Amendment 3727 – To fully offset the cost of H.R. 4851 by rescinding spending, repealing less important programs, and enacting good government reforms.

The Congressional Budget Office has estimated enacting H.R. 4851, a bill extending several federal programs for two months, would cost $18.1 billion.

This amendment contains 17 different spending offset and an additional 8 finance offsets that, in total, pay for the entire cost of this extension bill.

<u>Finance Provisions</u>

The package includes provisions aimed at increased tax compliance, provisions that alter tax treatment of retirement plans, and also contains some provisions that attempts to eliminate waste, fraud, and abuse in the federal government.

Require information reporting for rental property expense payments: *$2.546 billion over 10 years.* (JCT score of 4849, JCX-22-10, March 24, 2010.)

- Used in Senate passed tax extenders bill.
- Used in House passed H.R. 4849, Small Business Jobs bill.

Pension funding relief: *$2.1 billion over 10 years*. (JCT score of H.R. 4213 as passed by Senate, JCX-9-10, March 10, 2010.)

- Used in Senate passed tax extenders bill.

Crude Tall Oil Ineligible for Cellulosic Biofuel Producer Credit: *$1.885 billion over 10 years.* (JCT score of H.R. 4849, JCX-22-10.)

- Used in House passed H.R. 4849, Small Business Jobs bill.

Repeal the advance payment option of the Earned Income Tax Credit (EITC): *$1.234 billion over 10 years.* (JCT score, Estimate of Presidents FY 2011 Budget's revenue provisions, JCX-7-10 R, March 15, 2010.)

- Included in President Obama's FY 2011 budget request.

Institute unemployment insurance integrity: *$939 million over 10 years*. (JCT score, Estimate of Presidents FY 2011 Budget's revenue provisions, JCX-7-10 R, March 15, 2010.)

- Included in President Obama's FY 2011 budget request.

Allow participants in Governmental 457 plans to treat elective deferrals as Roth contributions: *$506 million over 10 years*. (JCT score of H.R. 4213 as passed by Senate, JCX-9-10, March 10, 2010.)

- Used in Senate passed tax extenders bill.

Increase information return penalties: *$419 million over 10 years*. (JCT score of H.R. 4213 as passed by Senate, JCX-9-10, March 10, 2010.)

- Used in Senate passed tax extenders bill.

Allows rollovers from elective deferral plans to Roth designated accounts: *$127 million over 10 years.* (JCT score of H.R. 4213 as passed by Senate, JCX-9-10, March 10, 2010.)

- Used in Senate passed tax extenders bill.

Total Savings: $9.756 billion

<u>This Finance Offset was the framework in which an agreement was reached prior to Easter recess</u>

While Senate Leadership is attempting to portray those demanding offsets to new spending and to dismiss attempts at offsetting the package, before Easter recess they had actually agreed with offsetting this package with some of the provisions in this amendment. The fact that both Senate Republicans and Democrats compromised and came to an agreement on offsetting spending was an important step forward in the fight for fiscal responsibility. Unfortunately, because of institutional issues between House and Senate Democrats, the deal was scuttled because Speaker Pelosi did not want to abide by the Senate compromise on offsetting new spending.

Spending Provisions

This amendment also includes 14 spending offsets and budget reforms. Many of these have been endorsed by the President, the House of Representatives, or the Senate.

In the past three months, the President endorsed five of these offsets (Sections 205-209), the House passed four of these offsets (Sections 210-213), and the Senate passed an amendment almost identical to Section 203.

While only 12 of the 14 spending offsets and reforms have cost saving estimates at this point, these savings total more than $8 billion and, likely, billions more over the next ten years.

Eliminate Farm Payments to Dead Farmers (Section 232)

According to the Government Accountability Office (GAO), there were over $1.1 billion in payments to deceased farmers in the most recent seven-year period,[1] and 40 percent of those payments were to people dead more than three years.[2] Eliminating this abuse will save the taxpayers millions every year.

Estimated savings: More than $1.1 billion over ten years.

Rescind Unused, 9-year Old Earmarks (Section 233)

The Senate recently passed a Feingold amendment to the FAA bill that rescinds any DOT earmarks that remain 90 percent or more unobligated nine years after being appropriated, with the possibility of holding funds one more year for earmarks the agency head believes will be funded within the following 12 months. The only difference between that amendment and this section, is that this section applies to all agencies, whereas the Feingold amendment only applied to DOT. DOT Secretary LaHood recently endorsed this legislation at a hearing.

