (OLMS) to reflect the agency's workload, and shift these resources to other worker protection agencies within the Department of Labor.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	45	41	-4

Justification

OLMS enforces the Labor Management Reporting and Disclosure Act of 1959. The Act charges OLMS with ensuring the transparency and integrity of union financial activities and intra-union elections on behalf of rank-and-file members of private-sector unions.

This proposal would reduce the funding for OMLS in order to more appropriately reflect the Agency's workload. Since 2001, OLMS' budget has increased by almost 50 percent, without commensurate increases in workload. The proposal would shift those resources to other worker protection agencies within the Department of Labor that have experienced increased workload in the face of diminished resources, including the Wage and Hour Division, Office of Federal Contract Compliance Programs, and the Occupational Safety and Health Administration.

REDUCTION: PAYMENTS TO HIGH-INCOME FARMERS

Department of Agriculture

The Administration proposes to reform payments to high income farmers by limiting farm commodity payments to $250,000 per person. This payment limit will direct payments to those farmers who most need them.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	7,839	7,766	5,635	6,255	6,321	33,816	63,810
Proposed Change from Current Law	-58	-24	-10	-9	-7	-108	-126

Justification

This proposal would limit farm commodity payments to $250,000 per person to direct payments to those farmers who most need them. This would be accomplished by maintaining the 2008 Farm Bill payment limits for Direct and Counter-Cyclical Payments ($40,000 and $65,000 respectively), but capping marketing assistance loan gains (price support payments) at $145,000 per person. The 2008 Farm Bill eliminated all caps on marketing loan gains, which were previously capped at $75,000 per person ($150,000 if you had multiple farms). According to the Department of Agriculture's 2007 Agricultural Resource Management Survey, roughly 16 percent of farms had sales of greater than $250,000, yet they collected about 57 percent of all commodity payments.[1]

Citations

[1] Department of Agriculture, *2007 Agricultural Resource Management Survey* (ARMS) Phase III, version 1.

REDUCTION: PHASE-OUT DIRECT PAYMENTS TO FARMS WITH SALES ABOVE $500,000

Department of Agriculture

The Administration proposes to phase out direct payments over three years to farmers with sales revenue of more than $500,000 annually. Direct payments are made to even large producers regardless of crop prices, losses, or whether the land is still under production.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	4,822	4,799	3,778	4,897	4,897	23,193	47,679
Proposed Change from Current Law	-85	-480	-625	-1,225	-1,225	-3,670	-9,765

Justification

This proposal would phase out direct payments to farmers with sales revenue of more than $500,000 annually. Direct payments are made automatically to beneficiaries who qualify without regard to crop prices, farm income, or whether land is still under production. The payments were originally introduced in the 1996 Farm Bill as temporary payments, to be reduced over time, meant to transition farmers away from government support. The payments were never reduced, and they were extended in the 2002 and 2008 Farm Bills. The purpose of direct payments is to boost farm income. However, because these payments are tied to the land and are based on historical production, the majority of the payments go to large farmers. According to the recently released 2007 Census of Agriculture, about 9.1 percent of farms collecting Government payments have sales of $500,000 or more and they collect 36.6 percent of all Government payments (including conservation payments).[1] Not all of these farms would lose their direct payments under the Administration's proposal. The proposal is targeted to the farmer, not the farm, and many of these farms have more than one person farming the land.

The President wants to maintain a strong safety net for farm families and beginning farmers while ensuring fiscal responsibility. The Administration will work with the Congress to modify farm policies in such a way that achieves the President's goals.

Citations

[1] Department of Agriculture, National Agricultural Statistical Service, *2007 Census of Agriculture*, (February 2009).

REDUCTION: REAL CHOICE CHANGE SYSTEMS GRANTS

Department of Health and Human Services

The Administration proposes to reduce funding for the Real Choice Systems Change grants that were provided to help States develop improvements in community-based supports for individuals with disabilities. These grants are being reduced since there is larger mandatory funding available for this type of activity.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	5	3	-2

Justification

This proposal would reduce funding for these transitional grants to States. These grants have served their intended purpose of helping States develop a better understanding of how to improve their home and community-based supports and provide these services more effectively. Funding will eventually be phased-out. There are other mandatory sources of funding for home and community-based activities in States. The Deficit Reduction Act of 2005 (P.L. 109-171) included almost $2 billion in mandatory funding over five years for similar programs, such as the Money Follows the Person Rebalancing demonstration, to encourage States to provide more community-based care options for disabled individuals. Forty-eight States and the District of Columbia currently have Medicaid home and community-based service (HCBS) waiver programs. HCBS represents a growing percentage of Medicaid long-term care spending (approximately 40 percent in 2008).

