Section 4: Department of Commerce

In FY 2010, the Department of Commerce received $13.95 billion in discretionary funding, a 47 percent increase over last year's non-emergency discretionary level (a large portion of the increase is attributable to Census spending).

This amendment would rescind $697 billion (five percent) from the Department and direct the Secretary to eliminate and consolidate over 18 duplicative programs at the Department and eliminate waste to produce savings.

Duplicative Commerce Programs

The **Public Telecommunications Facilities Grant Program** (PTFP) is intended to help public broadcasting stations construct telecom facilities. Since the transition to digital broadcasting has been completed, there is no need for this program according to the President, who recommended in his FY 2010 budget eliminating PTFP because its primary purpose has become obsolete and funding public broadcasting would be duplicative. Last year, this program received $18 million in appropriations. This program is duplicative of other federal efforts including **USDA's grants to rural public broadcasting stations**, the Department of Commerce's new $5 billion **Broadband Technology Opportunities Program**, and the federal funding given to the **Corporation for Public Broadcasting** for various activities to promote and stabilize public broadcasting.

The **Hollings Manufacturing Extension Partnership** (HMEP) is intended to improve the performance of U.S. businesses. HMEP is a corporate welfare program that was founded to offer "services that are also provided by private entities" through non-profit extension centers to help manufacturers. Elimination of this corporate welfare programs was included in the Congressional Budget Office's August 2009 Budget Options document, which stated, "Proponents of this option question whether it is appropriate or necessary for the government to provide technical assistance such as that offered by the HMEP program… The Office of Management and Budget (OMB) has noted that survey results from the Modernization Forum indicate that about half of the partnership's clients believe the services they obtained from HMEP are available other places, although at a higher cost." The program is also duplicative of the **Small Business Administration's Small Business Development Centers** (SBDC's), which are meant to service small businesses in achieving economic success with consulting advice they may not be able to afford.

Economic Development

Established in 1965, the **Economic Development Administration** ($273 million for the regular program and $190 million in emergency and stimulus funds) programs are intended to help economically distressed communities attract jobs and business with economic adjustment grants to local governments and nonprofit agencies for public works, planning, economic development practice research, economic adjustment assistance, and other projects. This program duplicates the following programs throughout the federal bureaucracy, all of which encourage and provide federal assistance for economic development:

- Housing and Urban Development's Community Development Block Grants;
- USDA's Rural Development Administration grants;
- The National Community Development Initiative;
- Housing and Urban Development's Brownfields Economic Development Initiative;
- Housing and Urban Development's Rural Housing and Economic Development Grants;
- Health and Human Services' Community Services Block Grants;
- Delta Regional Authority;
- Health and Human Services' Community Economic Development grants; and
- Small Business Administration's Historically Underutilized Business Zone (HUBZone) program.[1]

Technology Innovation Program (TIP)

Formerly known as the Advanced Technology Program, TIP is a grant program that funds "high-risk, high-reward research in areas of critical national need."[2] Funding is awarded to both commercial and non-profit private entities.[3] The commercial research often has not been able to attract private sources of funding and is appropriately labeled as "high-risk." ATP was known as a commercial welfare program, which was used by dozens of Fortune 500 companies, including hundreds of millions in funding to IBM, General Electric, General Motors, 3M, and Motorola, and others.[4]

While TIP is geared to avoid funding these large companies, it still subsidizes corporate research and duplicates private venture capitalism funding. An analysis by the Office of Management and Budget in 2007 concluded that "there is little

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[1] Provides federal contracting preferences to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone (historically underutilized business zones) and maintaining a principal office in one of these specially designated areas.

[2] http://www.nist.gov/tip/

[3] CATO recommends eliminating these programs. http://www.downsizinggovernment.org/commerce/subsidies

[4] "Corporate Welfare at It's Worst: Advanced Technology Program," Capitalism Magazine, Brian Riedl, 08/12/2005, http://coburn.senate.gov/ffm/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=606c218a-7e9c-9af9-7311-325d7e11f877

need for" this program.[5] There are various similar efforts throughout the federal bureaucracy.

- The Small Business Innovative and Research Program (SBIR) requires that the eleven federal agencies with significant research and development budgets above $100 million set aside 2.5% of R&D funds for small businesses. Funding is made available under this program for high-technology research.

- The **Research and Technology Development grant program** is funded through the Department of Defense "to support and stimulate basic research, applied research and technology development at educational institutions, nonprofit organizations, and commercial firms, which may have military or dual-use application."[6]

- **Office Of Experimental Program To Stimulate Competitive Research** within the National Science Foundation funds research and product development.[7]

- Venture capitalism firms flourish by identifying and investing in high risk or emerging technologies with great potential and a chance for success. If Congress wants to encourage more investment in emerging technologies, it should lower the high corporate tax rate and encourage more private investment.

Commerce Waste and Mismanagement

The Department of Commerce (DOC) ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated Commerce funds is projected to be approximately $286 million.

Commerce officials cost the American taxpayer $7.9 million in conference expenditures in 2006 – a 55 percent increase from $5.1 million in 2000, and the Department's total travel costs in 2008 were $114 million.[8]

Commerce has weak acquisition and contract management to the point where it is consistently included on the watch list for the Inspector General and the Government Accountability Office. The DOC Inspector General found that "related government spending has ballooned in recent years… Over the next 2 years, the Department of Commerce will spend an average of approximately $3 billion annually on goods and services. The 2010 decennial census and two

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[5] http://www.whitehouse.gov/omb/expectmore/summary/10000030.2002.html
[6] http://www.federalgrantswire.com/research-and-technology-development.html
[7] http://www.nsf.gov/od/oia/programs/epscor/about.jsp
[8] http://www.govexec.com/features/0809-15/0809-15s6.htm

critical NOAA satellite systems will account for roughly a third of these annual expenditures. All three of these programs have already suffered significant cost overruns and schedule delays because of poor acquisition management."[9]

2010 Census

In 2000, the cost of the Census was $6.5 billion.[10] The current cost estimate for the 2010 Census is more than $14.7 billion. Even factoring in inflation, this will be the most expensive census in history.[11] As late as 2006, the 2010 census was estimated to cost $11.3 billion, which has since risen by $3.4 billion – a 30 percent increase in just three years.

[9] http://www.oig.doc.gov/oig/reports/2008/OIG-19384.pdf

[10] Census website, http://www.census.gov/history/www/through_the_decades/fast_facts/2000_3.html

[11] *Id.*