GENERAL SPENDING BACKGROUND

The national debt is currently $12.1 trillion, more than $39,000 per citizen.

This year's deficit is expected to reach $1.5 trillion, which would mark the third straight record annual deficit. The Administration projects the deficit will remain above $1 trillion in 2011 and will not drop below $739 billion over the next decade.

The federal government is now borrowing 43 cents for every dollar it spends. $4.8 trillion of the $9 trillion in debt the government will likely accrue over the next ten years will be interest.

Retirement programs like Medicare and Social Security are on the verge of bankruptcy. Medicare is expected to run out of money and become insolvent in 2017. Social Security will permanently start running a deficit in 2016, and will no longer be able to pay retirees full benefits by 2037. Other important government programs Americans rely on nearly every day, such as the Highway Trust Fund and the U.S. Postal Service, are also spending more than they are bringing in with revenues.

The economy is struggling, unemployment is at 10 percent, and inflation is near zero.

Last year, family incomes fell by more than three percent.

Most of the country faces tough financial times, the federal coffers are nearly empty, and yet, Congress continues to approve double-digit spending increases for bloated federal agencies wrought with waste, abuse, and mismanagement of taxpayer funding.

Even more, this year Congress gave itself a 5.8 percent ($245 million) raise, far outpacing the negative growth in family budgets.

While individuals across the country are worried they might lose their job, members of Congress are busy trying to keep their jobs by passing out earmarks. A recent CRS report found "From FY2008 to FY2009, the two complete years for which these data are available, the total number of appropriations earmarks decreased 6%, from 12,810 to 12,099. However, the total value of earmarks increased 6%, from $28.9 billion to $30.7 billion."

In a recent article entitled "The Spending Rolls On," the *Wall Street Journal* took a closer look at this year's out of control spending, making the point, "There's no recession in Washington. … the White House and the 111th Congress have already enacted or proposed $3.4 trillion of new spending through 2019 for things like the health-care plan, cap and tax, and the children's health bill passed earlier this year. Very little of this has been financed with offsetting spending cuts elsewhere in the budget."

In the last eleven months, Congress has passed trillions of dollars in new spending, on everything from a multi-billion dollar lands omnibus package stuffed with over 100 parochial bills benefitting only a few and endangering the property rights of Americans across the country to a nearly $1 trillion stimulus bill meant to generate economic growth and create jobs, but instead has become one of the worst government boondoggles in history.

The stimulus created more government jobs than private sector positions, only adding to the crowding out of private competition and job growth, thus stealing even more job opportunities from those looking for work.

We bailed out the auto industry, loaned hundreds of billions of dollars to private companies, passed yet another omnibus spending bill with a price tag of nearly $500 billion including nearly $3.7 billion for thousands of earmarks, and may soon considering a second stimulus bill, even though billions of dollars remain unspent from the first stimulus.

And, Congress is now planning to raise the national debt limit, which is currently set at $12.1 trillion. Instead of making the difficult choices associated with cutting federal spending, Congress will increase the debt limit, so they can keep on spending.

While Congress spends without regard to consequence, it is not those in Washington, but the taxpayers who will bear the burden of this debt. The New York Times recently put it this way, "But there is little doubt that the United States' long-term budget crisis is becoming too big to postpone. Americans now have to climb out of two deep holes: as debt-loaded consumers, whose personal wealth sank along with housing and stock prices; and as taxpayers, whose government debt has almost doubled in the last two years alone, just as costs tied to benefits for retiring baby boomers are set to explode."

The out of control debt will also result in the stealing of taxpayers' savings. In June, the Economist cover story on fiscal fate of the world's wealthiest countries entitled "Debt: The biggest bill in history," warned, "and today's debt surge, unlike the wartime one, will not be temporary. Even after the recession ends, few rich countries will be running budgets tight enough to stop their debt from rising further …Yet eyepopping deficits and the unchartered nature of today's monetary policy, with the Federal Reserve (like the bank of England) printing money to buy government bonds, are prompting concerns that American's debt might eventually be inflated away."

Not only is overspending and failure to curb the growth of entitlement programs putting our country on the verge of a fiscal and economic collapse, Congress' refusal to shrink the government is even endangering our national security. Countries like China that hold much of our debt, could soon begin dictating American policy both domestic and foreign.

The cover story of Newsweek's December 7 issue entitled "Steep Debt, Slow Growth, and High Spending Kill Empires—And America Could Be Next," warns that our current fiscal situation is putting our country at risk and calling into question our position of power in the global economy. "This is how empires decline. It begins with a debt explosion. It ends with an inexorable reduction in the Army, Navy, and Air Force. …If the United States doesn't come up with a credible plan to restore the federal budget to balance over the next five to 10 years, the danger is very real that a debt crisis could lead to a major weakening of American power."

Government has grown to such an enormous size it is almost impossible to fully grasp just how huge the federal operation has become. The 2008-2009 United States Government Manual is nearly 700 pages long and provides details on 15 executive branch agencies and nearly 60 independent establishments and government corporations.

Most of these 75 entities spends billions of dollars (and now trillions) on thousands of government programs. Tracking these programs and their effectiveness or lack thereof, is nearly impossible and almost every agency is now in the business of doing everything, resulting in mass duplication of federal efforts and hundreds of billions in wasted taxpayer dollars.

For example, in 2005, the Government Accountability Office (GAO) found that 13 different federal agencies spent nearly $3 billion from 2004 to 2007 to fund 207 federal programs to encourage students to enter the fields of math and science.

Another example: According to a 2003 GAO report, to the tune of $30 billion, the federal government funds more than 44 job training programs, administered by nine different federal agencies across the federal bureaucracy. Yet another example: According to data from the Catalog of Federal Domestic Assistance, 14 departments within the federal government and 49 independent agencies operate exchange and study abroad programs.

And yet, despite decades of the government spending hundreds of billions of dollars on programs to address every possible issue, from homelessness, to job training, to obesity, to education and everything in between, these problems still exist and many continue to get worse.

This calls into question if mortgaging our children's future and endangering the country to spend money we simply do not have on programs that are not working, is truly an effective way to address the challenges we face as a nation.

Given the enormity of the federal bureaucracy addressing the waste, fraud, duplication, and mismanagement throughout the system will save taxpayers billion every year.

If Congress is unwilling to appropriately reform the health care system, address entitlement spending, and we do not have the guts to eliminate programs to save money, unless we plan to raise taxes and steal even more money from taxpayers across the country facing shrinking incomes, the least this body can do is address the more than **$350 billion** in annual waste and mismanagement that permeates the federal bureaucracy.

While the leadership at nearly every agency has consistently mismanaged grant programs and the funding they receive; Congress is ultimately responsible for much of the inefficiency and waste across the federal bureaucracy.

Congress has refused to eliminate duplicative spending, failed to conduct meaningful oversight, continues to create new federal programs and earmark funding for thousands of local projects, and appropriate billions of dollars that are not needed and remain unspent every year.