REDUCTION: RECRUITING AND RETENTION ADJUSTMENTS TO MAINTAIN END-STRENGTH

Department of Defense

The Administration proposes reducing spending on military recruiting and retention in the Department of Defense (DOD) by almost $800 million in 2010, without sacrificing the high quality of today's force. As a result of the services' recent success in maintaining this quality force, such a high level of funding for recruiting and retention is no longer required.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	7,039	6,246	-793

Justification

DOD more than doubled funding for recruiting and retention, from $3.4 billion to $7.7 billion, between 2004 and 2008. This increase enabled the military services to meet, and in some years exceed, end-strength targets. Given this success, and the fact that interest in joining the military generally rises in a challenging economic environment, the Secretary of Defense requested that the Services and the DOD Comptroller review the recruiting and retention budget for 2010. To implement this reduction, the services will take actions such as cap the recruiting and retention programs at 2009 levels, reduce enlistment and reenlistment bonuses, reduce the advertising budget, and reduce the number of recruiters.

The significant increase in the recruiting and retention budgets over the last four years enabled the services to achieve their end-strength requirements while fighting two wars. Furthermore, the Army, Army National Guard, and Marine Corps have been in the process of increasing the size of their forces while the Navy, Air Force and other Guard and Reserve components have been re-shaping their forces to meet new demands. In 2008, DOD exceeded its goal for active duty member retention, and to date, the Department has met almost 70 percent of the 2009 active duty member retention goal. The National Guard and Reserve measure retention through attrition rates, which vary by service. To date, the National Guard and Reserve are well below their 2009 ceiling target for attritions and thus ahead of where they wish to be in terms of retention. Now that the Army and Marine Corps have met their higher end-strength goals two to three years ahead of schedule, a reduction in recruiting and retention funding is prudent.

REDUCTION: TARGETED FUNDING FOR ALASKA NATIVE VILLAGES INFRASTRUCTURE

Environmental Protection Agency

The Administration proposes $10 million in funding for the Alaska Native Villages program, a decrease of $8.5 million from 2009. This program provides grants to rural communities for the construction of new or improved drinking water and wastewater systems. This program is being reduced due to its history of management problems and in light of the Administration's proposal to increase funding in other programs that accomplish similar goals.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	19	10	-9

Justification

A 2006 Office of Management and Budget performance review of this program found that certain transactions did not meet Environmental Protection Agency (EPA) financial requirements for cash management and duplicate other Federal efforts. This review was based in part on audits conducted by the EPA Office of Inspector General for the fiscal years 2003 and 2004, which identified several financial management problems, including improperly charging labor costs to grants and disbursing funds that were not tied actual project costs.[1, 2] While the program has taken positive steps to improve its management and performance, the efficacy of these changes have not yet been fully demonstrated.

Despite this reduction, the Budget reflects an increased commitment to meeting Tribal water infrastructure needs. The Administration proposes to increase the Tribal funds set-aside for both the Clean Water State Revolving Fund and Drinking Water State Revolving Fund from 1.5 percent to 2.0 percent. This change, along with substantial funding increases to both revolving fund programs, will boost the investment in all Tribal water infrastructure in 2010.

Citations

[1] Environmental Protection Agency, Office of Inspector General, *Single Audit Report for the State of Alaska Department of Environmental Conservation for the Year Ended June 30, 2004*, Report No. 2006-3-00168 (July 26, 2006).

[2] Environmental Protection Agency, Office of Inspector General, *Single Audit Report for the State of Alaska Department of Environmental Conservation for the Year Ended June 30, 2003*, Report No. 2006-3-00167 (July 26, 2006).