Estimated savings: $500 million immediately, unknown over ten years

---

[1] http://www.gao.gov/highlights/d071137thigh.pdf

[2] http://www.washingtonpost.com/wp-dyn/content/article/2007/07/22/AR2007072201128.html

Presidential Request to Repeal a Duplicative Bus Grant Program (Section 234)

This provision would repeal the Inter-City Bus Security Grant Program. President Obama recommended this $12 million program be eliminated because grant awards are "not based on risk assessment," duplicative of the larger Public Rail/Transit Security Grant Program, and less important than other homeland security priorities.[3]

Estimated savings: $120 million over ten years

Presidential Request to Repeal an Unnecessary Federal Fundraising Program (Section 235)

This provision would repeal the Resource Conservation and Development Program. President Obama recommended this $51 million program be eliminated because it "has outlived its need for Federal support. First begun in 1962 as a temporary program, it was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local funding sources for the community's benefit. These councils are now able to secure funding for their continued operation without assistance from the RC&D program.[4]

Estimated savings: $510 million over ten years

Presidential Request to Repeal a Duplicative Brownfields Grant Program (Section 236)

This provision would repeal the Brownfields Economic Development Initiative (BEDI). President Obama recommended this $18 million program be eliminated because it is duplicative of larger, more efficient federal programs and "local governments have access to other public and private funds that can address the same purposes. 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."[5]

Estimated savings: $180 million over ten years

---

[3] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf, page 31
[4] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf, page 46
[5] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf, page 10

Presidential Request to Repeal Duplicative Water Projects (Section 237)

This provision would repeal Water and Wastewater Treatment Projects administered by the U.S. Army Corps of Engineers. President Obama recommended eliminating these projects that totaled $129 million last year because they are duplicative and outside of the scope of the Corps' mission.[6] The Corps has stated they do not have the expertise to do these projects, which the Environmental Protection Agency (EPA) normally funds through grants and revolving fund loan programs. Since these projects were first funded in 1992, they have been exclusively funded through earmarks.

Estimated savings: $1.29 billion over ten years

Presidential Request to Repeal a Duplicative Rail Grant Program (Section 238)

This provision would repeal the Rail Line Relocation Program. President Obama has twice[7] recommended eliminating this $34 million grant program because it is not merit-based and duplicates other federal programs that are larger and merit-based.[8] This grant program is primarily earmarked, as in FY 2009 $17.1 million of the $25 million appropriated went to earmarks.[9] For FY2010, $34.5 million is appropriated for this program, of which more than 70 percent is earmarked.

Estimated savings: $340 million over ten years

Enacting Commerce Rescissions Offered and Passed by House Democrats (Section 239)

This provision would rescind almost $112 million from a Commerce Department program designed to provide coupons to households to help buy analog-to-digital converter boxes. This offset was selected because it was identified by the House Appropriations Committee Chairman David Obey and House Democrats almost unanimously voted to used these funds to offset $600 million for "summer employment programs for youth" and $60 million for small business initiatives already offset in other

---

[6] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf, page 59
[7] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf, page 43
[8] http://www.whitehouse.gov/omb/budget/fy2011/assets/trs.pdf, page 43
[9] http://www.fra.dot.gov/us/content/2008

legislation passed by the Senate. This program is also obsolete because the analog-to-digital transition period is over.

Estimated savings: $111.5 million immediately

Enacting Transportation Rescissions Offered and Passed by House Democrats (Section 240)

This provision would rescind $44 million for the Transportation Department's Consumer Assistance to Recycle and Save Program (also known as “Cash-for-Clunkers”). This offset was selected because it was identified by the House Appropriations Committee Chairman David Obey and House Democrats almost unanimously voted to used these funds to offset $600 million for “summer employment programs for youth” and $60 million for small business initiatives already offset in other legislation passed by the Senate. Additionally, Congress offset $2 billion in unobligated stimulus funds for the Cash-for-Clunkers program last year (H.R. 3435).