Savings from Waste

General Government	$114 Billion
Department of Agriculture	$9 Billion
Department of Commerce	$5.9 Billion
Department of Defense	$36.6 Billion
Department of Education	$6 Billion
Department of Energy	$2.2 Billion
Department of Health and Human Services	$1.8 Billion
Medicare	$96 Billion
Medicaid	$48 Billion
Indian Health Service	$538 Million
AIDS	$345 Million
Department of Homeland Security	$1.5 Billion
Department of Housing and Urban Development	$4.8 Billion
Department of Interior	$2 Billion
Corps of Engineers	$1 Billion
Department of Justice	$1.6 Billion
Department of Labor	$12.4 Billion
Department of State	$2.5 Billion
Department of Transportation	$4.3 Billion
Department of Veterans Affairs	$1.3 Billion
Total	$351.7Billion

GENERAL GOVERNMENT
$114 BILLION

Competitive Bidding ($28 billion)
The federal government awards hundreds of billions of dollars annually in contracts and grants. It has become common practice for agencies and Congress to bypass the federal process for competitively awarding contracts and grants and instead, hand out federal funding to certain entities and companies through no-bid contracts and earmarks. In 2008, the government handed out **$188 *billion in contracts obligated noncompetitively***.[1] Competition in the awarding of federal grants and contracts will not only save taxpayers money by getting the most bang for their buck, but will lead to more efficient contracts that would secure a higher quality product or service for less. Assuming a moderate 15% savings if these contracts had been competitively bid, taxpayers could have **saved $28 billion**.

Examples

The AP reported recently that the Defense Department frequently awards no-bid work to small contractors for repairs at military bases using stimulus funds, costing taxpayers $148 million more than when businesses compete for the work.[2]

Wisconsin spent $47.5 million this year federal funds on two Spanish made passenger trains without using competition.[3]

The Legal Service Corporation IG recently reported that the agency has had problems with no-bid contracts. The IG found that 37 of the 38 consultant contracts it reviewed had not been competitively bid.

In February 2008, the Department of Interior Inspector General issued a report on sole source contracting within the Department. The IG stated "the Department's current practices have abused sole source contracting by: modifying the scope of originally competed contracts, resulting in de-facto sole source contracts; using justifications for other than full and open competition that were questionable or not properly documented in the contract files; and failing to establish fair value pricing for sole source contracts, including Section 8(a) contracts."[4]

That same report highlighted a National Park Service's contract for the Washington Monument grounds work and found that the contract constituted an illegal sole source award. The IG found that the contracting officer responsible for the project authorized an increase in contract value from **$5 million to $44.5 million**. The IG noted that the sole source awards occurred because "[T]he contracting officers opted to take the fast and easy way, which was to modify an existing

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[1] OMB Press Release, "White House to Save $40 Billion Annually through Contracting Reforms", July 29, 2009, http://www.whitehouse.gov/omb/news_072909_reform/.
[2] Brett J. Blackledge, "Stimulus Watch: No-Bid Contracts Mean Higher Costs," *The Associated Press*, 7/17/09
[3] Stein, Jason, Wisconsin State Journal, "Three Companies Showed Interest in State Purchases of two Trains", August 4, 2009, http://www.madison.com/wsj/topstories/460618 .
[4] Department of Interior IG Report, "Sole Source Contracting: Culture of Expediency Curtails Competition in Department of the Interior Contracting (Report No. W-EV-MOA-0001-2007). Page 8"

contract, rather than the conscientious and correct method, which was to issue a separate contract and promote competition."[5]

According to a February 2009 HUD Inspector General Audit Report, the City of Newburgh, NY, which receives $800,000 annually in Community Development Grants (CDBG), had $106,209 in unsupported costs for a sole-source consulting contract as part of their CDBG funds.[6]

The Census Bureau entered into a no-bid contract with the Harris Corporation to produce the handheld computers for the 2010 Census. The contract cost $600 million and handheld computers were a complete failure.

The tally for Hurricane Katrina waste has surpassed $1 billion dollars because of lucrative government contracts awarded with little competition.[7] "Several of the contracts were hastily given to politically connected firms in the aftermath of the 2005 storm and were extended without warning months later. Critics say the arrangements promote waste and unfairly hurt small companies.

According to a report issued by the House Government Reform Committee, the government awarded 70 percent of its contracts for Hurricane Katrina work without full competition. The report found that out of $10.6 billion in contracts awarded after the storm, more than **$7.4 billion** were handed out with limited or no competitive bidding. In addition, 19 contracts worth **$8.75 billion** were found to have wasted taxpayer money at least in part, costing taxpayers hundreds of millions of dollars.[8]

Three Percent Efficiency Improvement in Agencies ($30 billion)

There are many other examples of waste beyond those outlined in this savings list. I have never talked to a government employee who did not believe they could accomplish the same mission with three percent less. From excessive travel around the world by government employees to high tech office equipment to lavish landscaping on the campuses of government agencies to $4 meatballs at government conferences, there are tens of billion of dollars that could be saved every year by simply eliminating unnecessary spending.

Unobligated Balances ($657 billion)[9]

Nearly every federal Department ends each year with billions of dollars in unobligated funding. Unlike obligated funding that has not yet been spent, unobligated funds are not set aside for a specific purpose to be funded in the near future. Federal agencies ended Fiscal Year 2009 with **$657 billion** in unobligated funds.

While it is applaudable that government bureaucrats are not spending every dollar that they are entrusted, this staggering amount of unspent money exposes the mismanagement of our

[5] Department of Interior IG Report, "Sole Source Contracting: Culture of Expediency Curtails Competition in Department of the Interior Contracting (Report No. W-EV-MOA-0001-2007)."

[6] Department of Housing and Urban Development Inspector General Audit Report, 2009-NY-1008, http://www.hud.gov/offices/oig/reports/files/ig0921008.pdf.

[7] Hope Yen. "Katrina waste: $1 billion just a beginning?; Auditors expect figure to balloon when no-bid contracts get scrutiny," The Decatur Daily/Associated Press, December 26, 2006;

[8] "Study: Millions wasted in Katrina contracts; 70% of contracts awarded without full bidding, Democratic report says," MSNBC, August 24, 2006; http://www.msnbc.msn.com/id/14502390/ .

[9] Not included in total of annual waste, but is another example of the gross mismanagement of federal funding.

national finances by Congress. Every year, Congress borrows hundreds of billions of dollars to pay for increases for programs that end each year with billions of dollars in unobligated money.

Simply put, Congress is approving increases in government funding faster than bureaucrats can spend it! While all of the money is not being spent, taxpayers still must pay for the funding increases as well as the cost to finance the interest on the billions of dollars being borrowed and added to our $12 trillion national debt.

Consider, the U.S. government ended Fiscal Year 2007 with a $453 billion deficit as well as $388 billion in unobligated funds. With better fiscal management, Congress could have nearly balanced the budget by simply not approving excessive increases in spending for government agencies sitting on billions of dollars of unobligated funds.

Improper Payments ($98 billion)[10]

In FY 2009, the government made $98 billion in improper payments, an increase of $26 billion over FY 2008. Improper payments are bureaucratic payment errors that result in billions of dollars in federal payments made out for the wrong amount of money and directed to the incorrect person or entity.

This is taxpayer money we are simply throwing out the door by awarding federal funding to individuals and entities not intended to receive the funding in the first place!

Earmarks ($15 billion)

The thousands of earmarks passed by Congress every year result in billions of dollars spent annually were not subject to a competitive, merit-based review process. During the annual appropriations process members of Congress dole out billions of hard-earned taxpayer dollars to special interest projects across the country, benefiting only a few, namely the well-connected.

In FY 2009 there were 12,099 appropriations earmarks costing taxpayers $30.7 billion. While not all earmarks are wasteful, thousands are spent on questionable and often low-priority projects and none are subject to a competitive bidding process. Assuming just half of these earmarks represent low-priority, parochial, and questionable uses of taxpayer funding, that if they had been competitively bid would have cost significantly less, that would represent **$15 billion in estimated savings**. Below are just a few of the thousands of questionable earmarks recently approved by Congress.