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. By reducing an insurance market subsidy, the proposal encourages the private sector to mitigate terrorism risk through other means such as building safer buildings.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	291	414	133	644	679	2,160	3,069
Proposed Change from Current Law	0	-21	337	-228	-351	-263	-644

Justification

The Administration proposes reducing the Federal subsidy for providing property and casualty insurance against acts of terrorism, and therefore encouraging 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] To allow for both economic recovery and a transition and adjustment period for insurance companies and policyholders, the Government subsidy is reduced beginning 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 2010. 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 2008, 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 share of losses under TRIP increased between 2002 until 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 $456 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, which is consistent with the Budget proposal.[1]

Citations

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

[2] Insurance Information Institute, *2008 Year-end Results* (April 9, 2009) *http://www.iii.org/media/industry/financials/2008yearend/*

[3] Insurance Information Institute, *Terrorism*, (2008) *http://www.iii.org/media/facts/statsbyissue/terrorism/*

REDUCTION: VOICE OF AMERICA

Broadcasting Board of Governors

The Administration's 2010 Budget proposal for the Broadcasting Board of Governors (BBG) proposes reductions to base Voice of America (VOA) operations totaling $2 million to help offset new priority needs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	3	1	-2

Justification

The 2010 Budget proposal would eliminate VOA Hindi, Croatian, and Greek language broadcasts and close a finance office located in Paris, France. While the overall funding level for VOA is increasing from 2009, funding related to these language services within VOA will be reduced from about $3 million to $1 million. These reductions help to offset the total funds needed in 2010 to support ongoing programming and new priority needs.

The 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 the 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 research 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, India, 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.

OTHER SAVING: ADMINISTRATIVE SERVICES AT POSTS

Department of State / International Programs

The Department of State proposes to expand consolidation of administrative services overseas to include 30 additional missions. Based on the results of consolidation over 30 posts during the past several years, the Department of State expects an additional cost avoidance of approximately $5 million in administrative support costs from the upcoming consolidation effort.

Justification

In some U.S. missions where the Department of State and USAID are both located, separate administrative support services have evolved to support each agency. To avoid cost increases, State and USAID will focus on consolidating services in fifteen administrative support areas including warehouse management, motor pool, property maintenance, and customs and shipping. These consolidations will reduce redundancies in both agencies resulting in an estimated $5 million in cost avoidance.

OTHER SAVING: BRANDING ACTIVITIES

Department of Homeland Security

The Department of Homeland Security (DHS) will discontinue the practice of contracting with consultants to create new seals and logos for DHS components.

Justification

DHS plans to reduce costs associated with the Department's branding through the design of multiple seals and logos for Departmental agencies. Since the Department's creation in 2003, DHS has expended $3 million on different logo and seal design in support of department-wide branding.

The DHS Secretary has directed components to use the existing DHS seal through the issuance of a moratorium which also prohibited all external "branding" contracts for the design and production of new seals and logos.

OTHER SAVING: BUREAU OF INFORMATION RESOURCE MANAGEMENT INVENTORY

Department of State / International Programs

The Bureau of Information Resource Management has identified 15,000 obsolete inventory items and has submitted them to the Department of Agriculture Centralized Excess Property Operation, thereby freeing up much needed warehouse space.

Justification

In the past six months, the Bureau of Information Resource Management has identified 15,000 obsolete items from IRM's inventory stock and has turned them in to the Department of Agriculture Centralized Excess Property Operation. This purge of equipment has freed up much needed warehouse space at a State Annex, saving tens of thousands of dollars in storage facility fees that might have been spent on obtaining additional storage capacity.

OTHER SAVING: CENTERS FOR MEDICARE AND MEDICAID SERVICES, PROGRAM INTEGRITY

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, $1.55 will be saved or averted.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Allocation Adjustment (Discretionary Budget Authority)	311	327	343	361	381	1,723	1,723
Mandatory Savings	-485	-503	-530	-565	-591	-2,674	-2,674

Justification

The Administration places a high priority on combating waste, fraud, and abuse in the Medicare and Medicaid programs. The Health Care Fraud and Abuse Control (HCFAC) account is comprised of three separate funding streams: (1) the Medicare Integrity Program (MIP) which includes funding for medical review, benefit integrity, provider and Health Maintenance Organization audits, Medicare secondary payer activities, and provider education and training; (2) the HCFAC account which includes funding for the OIG and a "Wedge" amount that is available to HHS and the Department of Justice; and (3) the Federal Bureau of Investigation account which includes funding for health care fraud enforcement. Activities financed by this funding are used to detect and prevent health care fraud, waste and abuse through investigations, audits, educational activities, and data analysis. The 2010 Budget proposes a $311 million discretionary allocation adjustment initially for Medicare Advantage and Medicare Prescription Drug program integrity efforts as well as for Medicaid program integrity. The adjustment also will enable the Centers for Medicare and Medicaid Services 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 SAVING: COMPUTER CONSOLIDATION

Department of Education

To control costs in its contractor-owned and -operated computer network, the Department of Education will reduce the number of computers and printers it leases for a savings of over $8 million in 2009. Costs will be minimized by reducing the number of computers from about 1.5 computers per user to about 1.0 per user. In addition, the number of printers will be significantly reduced by implementing a new model of 10 employees for each network printer, and by greatly reducing the number of personal printers on employees' desktops.