Estimated savings: $44 million immediately

Enacting USDA Nutrition Rescissions Offered and Passed by House Democrats (Section 241)

This provision would rescind almost $362 million in unobligated reserved stimulus funds for the Women, Infants and Children nutrition program. This offset was selected because it was identified by the House Appropriations Committee Chairman David Obey and House Democrats almost unanimously voted to used these funds to offset $600 million for “summer employment programs for youth” and $60 million for small business initiatives already offset in other legislation passed by the Senate.

Estimated savings: $361.825 million immediately

Enacting USDA Rural Development Rescissions Offered and Passed by House Democrats (Section 242)

This provision would rescind almost $103 million in unobligated balances from USDA rural development programs funded in previous emergency spending bills other than the stimulus. This offset was selected because it was identified by the House Appropriations Committee Chairman David Obey and House Democrats almost unanimously voted to used these funds to offset $600 million for “summer employment programs for youth” and $60 million for small business initiatives already offset in other legislation passed by the Senate.

Estimated savings: $102.675 million immediately

Federal Real Property Disposal (Section 243)
This provision would enable the disposal of tens of thousands of federal buildings and real estate that sit each year unused. The Office of Management and Budget would be required to sell and dispose of $4 billion worth of federal property that is unused, underperforming, or not meeting the needs of the federal government by October 1, 2010.

The federal government currently owns 21,000 buildings that it says it no longer needs, which are all together worth $18 billion. At the Department of Energy alone, the unneeded property is equivalent to three times the amount of square footage in the Pentagon – the largest building in the world. Unfortunately, the rules and regulations in place make it nearly impossible for federal agencies to sell these buildings in a timely manner on the open market. This process should be reformed to expedite the sale of these properties on the open market.

The issue is so serious that the Government Accountability Office placed federal real property management on its High-Risk List in 2003.

To understand the magnitude of the problem it is important to note the large number of unneeded properties that the federal government is currently holding. The Federal Real Property Council reports that the federal government owned or operated more than 1.1 million assets worldwide in 2007, worth an estimated total of $1.5 trillion.[10]

According to the Office of Management and Budget there are currently 46,745 under-utilized properties and 18,849 are not being utilized. That is a total of 65,594 properties with an estimated value $83 billion that should be sold, better managed or demolished.[11]

[10] http://www.gsa.gov/graphics/ogp/FRPP_FY07.pdf
[11] OMB numbers sent to staff on February 4, 2009

Rather than disposing of properties once they are no longer useful, agencies often opt to hold onto them at the same time that they are adding new properties.

GAO reports the following example to highlight the extent of this problem: "Officials with Energy, DHS, and NASA—which are three of the largest real property-holding agencies—reported that over 10 percent of the facilities in their inventories were excess or underutilized."[12]

Additionally, every unneeded square foot of building space held by the federal government requires annual funding for operations and maintenance. This includes the cost of cleaning, heating, lighting, and landscaping a building, as well as any costs related to a mortgage or lease for the space.

Estimated savings: $4 billion this year

<u>To consolidate all federal job training programs (Section 244)</u>

This provision requires that the Department of Labor consolidate all job training programs with other federal agency heads to reduce administrative costs. At least 28 federal programs, totaling over $9 billion, support job training and employment. Eighteen of these programs fall under the Labor Department's jurisdiction and the agency spends $130 million annually administering its training and employment programs. As the unemployment rate remains around 10 percent, it is critical that federal job training programs are as effective and efficient as they can be in assisting Americans to find employment. This amendment would help achieve this goal.

Estimated savings: Unknown as no funds are rescinded.

<u>To Make Agencies Report Funding Accounts from which Funds May be Rescinded to Pay for New Funding (Section 245)</u>

Requires the Department of Labor (and all other federal agencies) to report within 30 days what funding accounts could have amounts rescinded. Recently, an extension for two Small Business Administration (SBA) temporary programs included in the stimulus (a loan guarantee program and a fee reduction and elimination program) was passed by Congress and

---

[12] http://www.gao.gov/new.items/d07895t.pdf pg. 10.

offset with a spending cut to an SBA account. This offset was identified by the SBA. This section would likewise require the Department of Labor to identify such funding accounts to help offset future extensions of federal Department of Labor programs and require other federal agencies do the same to help offset future spending.