$3.8 million for the Old Tiger Stadium Conservancy in Detroit
$2 million for Chesapeake Bay Oyster Recovery
$85 million for "fish mitigation" along the Columbia River
$1.9 million for the Pleasure Beach water taxi service in Connecticut
$1 million for hurricane evacuation studies in Hawaii. According to recent reports, Hawaii has not had a hurricane in 17 years, and since 1949, only 12 people in the state have died as a result of a hurricane.
$1.8 million for swine odor and manure management research in Ames, Iowa

[10] Only $21 billion is included in the general government subtotal, the rest of the figure is included in each individual agency's total waste.GAO-09-628T, "Improper Payments: Progress Made but Challenges Remain in Estimating and Reducing Improper Payments," April 2009, http://www.gao.gov/new.items/d09628t.pdf. OMB FY 2009 Improper Payment Rates: http://medicareupdate.typepad.com/files/ombimproperdata.pdf/.

$200,000 for the Durham Museum Photo Archive Project in Durham, North Carolina
$380,000 for a recreation and fairgrounds area in Kotzebue, Alaska
$1 million for Thunder Bay National Marine Sanctuary
$15 million for a "Cooperative Institute and Research Center for Southeast Weather and Hydrology" at the University of Alabama in Tuscaloosa
$1 million for Cal Ripken, Sr. Foundation At-Risk Youth Mentoring Programs
$1.2 million earmark for total rat eradication on the Palmyra Atoll, Hawaii
$750,000 for continued celebration/commemoration of the 400th anniversary of the voyages made by Henry Hudson and Samuel de Champlain
$5 million for the National Climate Science and Wildlife Science Center for continued studies on the impact of climate change on fish and wildlife.
$500,000 for the Rural Water Technology Alliance

Federal Employees Tax Gap ($3 billion)

Federal employees failed to pay the IRS more than $3 billion income taxes in 2008. Postal employees owe more than $297 million, while 50 employees from the Executive Office of the President owe $812,917, 231. Senate employees owe $2,469,026, and 447 House of Representatives owe $5,809,631.[11]

AWOL in the Federal Government ($43.8 million)

Absent Without Leave (AWOL) is the general term given to hours during which an employee is absent from his or her job without permission. This can range from simply being late to work, to not showing for months at a time. Since 2001, federal employees at 18 departments and agencies were AWOL at least **19.6 million hours**. In 2007, federal employees were AWOL from their government job for more than 3.4 million hours. Including benefits, federal employees make on average $113,000 annually. This means that in 2007, the government could have saved **$43.8 million** by not compensating AWOL employees.

Social Security ($6.5 billion)

In FY 2009, **$1.96 billion** in improper payments occurred in the Old Age and Survivors' Insurance program and **$4.55 billion** in the Supplemental Security Income Program.[12]

Lavish Conferences. In June 2009, the Social Security Administration spent more than $700,000 to send 675 Social Security employees to a lavish retreat at the Arizona Biltmore in Phoenix. The Administration said the meeting was intended to help employees deal with the stress of their jobs, and even included a motivational dance performance. The gathering at the Phoenix resort was one of a series of several regional meetings that have cost taxpayers over **$1 million** in the last year.[13]

NASA ($5.6 billion)

[11] http://www.wtop.com/?nid=428&sid=1838232
[12] *Improper Payments*: Progress Made but Challenges Remain in Estimating and Reducing *Improper Payments* GAO-09-628T, April 22, 2009. http://www.gao.gov/new.items/d09628t.pdf.
[13] http://newsbusters.org/blogs/scott-whitlock/2009/07/15/abc-highlights-government-waste-targets-lavish-social-security-retre

In a 16 page document outlining NASA's "most serious management and performance challenges," the NASA Inspector General outlined numerous areas of mismanagement and program failure that have led to billions of dollars in waste and fraud.[14]

Examples
NASA's "Mission to Mars, the Mars Science Lab, suffered a major setback, resulting in a missed launch opportunity in 2009, a **$400 million cost increase**, and a 2-year schedule delay."

For over two decades, NASA's acquisition and contracting process has been identified by the Government Accountability Office (GAO) as a high-risk area for the agency, resulting in the loss of billions of dollars. "In a recent review of selected NASA program, the OIG found that NASA still lacks the disciplined cost-estimating process and financial and performance management systems needed to establish priorities, quantify risks, and manage program costs."

This is extremely concerning considering that 90 percent of NASA $20 billion annual budget is spent on contracts and grant awards. It is virtually impossible to know the full extent to which taxpayers are on the hook for billions of dollars in waste due to a poorly managed acquisition process.

According to the report, "OIG found that NASA project managers [in working with contractors] deemphasized the importance of controlling costs, minimized the effectiveness of cost control, and gave the contractors minimal incentives to control costs." The Inspector General found that management failures "resulted in the unsupported payment of award fees of **$16 million** and 27 months of contract term extensions, valued at **$3.375 billion** in one contract and **$233,600** on another…"

Assuming a modest waste figure of 10 percent of NASA's $18 billion spent on contracts ever year, taxpayers are likely losing **$1.8 billion** to NASA fraud and waste every year.

NASA also suffers from waste and fraud due to serious ethical violations. The report detailed the following examples of criminal convictions resulting in the loss of millions of dollars to NASA:

- "A former Chief of Staff was convicted on Conflict of Interest and False Statement charges stemming from the steering of earmarked funds to a client of his private consulting company.
- "An SBIR contractor submitted false financial reports and included family members on the company payroll.
- "An Intergovernmental Personnel Act employee overcharged NASA for payroll and fringe benefit costs.
- "A NASA scientist steered contracts to a company operated by his spouse.
- "Source Evaluation Board information was leaked to a potential contractor during a bid protest.
- "Employees were guilty of organizational conflicts of interest and unauthorized access to proprietary information.
- "A former NASA employee used information gained from his position at NASA to give an unfair advantage to a prospective contractor."

[14] NASA Most Serious Management and Performance Challenges, NASA OIG, November 10, 2009, http://oig.nasa.gov/NASA2009ManagementChallenges.pdf

In the first case, former Chief of Staff Courtney Stadd directed more than **$9.5 million** from a congressional earmark to his client, Mississippi State University. In another case, a former manager at the Goddard Space Flight Center was convicted of a felony for using his position at NASA to send his wife's company more than **$50,000** in business in 2007, as well as sole-sourcing a **$60,000** procurement contract for her company.

Congress ($245 million)

Just a few months ago, Congress passed the Legislative Branch Appropriations bill, giving itself a nearly six percent raise ($245 million over last year) for its own annual operating budget. In a time of economic uncertainty across the country as families are struggling to make ends meet and our national debt is more than $12 trillion, Congress refuses to rein in its own spending on office items such as furniture and staff salaries, and instead gave itself a raise. Congress should sacrifice its own budget increase in order to cut the deficit and put taxpayer money back in the hands of those who earned it.

IRS ($2 billion)

In 2008, the Internal Revenue Service handed out erroneous tax refunds totaling more than **$20 million**.[15]

A 2008 GAO report found that the IRS failed to collect more than **$2 billion** in taxes from Medicare providers.[16]

Government Bonuses ($800 million)

Every year the federal agencies hand out at least **$800 million** "unwarranted bonuses" to contractors hired by the government. For example, in 2007, a company was given a $14.2 million bonus by the government, even though the hand-held computer they developed for the Census failed to work.[17]

Small Business Administration ($100 million)

A recent GAO study found that "a program intended to help disabled veterans win government business awarded at least **$100 million** in contracts to firms that were either ineligible or committed fraud to obtain the work." For example, a firm in the state of Nevada was awarded a $7.5 million FEMA contract, even though the company's owner was not a disabled veteran and thus not eligible for the funding.[18]

United Nations ($350 million)

According to a leaked report from internal United Nations auditors, 43 percent of U.N. procurement investigated is tainted by fraud. Out of $1.4 billion in U.N. contracts internally investigated, $610 million was tainted by ten "significant fraud and corruption schemes." The U.S. tax payer contributes at least 25% of all U.N. funding, so it is safe to say that the entire U.S. contribution of **$350 million** to these contracts has been undermined by corruption and waste.