Justification

By using a more efficient allocation of computer hardware, the Department will be able to avoid contracting costs while providing the same level of service to its customers. The Department will reduce the number of computers it pays for by about 1,400; printers are estimated to decrease from about 5,000 to approximately 1,300. These actions are expected to save between 7 percent and 10 percent annually.

OTHER SAVING: CONFERENCES, DEPARTMENT OF VETERANS AFFAIRS

Department of Veterans Affairs

The Department of Veterans Affairs completed an internal review of all 2009 conferences and cancelled or delayed 26 conferences for a 2009 savings of $17.9 million.

Justification

The Department of Veterans Affairs reviewed all planned conferences and plans to defer some conferences previously held on an annual basis; these conferences will now be conducted every other year. The Department also plans to combine conferences with similar or overlapping target audiences, and may deliver other conferences virtually. The Department will redirect these funds to other programs to deliver benefits and services to veterans.

OTHER SAVING: CONTRACT CONSOLIDATION

Department of State / International Programs

The Department of State plans to consolidate contracts and purchases to a smaller number of vendors. By combining orders for supplies and equipment, the Department anticipates volume discounts.

Justification

In a number of areas -- including cell phones, personal digital assistants, office supplies, furniture and medical supplies -- the Department of State is consolidating purchases under one vendor or a small number of vendors, thus taking advantage of volume discounts.

OTHER SAVING: DISABILITY INSURANCE AND SUPPLEMENTAL SECURITY INCOME PROGRAMS, PROGRAM INTEGRITY

Social Security Administration

The 2010 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 Supplemental Security Income programs. The Administration proposes an additional $485 million in a discretionary allocation adjustment for SSA to perform these critical activities.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Allocation Adjustment (Discretionary Budget Authority)...	485	722	837	1,020	1,255	4,289	4,289
Mandatory Savings...	-195	-1,683	-2,464	-3,367	-4,356	-12,065	-27,894

Justification

The 2010 Budget will permit SSA to reverse a decline in the number of Continuing Disability Reviews and SSI redeterminations. These activities verify continued eligibility for the Disability Insurance and 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 Continuing Disability Review) fell from approximately 840,000 in 2001 to 190,000 in 2007.[1, 2]

CDRs and SSI redeterminations are a proven investment. CDRs recoup between $10 and $11 for each dollar invested, and SSI redeterminations recoup approximately $7 for each dollar spent. The President's Budget proposes a five-year discretionary allocation adjustment for SSA, which will save approximately $27 billion over the ten-year budget window, with additional savings accruing after ten years. The Administration also requests additional flexibility for up to $34 million of the discretionary allocation adjustment, which could be used for roll-out of an initiative to verify SSI applicant's assets. 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 SAVING: ELECTRONIC CORRESPONDENCE FOR IMMIGRANT VISA PROCESSING

Department of State / International Programs

The Department of State's National Visa Center (NVC) is proposing to upgrade the current application system for immigrant visa processing. The new system will help streamline some of the routine immigrant visa processing activities through electronic correspondences.

Justification

The Department of State National Visa Center (NVC) upgrade to an electronic correspondence platform for immigrant visa processing will result in greater efficiencies, saving $1 million in its first year. These activities are funded through fee revenue collections.

OTHER SAVING: ENERGY USE

Department of Homeland Security

The Department of Homeland Security (DHS) aims to utilize renewable energy in DHS offices to reduce energy consumption, which at current energy prices would save $3 million annually.

Justification

As the third-largest Department in the Federal Government, DHS is responsible for the management of a significant real property portfolio and the associated overhead and energy costs. Transitioning to a clean energy economy and reliance on renewable energy sources is a major priority for the Administration. As part of a larger Department-wide asset management initiative, DHS will identify and implement energy efficiencies in DHS offices across the country. The Department has established an annual energy intensity reduction goal that would result in an annual savings of $3 million based on current energy prices.