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[15] Nextgov.com, "IRS slow reaction to bounced checks costs treasury $20 million," October 20, 2009.

[16] AP, "GAO finds tax abuse in Medicare program," June 20, 2009.

[17] Boomberg, "Hidden Bonuses Enrich U.S. government Contractors," January 29, 2009.

[18] http://www.nytimes.com/2009/11/19/us/19fraud.html

The U.N.'s new core operating budget for 2008 and 2009 was the largest U.N. budget increase in U.N. history. The biennial budget was **$5.2 billion,** which is a 25 percent increase from the U.N.'s last core budget. The U.S. State Department reports that 75 percent is for staff related costs only. The U.S. taxpayer share of the U.N. budget is **$572 million** annually or $1.14 billion. The core budget is controlled by the U.N. Secretary General and only represents a small percentage of the total U.N. system that includes the budgets for numerous U.N. funds and programs. According to U.S. Ambassador to the U.N., Mark Wallace, the other U.N. funds and programs are following the Secretary General's example by dramatically increasing their own budgets as well. For example, U.N. peacekeeping budget will grow this year from $5 billion to $7 billion – a 40 percent growth. To put this in perspective, the budgets of the top five U.N. contributors (the U.S., Japan, Germany, the U.K., and France) grew less than 10 percent – the U.S. budget only grew seven percent. This type of growth might be understandable in times of crisis and for organizations that have proven results. But this is not the case with the U.N. The U.S. taxpayer gives the entire U.N. system over **$5 billion** annually, and we have very little to show for it. The U.N. is one of the most opaque organizations on the planet, and there are no independent outcome measures that prove the U.N. is effective at accomplishing U.S. policy priorities.

Unused Federal Buildings ($520 million)

Poor property management across the federal government is quietly costing the American taxpayer billions of dollars per year. 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. According to the Office of Management and Budget, as of 2007 (the most recent year for which data are available), the government owns over 18,000 federal buildings that are not being used, but are costing taxpayers $520 million every year to maintain. By removing these buildings from the federal holdings, taxpayers could save at least **$520 million**.

Government Printing Costs ($460 million)

A 2009 report found that the government spends close to $1.3 billion every year on printing costs. The survey found that on average, federal employees print 7,200 pages every year, but discard at least 35 percent of their printed pages. Assuming a 35 percent waste of the total annual expenditures, taxpayers could save **$455 million** annually.[19]

The Government Printing Office (GPO) prints approximately 5,600 copies of the Congressional Record for each day Congress is in session. This cost the American taxpayer **over $6.5 million annually**. The current Congressional Record is available online and previous Congressional Records are also available online, dating back to 1989.

U.S. Postal Service ($123 million)

Despite the fact that taxpayers have spent billions of dollars to bailout the federally subsidized Postal Service, which incurred a nearly $8 billion deficit in FY 2009, last year, the U.S. Postmaster General received more than **$800,000** in compensation pay and benefits, up more than 40 percent over 2006 levels.[20]

[19] http://www.govexec.com/dailyfed/0509/051209rb1.htm

[20] http://washingtontimes.com/news/2009/feb/17/in-hard-times-postmaster-earned-800000-in-pay-perk/

The Postal Service loses more than **$50 million annually** paying for more than 45,000 hours of "standby time," in which employees are allowed to be at work and receive pay, but not actually be required to do any work, since mail volume is down more than 12 percent over last year's level.[21]

A recent USPS Inspector General report found that in 2008 alone, "the Postal Service spent **$73 million in relocation costs** related to over 2,000 employees." A CNN report found that USPS "paid more than $1 million for 14 homes in the past five years." For example, last year the Postal Service spent more than $1.2 million to purchase a 8,400 square foot home in South Carolina in order to relocate a Postal employee.[22]

<u>National Science Foundation ($11 million)</u>

The National Science Foundation spent $112 million (**$11 million** annual average) over the last 10 years on political science and $325 million last year alone on social studies and economics. These funds could have been directed to other higher-priority NSF efforts, such as the study of biology, chemistry, geology, and physics. Most of the projects funded through the political science division are simply not appropriate uses of federal taxpayer funding.

Examples of Questionable NSF Studies

- $188,206 to ask the question, "Why do political candidates make vague statements, and what are the consequences?" "In addition to advancing our understanding of politics, the project will have several broader impacts," according to NSF, including "practical lessons for candidates, advisors, and citizens who are involved in political campaigns."
- $152,253 to examine ―Political Discussion in the Workplace to examine "practical insights into how the workplace might be utilized better as a context for promoting the goals of both broader and deeper public discourse."
- $11,825 to study "Prime Time Politics: Television News and the Visual Framing of War."
- $91,601 to conduct a survey to determine why people are for or against American military conflicts.
- $130,525 to conduct a survey on the impact of Medicare reform on senior citizens' political views and participation. This research examines whether or not changes to the program enacted by the Medicare Modernization Act of 2003 is influencing seniors‟ "orientations toward government, vote choice, and regard for the two political parties." According to NSF, "this project not only presents a significant advance for the scholarly literature on policy feedback effects, but it will also contribute to future debates on one of the largest public programs in the United States. By examining how senior citizens have fared under this highly consequential reform of Medicare, this study will help lawmakers and other policy actors as they continue to reform the program and address the needs of this vulnerable population."
- $143,254 to evaluate ―whip counts by party leaders in the United States Congress to determine the impact of party leaders in the legislative process and how successful party leaders are at mobilizing support for party programs.
- $50,000 to hold a conference on the effect of youtube.com on the 2008 election.
- $8,992 to study campaign finance reform, with the stated intent of providing "a basis for assessing future proposed changes to campaign finance regulations."

[21] http://www.federaltimes.com/article/20090907/DEPARTMENTS02/909070306/1026/DEPARTMENTS02
[22] http://www.uspsoig.gov/foia_files/FF-AR-09-211.pdf

- $678,000 to study Internet social networking sites including Twitter and Facebook in an effort to “measure public happiness.”

<u>Presidential Election Campaign Fund ($50 million)</u>

The Presidential Election Campaign Fund uses taxpayer funding to pay for the presidential candidate nominating conventions. These week-long parties, which are now almost entirely ceremonial and not actually needed because of early primary voting, are held every four years to announce each party’s presidential nominee. Elimination of the Fund was included in the Congressional Budget Office’s August 2009 Budget Options document, which stated, “Supporters of this option also dispute the need to give public funding either to the already well-financed major parties and their candidates or to the minor parties and candidates, which historically have little chance of success.”

DEPARTMENT OF AGRICULTURE
$9 BILLION

The Department of Agriculture (USDA) ends each fiscal year with billions in unspent and unobligated funds. The Department is estimated to have ended FY 2009 with **$5.4 billion in unobligated balances**. The Department ended the fiscal year with $6.4 billion in 2008 and $14.7 billion in 2007.[23]

In FY 2009, the USDA made **$4.2 billion** worth of improper payments.[24]

USDA provides about $20 billion annually in federal farm assistance payments to individual farmers, agriculture corporations, and estates. Under current guidelines, estates may receive farm payments for up to two years after the death of the farmer but only if the farm estate is not kept open only to receive the payments. According to the Government Accountability Office (GAO), between 1995 and 2001, out of payments to deceased farmers, **40 percent ($440 million/$73 million annual average)** of those payments went to estates where the farmer had been dead for more than three years.