OTHER SAVING: HEALTHY START, GROW SMART

Department of Health and Human Services

The Budget proposes to reduce funding for this program by reducing operational costs.

Funding Summary
(In millions of dollars)

	2009 Enacted	2010 Request	2010 Change from 2009
Budget Authority	8	3	-5

Justification

Healthy Start, Grow Smart is a program that prints and disseminates a series of 13 brochures in English, Spanish, Chinese, and Vietnamese to Medicaid-eligible pregnant women, mothers of Medicaid-eligible pregnant women, and mothers of Medicaid-enrolled babies. Each publication focuses on activities that stimulate infant brain development and build the skills these children need to be successful in school. Based on current estimates, the existing inventory of brochures is sufficient for this year's distribution. The Centers for Medicare and Medicaid Services will save $5.1 million in the Healthy Start Grow Smart program by initially relying on the existing inventory of brochures for distribution to reduce operational costs of production and warehousing.

OTHER SAVING: INTERNATIONAL OFFICE CLOSURE

Department of Education

Since August 2003, the Department has maintained a full-time education policy attaché at the U.S. Mission to United Nations Educational, Scientific and Cultural Organization (UNESCO) in Paris, France. By eliminating the position and closing the office, the Department will save $632,000 a year. In 2008, these costs included over $77,000 to rent living quarters for the UNESCO representative, and over $21,000 in travel expenses.

Justification

While participation on UNESCO is valuable, the cost of maintaining a dedicated education policy attaché, including living and office expenses, is unnecessary. Education officials can participate in international organizations more cost effectively using e-mail, teleconferencing, and modest travel budgets.

OTHER SAVING: IRS TAX ENFORCEMENT, PROGRAM INTEGRITY

Department of the Treasury

The 2010 Budget provides additional dedicated funding for the Internal Revenue Service (IRS) to better improve fairness in the tax system through enhanced tax enforcement activities, such as initiatives targeting international tax compliance. The IRS has demonstrated that targeted enforcement resources more than pay for themselves through increased revenue generation. These additional funds will enable the IRS to generate additional tax enforcement revenues that ultimately support critical government programs and reduce the deficit. In the 2010 Budget, the Administration requests $890 million for enhanced tax enforcement and related support activities funded through a $600 million discretionary allocation adjustment in the Enforcement account and language requiring that such sums must be made available, the equivalent of $290 million, to fully support enhanced tax enforcement activities in the Operations Support account. This reflects an increase of $400 million over the 2009 enacted level for enhanced tax enforcement.

Funding Summary
(In millions of dollars)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Enhanced Tax Enforcement, Including Allocation Adjustment (Discretionary Budget Authority)	890	1,115	1,357	1,724	2,105	7,191	7,191
Mandatory Savings	-290	-1,119	-2,348	-3,864	-5,729	-13,350	-16,640

Justification

The funding provided in the 2010 Budget will permit the IRS to generate additional enforcement revenue through enhanced program activities. With over $56 billion in 2008 revenue attributable to IRS activities, the total IRS funding level of $11 billion provided a return on investment (ROI) of roughly $5-to-$1, with direct revenue-producing enforcement activities yielding an average ROI of $8-to-$1, with some activities yielding a ROI as high as $11-to-$1 or more. The President's Budget proposes a five-year discretionary allocation adjustment for IRS, which will save nearly $17 billion over the ten-year budget window, with additional savings accruing after ten years. The Budget will support continued 2009 IRS enforcement initiatives, new 2010 initiatives, and additional initiatives over the next five years, as well as the inflationary costs of these activities. The new enforcement initiatives planned for 2010 alone are expected to generate an additional $2 billion in revenue once the activities funded with the resources reach full potential in 2012. Funding these enhanced initiatives will help increase taxpayer compliance with their tax obligations, particularly those taxpaying entities with complex tax situations.[1]

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."[2]

The 2010 Budget proposes a number of high-ROI program activities funded through the discretionary allocation adjustment and designed to generate additional revenue through enhanced compliance activities. For example, the IRS will expand its compliance work in the international arena, placing greater scrutiny on cross-border transactions and tax issues. The IRS also plans to further expand document matching, one of the highest ROI enforcement activities, through the Automated Under-reporter (AUR) system. Through these activities and others, the IRS will narrow the tax gap through improved tax compliance.