A recent GAO investigation estimates that USDA made over **$49 million in payments to 2,700 farmers** who income exceeded statutory guidelines for such payments (2003-2006), and it believes that number has likely grown as income eligibility guidelines have been further tightened.[25]

According to the Government Accountability Office (GAO), the federal crop insurance program is now spending $2.29 for every $1 that reaches farmers, is reimbursing private insurer administrative expenses at a annual rate of $1,417 per policy (private insurers assume very little risk), and costing taxpayers over $30 billion dollars to administer over the 2000-2009 period **($6.5 billion last year)**.[26] Assuming a modest 30 percent waste rate, taxpayers are losing **$1.8 billion** annually to this program.

In FY 2008, the USDA spent **$5.9 million** on conferences, with over 7,000 employees attending conferences. Some place total spending much higher ($22 million in FY 2005[27]). This includes sending 250 employees to San Francisco ($126,000) for a Farm Service Agency conference, 180 employees to San Diego ($246,000) for an insect conference, and $44,701 for two employee awards conferences.[28]

The USDA is ranked among the four worst federal agencies in paying its travel credit bills on time. Ten percent of USDA travel cards are in delinquent status, costing taxpayers **untold**

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[23] Office of Management and Budget, "Balances of Budget Authority for FY 2010," http://www.whitehouse.gov/omb/budget/fy2010/assets/balances.pdf.
[24] http://medicareupdate.typepad.com/files/ombimproperdata.pdf
[25] Government Accountability Office (GAO): "USDA Needs to Strengthen Controls to Prevent Payments to Individuals Who Exceed Income Eligibility Limits," September 2008, http://www.gao.gov/new.items/d0967.pdf.
[26] Government Accountability Office (GAO): "Crop Insurance, Opportunities Exist to Reduce the Cost of the Administering the Program," April 2009, http://www.crs.gov/Pages/Reports.aspx?ProdCode=R40650.
[27] http://coburn.senate.gov/oversight/index.cfm?FuseAction=Files.View&FileStore_id=39e27579-e6db-47a5-8058-922bf381067e
[28] United States Department of Agriculture, Office of the Chief Financial Officer: "2008 Conference Transparency Report," http://www.catts.ocfo.usda.gov/ocfo_conferences_2008.asp.

amounts in extra charges and rebates.[29] For example, a USDA employee used agency credit cards to **embezzle more than $600,000** from Forest Service firefighting funds for her boyfriend to gamble, purchase a car, and for other personal purchases. The action went undetected for six years. Another agency credit card was used to purchase a Toyota Sienna and a Toyota Land Cruiser ($80,000 total), which were then shipped to USDA offices overseas—all without required federal waivers.[30]

The USDA maintains 57,523 buildings and structures, representing more than 57 million square feet of space.[31] Of these, the Office of Management and Budget (OMB) classifies 4,645 as "excess," and valued at **$889 million**.[32] Despite this excess property, the Department spends **$193 million** annually renting an additional 11.9 million square feet of building space.

The Forest Service administers the Economic Action Program, a program that receives about **$5 million** annually for technical and financial assistance to forest communities. The program duplicates existing USDA programs, and has been poorly managed. Awards have funded water music festivals and maritime technology programs and the White House has proposed the program be eliminated.[33]

The USDA also administers the "High Energy Cost" grant program **($18 million** in FY 2009) intended to bring affordable electricity to rural areas. Though it was appropriated $18 million in FY 2009, the program maintains $20 million in carryover funds. Also, as administered, few states qualify for grant program and it is duplicative of low interest loan programs ($6.6 billion annually spent on these programs) offered by the agency's Rural Utilities Service already available to all of rural America.[34]

The USDA continues to spend **$5 million** for grants to rural public broadcasting stations, despite the completion of the digital conversion transition, and the existence of larger federal assistance programs for this purpose. The White House has proposed the elimination of this program indicating, "there is no further need for this program."[35] This USDA program duplicates the Department of Commerce's Public Telecommunications Facilities Program, funded at $20 million in FY 2010, and a federally created non-profit, the Corporation for Public Broadcasting, which received $61 million for this purpose in FY 2010.

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[29] Congressional Research Service, "Waste, Fraud, and Abuse in Agency Travel Card Programs," July 20, 2009, http://www.crs.gov/Pages/Reports.aspx?ProdCode=R40580.

[30] Government Accountability Office, Government-wide Purchase Cards: Actions Needed to Strengthen Internal Controls to Reduce Fraudulent, Improper, and Abusive Purchases, GAO-08-333, March 2008, http://www.gao.gov/new.items/d08333.pdf.

[31] General Services Administration, "2008 Federal Real Property Report," August 2009, http://www.gsa.gov/graphics/ogp/FY_2008_Real_Property_Report.pdf.

[32] Office of Management and Budget, "Response to Section 408 of Public Law 109-396," June 15, 2007, http://coburn.senate.gov/oversight/index.cfm?FuseAction=Files.View&FileStore_id=e3a53dbc-d6af-4be7-9c06-364ce3c605fd.

[33] White House Office of Management and Budget, "Terminations, Reductions, and Savings (2010), http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf.

[34] White House Office of Management and Budget, "Terminations, Reductions, and Savings (2010), http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf.

[35] White House Office of Management and Budget, "Terminations, Reductions, and Savings (2010), http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf.

The USDA has a growing unobligated balance for construction of research buildings earmarked by Congress. The White House notes that the earmarked funds result in ever growing unobligated balances, "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." Potential savings from eliminating these earmarks would be at least **$50 million.**

The Department of Agriculture's cotton storage credits, costing taxpayers **$52 million** a year, allow producers to store their cotton at the government's cost until prices rise to a preferred level. As such, storage credits for cotton arbitrarily impact the amount of cotton on the market which could lead to imbalances of supply and demand and unnecessarily inflated price of cotton. Elimination of the credit was included in the President's 2009 "Termination's, Reductions, and Savings" document, which stated, "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."

The Resource Conservation and Development Program, funded at **$51 million** annually, was created to enhance conservation capability through the establishment of local councils that would coordinate local, state, and federal programs. In the nearly half century since its inception, this program, which provided seed money to start programs that were intended to provide federal assistance to help locals receive federal funds is no longer necessary. Elimination of the program was included in the President's 2009 "Termination's, Reductions, and Savings" document, which stated, "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."

The Foreign Market Development Program, funded at **$24 million** annually, works with agricultural trade associations and groups representing the commodity sellers to market their goods in foreign countries. This federal program is duplicative of the Foreign Agriculture Service's Market Access Program, which also works to market American goods in foreign countries. Elimination of the Fund was included in the Congressional Budget Office's August 2009 Budget Options document, which stated that the program "merely replaces private spending with public spending and that the cooperators should bear the full cost of foreign promotions because they benefit directly from them."

The Conservation Stewardship Program provides payments to agricultural producers for five years or more to adopt conservation activities to improve their land. Many of these practices are already in the best interest of farmers and ranchers who own the land. In 2006 GAO revealed CSP is duplicative of other USDA conservation efforts, such as the Conservation Reserve Program (CRP), particularly in creating conservation buffers around cropped fields and the duplicate farmer payments for the same activity. Other USDA conservation programs include: Environmental Quality Incentives Program, Wetlands Reserve Program, Farmland Protection Program, Wildlife Habitat Program, Grassland Reserve Program.[36] Reducing enrollment in the Conservation Stewardship Program was included in the Congressional Budget Office's August

[36] http://www.gao.gov/new.items/d09446.pdf

2009 Budget Options document. Prohibiting new enrollment will save **$228 million** in the first year.

This year USDA created the National Institute of Food and Agriculture and Congress funded it at $**1.34 billion**.[37] This program duplicates USDA's in-house research arm – Agricultural Research Service. It also directly overlaps with three of the five areas covered by other federal agencies – climate change, energy, and obesity. The remaining two – hunger and food safety – are also shared with other agencies.