Citations

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

[2] 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 SAVING: IT INFRASTRUCTURE STREAMLINING

Environmental Protection Agency

The President's 2010 Budget reflects $1.95 million in salary and other administrative savings as a result of the consolidation associated with IT services for desktop support.

Justification

In March 2008, the Environmental Protection Agency (EPA) awarded a contract for a reconfiguration of its desktop services. This reconfiguration included consolidating 22 existing contracts and interagency agreements into one contract, which was to centralize the help desk and provide new more energy efficient equipment and greater security.

OTHER SAVING: LEVY PAYMENTS TO FEDERAL CONTRACTORS WITH DELINQUENT DEBT

Department of the Treasury

The Budget 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 ten 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)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Improve Debt Collection Administrative Procedures	-77	-115	-119	-124	-109	-544	-1,156
Increase Levy Authority to 100 percent for Vendor Payments	-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 (P.L. 108-357), the Treasury is authorized to levy 100 percent of Federal contractor payments in order to collect delinquent debt. However, the language contains a technical error that has the unintended effect of limiting the levy to 15 percent of a payment. The second proposal will allow the Treasury to levy up to 100 percent of a Federal contractor payment.

Citations

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

OTHER SAVING: MARKETING AND REGULATORY PROGRAMS WORK REFORMS

Department of Agriculture

The Marketing and Regulatory Programs (MRP) Mission Area at the Department of Agriculture is responsible for three major programs: the Animal and Plant Health Inspection Service (APHIS), whose goal is to protect the agricultural economy from animal and plant pests and diseases and to assure the humane treatment of animals covered under the Animal Welfare Act; the Agricultural Marketing Service (AMS), which works to assure fair trading practices and a competitive and efficient marketplace; and the Grain Inspection and Packers and Stockyards Administration (GIPSA), which facilities fair and competitive trading practices for livestock, cereals, oilseeds and grains. The MRP area has modified the brucellosis program to save $1.5 million.

Justification

Almost all of the savings are from a reallocation of funding within APHIS' brucellosis management program. Based on program evaluations and surveillance, the agency eliminated Federal funds supporting the testing of cattle for brucellosis when they change ownership in the market place in low-risk States, saving $1.5 million. This funding will be immediately available for redirection to other parts of the brucellosis program. These savings illustrate the value of providing agencies with the flexibility to implement innovate administrative and program approaches to improve programs and save resources.

OTHER SAVING: OFFICE LEASES

Department of Agriculture

In the 2010 Budget, the Administration proposes a $27 million increase in the Department of Agriculture's (USDA's) Buildings and Facilities program account in 2010 for the Department to consolidate seven leased facilities located throughout the D.C. metropolitan area into one location. The Department expects to avoid $62 million of lease costs over the 15-year life of the consolidated lease.

Justification

USDA has multiple agencies located in different locations throughout the D.C. metropolitan area. To increase efficiencies and decrease rental and utility costs, the Budget proposes a one-time increase of $27 million in 2010 to consolidate seven of those locations into one building. This action would decrease the Department's rental footprint from 400,000 square feet to 330,000 square feet, reducing USDA's General Services Administration rental costs.

OTHER SAVING: OFFICE OF INSPECTOR GENERAL FIELD OFFICE CONSOLIDATION

Department of Health and Human Services

The Office of Inspector General (OIG) is consolidating its field offices from 86 to 75 by eliminating 11 of its Office of Investigations field offices.

Justification

This consolidation will redirect a portion of the OIG's health care fraud and abuse resources from their current locations to geographic regions with higher volumes of health care fraud. It will also enable the OIG to achieve administrative efficiencies by reducing overhead costs associated with maintaining multiple small field offices (none of the offices being consolidated currently has more than two agents). A total of $2 million in savings is expected.

OTHER SAVING: OFFICE SUPPLIES AND COMPUTER SOFTWARE

Department of Homeland Security

The Department of Homeland Security (DHS) aims to save up to $59 million annually over the next five years by leveraging the Department's collective buying power for office supplies and computer software.

Justification

DHS will begin Department-wide initiatives in the area of acquisition management and information technology, including the following:

-- changing procurement practices for office supplies, which represents a potential cost savings in the range of $35 million to $52 million over the next five years.

-- procuring multi-purpose office equipment to save space and reduce service costs. The use of volume discount pricing will provide cost savings of up to $10 million over the next five years.