USDA's Rural Development division operates the Rural Energy for America Program – to promote energy efficiency. The program is funded at **$20 million** annually and provides direct loans, loan guarantees, and grants to producers and rural small businesses to purchase renewable energy systems and make energy efficiency improvements, including wind, solar, biomass and geothermal projects. The program duplicates numerous Department of Energy efforts, including the following:

- DOE's Geothermal Technology Program, which received $44 million from the FY 2010 Energy and Water Appropriations bill. The stimulus provided an additional $400 million in geothermal projects.[38]
- DOE's Wind Energy Program, which received $80 million from the FY 2010 Energy and Water Appropriations bill. The stimulus provided $118 million for wind energy projects.
- DOE's Solar Energy Technologies Program, which received $225 million from the FY 2010 Energy and Water Appropriations. The stimulus provided $117.6 million for solar projects.

USDA received over **$1 billion for energy and energy efficiency programs** from most recent farm bill. USDA's Farm Service Agency (funded by its Commodity Credit Corporation) administers the Bioenergy Program for Advanced Biofuels, which pays bioenergy producers of ethanol and biodiesel to increase production. It was funded at $150 million for Fiscal Years 2003 through 2006,[39] and **$55 million** in 2009 and 2010.[40] Yet, at the same time, the Department of Energy also plans to spend over $1 billion on overlapping initiatives, such as research and development in biofuel technologies, biorefineries, research centers, including the following:[41]

- DOE's Biorefinery Assistance Program and Biomass Program funded at $220 million in the FY 2010 Energy and Water Appropriations bill. DOE spent $786.5 million for stimulus to accelerate biofuels research and development and to accelerate[42]
- DOE recently announced it would spend $600 million for biorefinery projects.[43] In June 2007, the Department of Energy spent $375 million on three new Bioenergy Research Centers[44]

[37] http://www.nationaljournal.com/congressdaily/cda_20091009_8900.php
[38] http://www1.eere.energy.gov/geothermal/pdfs/ngap.pdf
[39] http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pfs&newstype=prfactsheet&type=detail&item=pf_20040801_comop_en_biopr04.html
[40] http://attra.ncat.org/guide/a_m/bpab.html
[41] http://www1.eere.energy.gov/biomass/pdfs/nbap.pdf
[42] http://www.biofuelsdigest.com/blog2/2009/05/06/obama-strikes-doe-to-provide-786-million-in-new-bioenergy-funding-usda-to-accelerate-release-of-farm-bill-funds-doe-epa-usda-group-formed/
[43] http://www1.eere.energy.gov/biomass/news_detail.html?news_id=15660
[44] http://genomicscience.energy.gov/centers/

DEPARTMENT OF COMMERCE
$5.9 BILLION

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**. The Department ended the fiscal year with $336 million in 2008 and $764 million in 2007.[45]

According to the Inspector General's office, DOC has been plagued with mismanagement and waste.[46]

A recent report by the Senate appropriations committee found that DOC suffers from "the persistent pattern of cost overruns and schedule slippages on major projects and missions... Reports have exposed a culture within many agencies that exhibits a lack of accountability and oversight of grant funding."[47]

Commerce officials cost the American taxpayer **$7.9 million** in conference costs in 2006 – a 55 percent increase from $5.1 million in 2000, and the Department's total travel costs in 2008 were **$114 million**.[48]

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 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."[49]

2010 Census ($3 billion)
In 2000, the cost of the Census was $6.5 billion.[50] 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.[51]

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.**

According to GAO, if that rate of cost escalation for the decennial Census continues, we could be looking at a $30 billion 2020 census.[52]

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[45] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
[46] http://www.oig.doc.gov/oig/reports/2008/OIG-19384.pdf
[47] http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:sr034.111.pdf
[48] http://www.govexec.com/features/0809-15/0809-15s6.htm
[49] http://www.oig.doc.gov/oig/reports/2008/OIG-19384.pdf
[50] Census website, http://www.census.gov/history/www/through_the_decades/fast_facts/2000_3.html
[51] *Id.*
[52] Goldenkoff, Robert, Testimony before FFM Subcommittee, "2010 CENSUS: Census Bureau Continues to Make Progress in Mitigating Risks to a Successful Enumeration, but still Faces Various Challenges." October 7, 2009.

The IG estimates that the inability of Census and its contractor to work together to produce a handheld computer and related systems for field data collection, combined with major flaws in the bureau's cost-estimating methods and other issues, **added $2.2 billion to $3** billion in additional costs (original $11.5 billion life-cycle cost estimate).[53]

The severe cost increase is due largely to poor management of information technology contracts, especially a **$600 million no-bid contract** with the Harris Corporation for handheld computers.

During the recent address canvassing, the Census went **over budget by $88 million**.[54]

Public Telecommunications Facilities Grant Program

Funded annually at **$18 million**, the Public Telecommunications Facilities Grant Program (PTFP) is intended to help public broadcasting stations, state and local governments, Indian Tribes, and nonprofit organizations construct telecom facilities. Since 2000, this grant program has primarily funded public television stations' conversion to digital broadcasting. Since the transition to digital broadcasting has been completed, there is no need for this program. The President recommended eliminating PTFP because its primary purpose has become obsolete and funding public broadcasting would be duplicative of Corporation for Public Broadcasting (CPB) activities.[1]

The Hollings Manufacturing Extension Partnership Program and the Baldrige National Quality Program

The Hollings Manufacturing Extension Partnership (HMEP) and the Baldrige National Quality Program are intended to enhance the performance of American small and midsize businesses. HMEP is essentially corporate welfare program created to offer "services that are also provided by private entities" through non-profit extension centers to help manufacturers. In 2007, the Office of Management and Budget found that "the program only serves a small percentage of small manufacturers each year" and that one-fifth of all companies aided by HMEP had more than 250 employees. HMEP centers were supposed to become self-sustaining, but have been continually funded with total appropriations of more than $1.5 billion.

The Malcolm Baldrige National Quality Award is given to companies of all sizes and to education and health care institutions for achievements in quality and performance. Companies that have won this award include, Motorola, AT&T, Cargill, and Boeing. There is little need for the federal government to provide financial award to private companies for quality products, as these companies will reap the benefits from their quality products by improved sales and increased revenue.

Elimination of these 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

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

[54] Goldenkoff, Robert, Testimony before FFM Subcommittee, "2010 CENSUS: Census Bureau Continues to Make Progress in Mitigating Risks to a Successful Enumeration, but still Faces Various Challenges." October 7, 2009.

[1] http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf, Page 52

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." Eliminating these programs would save at least **$120 million** annually.

The Economic Development Administration

Funded at **$270 million** annually, the Economic Development Administration (EDA) is intended to help economically distressed communities[3] 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. These grants are often duplicative of HUD Community Development Block Grants, USDA's Rural Development Administration grants, the National Community Development Initiative,[7] HUD Brownfields Economic Development Initiative, HUD Rural Housing and Economic Development Grants, HHS' Community Services Block Grants, HHS' Community Economic Development grants, and SBA's Historically Underutilized Business Zone (HUBZone) program.[8]

The Minority Business Development Agency (MBDA)

Funded at **$30 million** last year, MBDA is dedicated to advancing the establishment and growth of minority-owned firms in the United States through a network of minority business centers and strategic partners.[9] Yet, SBA has the Section 8(a) Business Development Program, which is intended to assist small businesses owned and operated by racial and ethnic minorities with training, technical assistance, and contracting opportunities in the form of set-asides and sole-source awards. SBA also has Small Business Development Centers for women, Native Americans, Veterans, and all other small business and an Office of Native American Affairs and Native American Outreach to encourage Native Americans to create their own businesses.

U.S. Patent and Trademark Office

The Inspector General found that the U.S. Patent and Trademark Office (USPTO) continues to experience "long and growing patent processing times [and] financing vulnerabilities." The IG warns that "the efficiency with which the processes patent applications has a direct bearing on how well it achieves its mission of promoting U.S. competitiveness." Yet, "meeting the demand for new patents in a timely manner has been a long-standing challenge for USPTO." For example, "In 2004, USPTO had a patent backlog of nearly a half-million applications and average processing times of 27 months. By 2007, processing times averaged nearly 32 months, with wait times for communications-related patents as long as 43 months. As of September 30, 2008, USPTO reported a backlog of 750,596 applications and estimated that the backlog will exceed 860,000 by September 2011." These delays represent a real cost of **millions of dollars** to Americans and to the federal government.

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[3] Areas with an unemployment rate at least one percentage point greater than the national average; per capita income that is 80 percent or less of the national average; or a special need, as determined by EDA; 13 CFR 301.3

[7] A partnership among HUD, private foundations, and financial institutions, using intermediaries to increase the capacity and ability of community-based organizations to undertake community development activities.

[8] 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.

[9] http://www.mbda.gov/?section_id=2

Regional Development Agencies
Every year, Congress funds three regional development agencies, the Appalachian Regional Commission, the Denali Commission, and the Delta Regional Authority, designed to provide developmental assistance certain regions of the country. Elimination of the regional agencies was included in the Congressional Budget Office's August 2009 Budget Options document, which stated, "The three agencies' programs are intended, among other things, to create jobs, improve rural education and health care, develop utilities and other infrastructure, and provide job training. However, it is difficult to assess whether such outcomes can be attributed to those programs rather than to the work of other governmental and nongovernmental organizations or to market forces and the effects of general economic conditions." In addition, the financial assistance and services provided by these agencies to only certain portions of the country are duplicative of numerous federal efforts and programs at the Departments of Commerce, Labor, Health and Human Services, and Housing and Urban Development, all of which operate dozens of programs dedicated to job training, community and economic development, education training, health care outreach, and many others. Eliminating federal funding for these parochial agencies would save **$100 million** annually.

DOC Satellite Systems
The DOC Inspector General found that two satellite systems funded by DOC's National Oceanic and Atmospheric Administration (NOAA) have "a history of cost overruns, schedule delays, and performance failures. The costs and schedules of both of these systems have significantly increased since the projects commenced."[55]

The National Polar-Orbiting Operational Environmental Satellite System (NPOESS) was initially expected to cost $6.5 billion, but now a $12.5 billion cost is expected to increase, despite the fact that only four, instead of the original six, satellites will be purchased.[56] The Geostationary Operational Environmental Satellite-R Series (GOES-R) was estimated to be $6.2 billion expenditure for taxpayers, but the system's cost has increased to $7.7 billion even though the number of satellites to be purchased has decreased from four to two because of an inadequate acquisition and management process. NOAA has reported continuing problems with development, "among them that the subcontractor has sacrificed quality to meet the schedule, failed to follow rigorous development and test procedures, and still does not have a permanent project team."[57]

The two programs have run over budget by a combined $7.5 billion. Assuming just a 30 percent rate of waste in these overruns, taxpayers could have saved **$2.25 billion** if these projects had not experienced significant budget overruns.

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

DEPARTMENT OF DEFENSE
$36.6 BILLION

The Department of Defense ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoD funds is projected to be approximately **$65.5 billion**. The Department ended the fiscal year with $72.6 billion in 2008 and $89.5 billion in 2007.[58]

Each year Congress funds thousands of projects that are not requested by the military, go to politically favored groups, and undergo no scrutiny from Congress or the Pentagon. These projects are not competitively bid and produce almost no value for our troops. In FY 2009, there were over **2,000 defense earmarks totaling almost $8 billion**.[59]

The Government Accountability Office identified **$30 billion in average annual cost overruns** ever year from major defense acquisition programs from 2003-2007.[60]

In 2008, officials at the Department of Defense's Office of the Inspector General were given $30,000 in bonuses despite the fact they are responsible for oversight of an agency that loses tens of billions of dollars every year to waste and fraud.[61]

The Department of Defense Inspector General auditors identified over **$1.5 billion** in fraud, waste, abuse, and mismanagement of taxpayer dollars in FY 2008.[62] [63]

DOD IG participated in a 5-year investigation into the largest overseas TRICARE fraud in the history of the program resulted in a 75-count indictment against the defendants for defrauding TRICARE **of over $100 million** and, ultimately, their guilty pleas.[64]

The Deputy Assistant Secretary of Defense for Internal Communications and Public Liaison (Deputy Assistant Secretary) conducted the America Supports You (ASY) program in a questionable and unregulated manner. Also, the American Forces Information Service, working under the authority of the Deputy Assistant Secretary, **inappropriately transferred $9.2 million of appropriated funds** to Stars and Stripes through uniform funding and management procedures to finance ASY program expenses through its nonappropriated fund.[65]

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[58] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

[59] Joint Explanatory Statement to Accompany Public Law 110-329, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009. Pp. 457 – 570.

[60] GAO Report: 08-467SP, "Defense Acquisitions: Assessments of Selected Weapons Programs," Government Accountability Office, March, 2008, http://www.gao.gov/new.items/d08467sp.pdf.

[61] Associated Press, "Bonuses flow in Defense IG office despite low morale," December 8, 2008.

[62] DOD IG Report: 062308, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, March 2008.

[63] DOD IG Report: 121708, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, September 2008.

[64] DOD IG Report: 062308, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, March 2008.

[65] DOD IG Report: 062308, "Inspector General United States Department of Defense: Semiannual Report to the Congress," Department of Defense Inspector General, March 2008.

In Bagram Air Base in Afghanistan, there were so many nontactical vehicles on the one main road that traffic jams ensued, leading DOD IG to report in an audit that tenant units at Bagram Air Base in Afghanistan increased their number of nontactical vehicle leases for transportation in and around Bagram Air Base from around 100 in 2006 to over 1,500 in 2008. Nontactical vehicles cannot be used off of Bagram Air Base are usually pickup trucks or SUVs. Most of the base is located in a small area within walking distance for base residents, and the Joint Task Force provided a bus service. DOD increased spending by over **$16 million** on these vehicles, which again, cannot be used outside of the base perimeter.

Air Force Fitness Program
The Air Force Fitness Program policy requires airmen to meet fitness standards by maintaining a healthy lifestyle and through participation in unit physical activity. The program goal is to motivate airmen to participate in physical conditioning emphasizing total fitness, including aerobic conditioning, strength, and flexibility training.