-- improving practices for acquisition of new software licenses for the Department's computers and IT systems. Procuring licenses centrally is expected to generate savings of up to $47 million annually or $283 million over the next six years.

OTHER SAVING: ONLINE JUDICIAL FORFEITURE NOTICES

Department of Justice

Notice of judicial forfeiture actions brought in court against a property has traditionally been published in newspapers. The Asset Forfeiture program plans to convert publication of judicial forfeiture notices from newspapers to the Internet. Publication of both civil and criminal judicial forfeiture notices are now permitted on a Government Internet site, which is expected to save $6.7 million over five years. Advertising expenses are paid out of the Assets Forfeiture Fund, averaging about $1.3 million per year. Under Title 41 CFR Sec 128-48, the Department has authority to use sound judgment and discretion in selecting the publication medium and the Department of Justice has already taken the initiative to use web-based advertising. Civil and criminal forfeiture notices will continue to be published in newspapers for a period of time before newspaper publication is eventually abandoned in favor of the website. The website contains a comprehensive list of pending notices of civil and criminal forfeiture actions in United States District Courts around the Nation.

Justification

Forfeiture notices have traditionally been published only in newspapers. Title 41 CFR Sec 128-48 requires the Department of Justice to advertise each seizure three consecutive weeks in a publication of general circulation. On December 1, 2006, Rule G of the Supplemental Rules for Certain Admiralty and Maritime Claims, part of the Federal Rules of Civil Procedure, became effective. The new rule permits publication of civil judicial forfeiture notices on a Government Internet site.[1]

Citations

[1] *www.forfeiture.gov*.

OTHER SAVING: RECOVERY ACT SAVINGS

Department of Transportation

Transportation Secretary LaHood has established an agency-wide team of senior officials who work to keep American Recovery and Reinvestment Act implementation on track. This team fosters responsive reviews and approvals, promotes cost effectiveness, and more. The team makes sure that Recovery Act funding is rapidly made available for transportation infrastructure projects and that project spending is monitored and transparent. This approach is driving implementation in a manner that provides the public unprecedented access to information about how and where dollars are being invested. Across the country, in the early months of implementing the Recovery Act, contractor bids are coming in at 15 to 20 percent below the estimated costs. Colorado reports bids as much as 30 percent below estimates, and California indicates that some contractors are offering to do work at half the projected cost. These savings are partly due to the economic downturn, which has brought materials and other costs down. But the Department of Transportation is working to leverage further savings through a performance-driven approach to Government.

Justification

While these are not administrative savings at the agency itself, but rather lower project costs relative to estimates, savings under the Recovery Act mean that States and localities will be able to stretch their Federal dollars further. This means that taxpayers will benefit from more transportation improvements than were anticipated when the Act was passed.

OTHER SAVING: RURAL DEVELOPMENT ONLINE TRAINING

Department of Agriculture

In 2008, the Department of Agriculture's (USDA's) Rural Development (RD) office spent $62,700 to create Webinar, a Web-conferencing tool that allows employees to be trained online, though video links, rather than in person at national training sessions. RD could potentially achieve $1.3 million in annual efficiencies by using this system to train more employees, thereby saving per diem, travel, and material costs.

Justification

Most of RD's employees are located in State offices scattered throughout the Nation, including U.S. territories. To promote uniform program delivery, RD hosts various employee training sessions, costing RD hundreds of thousands of dollars a year. Webinar allows these training sessions to take place virtually; instructors and students still see and communicate with one another without the travel and hosting expenses. The total cost per student is estimated at $33 rather than $2,000, allowing RD to achieve efficiencies of $1.3 million a year, if no face-to-face trainings are held.

OTHER SAVING: SECRETARY'S REGIONAL REPRESENTATIVES

Department of Education

The Department of Education plans to eliminate the Secretary's Regional Representatives (SRRs) in the Department's 10 regional offices. This proposal would save approximately $2 million for spending on higher priority personnel.

Justification

The Department maintains 10 regional offices that perform important functions including civil rights enforcement, outreach, and program compliance. Career staff is responsible for these activities.

In addition, the Department has also traditionally employed "Secretary's Regional Representatives" and sometimes employs deputies to these SRRs. These political appointees have not had substantial policy or administrative functions. Their chief role has been to promote the Secretary's agenda; in the last administration, these officials were part of the office of communications and outreach. However, because the representatives have not been involved in policy development or program implementation, the representatives have not been able to provide meaningful guidance on the field on substantive challenges. Not filling these positions will save approximately $2 million for spending on higher priority activities.

OTHER SAVING: UNEMPLOYMENT INSURANCE, FINANCIAL INTEGRITY

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)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Baseline Outlays	66,381	47,323	53,794	48,328	47,202	263,028	524,598
Proposed Change from Current Law	0	-519	-573	-284	-294	-1,869	-2,017

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 UI overpayments and employer taxes 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.

A portion of the Federal tax refund garnishment provision was enacted last year. However, that law restricted the recovery to UI overpayments due to fraud, which are a subset of all improper payments, and allowed States to apply this tool only to residents of that State. For example, Washington, D.C., could not seek garnishments of tax refunds to recover overpayments it made to residents of Virginia or Maryland who had worked in D.C.

OTHER SAVING: UNEMPLOYMENT INSURANCE, PROGRAM INTEGRITY

Department of Labor

The 2010 Budget provides additional dedicated funding to allow the States to conduct Reemployment and Eligibility Assessments -- in-person interviews with Unemployment Insurance (UI) claimants to determine continued eligibility for benefits and whether additional reemployment assistance is needed. The Administration proposes $50 million in a discretionary allocation adjustment 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)

	2010	2011	2012	2013	2014	2010-2014	2010-2019
Allocation Adjustment (Discretionary Budget Authority)	50	55	60	65	70	300	300
Mandatory Savings	-102	-214	-236	-260	-287	-1,099	-1,249

Justification

The 2010 Budget would permit the Department of Labor (DOL) to expand its initiative for Reemployment and Eligibility Assessments (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.

The request of $50 million (a $10 million increase over the 2009 enacted level) is estimated to fund 911,000 REAs, resulting in State UI trust fund savings. The request will support continuation of the initiative in 18 States and expand participation to additional States.

The President's Budget proposes a five-year discretionary allocation adjustment totaling $300 million for DOL, which will save approximately $1.25 billion in mandatory outlays over the ten-year budget window.

OTHER SAVING: USDA IRS DATA SHARING ON FARMER INCOME

Department of Agriculture

The Budget includes a Department of Agriculture (USDA) and Internal Revenue Service (IRS) agreement to increase compliance with farmer income eligibility tests by verifying that only eligible individuals are receiving farm commodity payments. Under the new agreement, those seeking assistance will have to sign a document giving the IRS permission to verify their eligibility. Just like any program with income eligibility tests, the Federal Government has a responsibility to verify that only eligible individuals are receiving benefits. The joint USDA-IRS effort is a step toward better and more targeted verification activities that will reduce erroneous payments.[1]

Justification

This new policy would reduce erroneous payments to farmers. According to a recent report by the Government Accountability Office (GAO), between 2003 and 2006, USDA made nearly $50 million in payments to farmers who were not eligible to receive them. This report was based on the implementation of the $2.5 million average adjusted gross income (AGI) limitation provided by the 2002 Farm Bill that was in effect prior to the 2008 Farm Bill. The study found that 2,702 individuals had an AGI in excess of the income limitation yet received $49 million in payments for the years 2003 through 2006. GAO projected with the now lower AGI limitation of $500,000, a total of 23,506 individuals were likely to have incomes above this threshold and would be ineligible for payments totaling as much as $90 million.

Citations

[1] Government Accountability Office, *Federal Farm Programs: USDA Needs to Strengthen Controls to Prevent Payments to Individuals Who Exceed Income Eligibility Limits* (October 24, 2008).

OTHER SAVING: UTILITY ONLINE BILL PAYMENTS

Department of Agriculture

The Department of Agriculture's (USDA's) Chief Financial Officer is working with U.S. Bank to create a Web-based utility billing system. This will save the USDA's Working Capital Fund $670,500 a year.

Justification

The current USDA utility payment system is decentralized and prone to errors. Individual utility bills are sent monthly to several hundred field offices throughout the country. The field offices then send paper checks to the Controller Operations Division at the National Finance Center, which processes and consolidates the funds, sending one lump payment to the utility companies. To increase transparency and decrease error, the USDA Associate Chief Financial Officer for Financial Operations is working with U.S. Bank to create an electronic billing system. All bills and payments will be sent and submitted electronically, saving staff hours, postage costs, and minimizing human error. The system is expected to be fully implemented by October 1, 2010.

Executive Office of the President
Office of Management and Budget

Washington, D.C. 20503