In FY 2007, the Air Force spent approximately **$100 million** on fitness activities, base gymnasiums, and health and wellness centers to support the fitness program. The audit disclosed, at the 13 locations reviewed, unit commanders did not consistently implement the fitness program and unit-based fitness programs did not effectively promote a healthy lifestyle. Specifically, commanders did not consistently allow individual physical fitness activity during duty hours, take administrative action for members not meeting standards, adequately support exemptions, or properly perform fitness assessments. Furthermore, unit based fitness programs did not effectively influence airmen to make fitness a year-round commitment. Of 321 airmen recently completing a fitness assessment, *35 percent had a significant increase in abdominal circumference and weight within 60 days of the assessment.*

The Defense Contract Audit Agency, despite not complying with generally accepted auditing standards, found **over $3 billion in net savings due to audits of defense contractors**. With effective leadership and compliance with audit standards, it could identify billions more.[66]

The Government Accountability Office **identified massive waste and inefficiency, worth nearly $1 billion**, at the Department of Defense because new, unused, and excellent condition items were transferred outside of DOD, sold for pennies on the dollar, or destroyed. Despite the destruction of these excess items, DOD continued to purchase them for military use.[67]

According to the Government Accountability Office, the Department of Defense will realize almost **$450 million when they stop paying contractors award fees for unacceptable work** and stopped the inappropriate use of rollover award fees.[68]

The Special Inspector General for Iraq Reconstruction (SIGIR) has saved, recovered, or redirected **$305 million** as a result of 29 criminal indictments and hundreds of audits, inspections, and investigations.[69]

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[66] Defense Contract Audit Agency website "Products and Services," http://www.dcaa.mil/products.htm.
[67] GAO Report: 05-277, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Inefficiency," May, 2005, http://www.gao.gov/new.items/d05277.pdf.
[68] GAO Report: 09-630, "Federal Contracting: Guidance on Award Fees Has Led to Better Practices but is Not Consistently Applied," May, 2009, http://www.gao.gov/new.items/d09630.pdf.

The Senate passed Department of Defense appropriations act includes a **$20 million earmark for the Edward Kennedy Institute for the United States Senate** in Massachusetts.[70] The institute will be located on the campus of the University of Massachusetts, and according to is website will educate the public, senators and senate staff about the importance of the Senate. It is unclear if this will be a long distance education endeavor considering the Senate and senate staffers reside roughly eight hours from the Institute. In addition, the Institute is planning to sponsor a debate for the democrat candidates running for the Massachusetts Senate seat. Taxpayers could be saved **$20 million** if Congress reprioritized scarce resources instead of directing millions to an institution attempting to disguise a political agenda by offering classes on the Senate to senators and staff working over 400 miles away in the nation's capitol.

The Department of Defense (DoD) currently administers separate agencies that sell groceries and retail goods on military bases. The Defense Commissary Agency operates grocery stores (commissaries), while retail goods are sold by the Army and Air Force Exchange, the Navy Exchange, and the Marine Corps Exchange. Since these agencies are separate but perform similar functions, they each operate duplicative overhead headquarters and staff. Consolidation of the commissaries and exchanges is estimated to save billions per year, a portion of which would be paid to members of the Armed Forces as an additional cash benefit (grocery allowance) which they could spend at the new agency or in their local community at commercial grocery and retail stores or online. According to the Congressional Budget Office's August 2009 Budget Options document, this grocery allowance "could be targeted to specific pay grades or groups… to benefit junior enlisted members with large families, for example." **Adopting this consolidation would save at least $150 million in the first year.**

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[69] Special Inspector General for Iraq Reconstruction website, "SIGIR Accomplishments," August, 2009, http://www.sigir.mil/about/pdf/SIGIRaccomplishments.pdf.

[70] Bender, Bryan, "Kerry Asks $20m for Kennedy Institute," *The Boston Globe*, September 25, 2009, www.boston.com/news/nation/washington/articles/2009/09/25/watchdog_groups_rap_20m_earmark_for_kennedy_institute.

DEPARTMENT OF EDUCATION
$6 BILLION

The Department of Education (ED) ends each fiscal year with billions in unspent and unobligated funds. In 2009, the total amount of **unobligated Education funds is projected to be $7.7 billion**. The Department ended the fiscal year with $4.3 billion in 2008 and $4.1 billion in 2007.[71]

According to a survey conducted by *The Chronicle of Higher Education*, legislators funneled more than **2,300 earmarks totaling $2.25 billion** to 920 colleges and universities in FY 2008 – a 25 percent increase over FY 2003.[72]

For the Department of Education, over ninety-percent of earmarks annually flow through two programs: the Fund for the Improvement of Postsecondary Education (FIPSE) at the postsecondary level and the Fund for the Improvement of Education (FIE) at the elementary and secondary level.[73]

In FY 2010, FIE received over **$159 million** and FIPSE received over **$271 million**.[74] Alarmingly, 82.4% of FIPSE dollars and 81% of FIE dollars were consumed by earmarks in FY 2008, a trend that remains relatively constant.[75]

Once FIPSE and FIE earmarks are actually funded, they receive virtually no monitoring. The ED-OIG found that while a FIPSE earmark coordinator does *review* applications, it does not focus on *monitoring* earmarks.[76] FIPSE's then-coordinator told the Inspector General that the Office of Postsecondary Education "...does not have the funds, staff, or encouragement to monitor earmarks and make site visits." While FIE was found to do a better job at monitoring earmarks, the ED-OIG determined that "FIE monitors were responsible for over 100 earmark projects and were unable to dedicate significant time to each grantee."[77]

The FIPSE and FIE programs are also duplicative and unnecessary since the Department is currently implementing a $5 billion stimulus program meant to spur education and reform in the U.S. education system.

Eliminating these two programs could save over a billion dollars over five years.

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71 http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

72 *The Chronicle of Higher Education*, http://chronicle.com/stats/pork/ (subscription required).

73 U.S. Department of Education, Office of Inspector General Final Inspection Report, September 25, 2007, ED-OIG/I13H0004.

74 Congressional Research Service, information request.

75 An online database houses information on all FIPSE grants made since 1994 that is searchable by state, institution, fiscal year and other key categories. The website was developed by the Johns Hopkins University with support from the Fund for the Improvement of Postsecondary Education (FIPSE). To review FIPSE awards, go to http://www.fipse.aed.org/.

76 U.S. Department of Education, Office of Inspector General Final Inspection Report, September 25, 2007, ED-OIG/I13H0004.

77 U.S. Department of Education, Office of Inspector General Final Inspection Report, September 25, 2007, ED-OIG/I13H0004.

Examples of FY 2008 projects include:[78]

- Six FIPSE earmarks totaling over $11 million went to college programs named in honor of current and former members of Congress. These earmarks averaged $1,858,128 – well above the $295,901 average of FY 2008 awards.
- The National Labor College (NLC) received $718,229 to expand and enhance its pro-union curriculum. NLC has received over $3.8 million in earmarks since FY 2001.
- Jackson State University received a $478,941 earmark to establish a school of osteopathic medicine even though Jackson State University had no intention of establishing this school.[79] Since FY 2000, Jackson State has spent $877,000 on lobbying expenses and has received over $19 million in earmarks.[80]
- La Sierra University in California received a $200,436 earmark to develop and implement a comprehensive branding initiative.[81]
- A $4.9 million earmark went to the Iowa Department of Education to support the continuation of the Tom Harkin Grant Program which provides competitive grants to Iowa school districts for school construction and renovation. The FY 2010 Omnibus includes $7.28 million for this program.
- Rutgers University School of Law-Camden received a $613,099 earmark[82] to provide law students with scholarships, assistance with student loan repayment, help securing internships and to enable public interest programming. However, the average starting salary of graduates from Rutgers Law in private practice exceeds $98,000, with top graduates making in excess of $145,000.[83]

In FY 2008, GAO found that **$404 million in improper payments** were made through the Federal Family Education Loan Program.[84]

In FY 2008, GAO found that **$630 million in improper payments were made in the Pell Grant program**.[85] The general rule of thumb on Pell Grants is that for every $100 increase to the Pell Maximum, there is a cost of approximately $400 million. Consequently, $630 million in improper payments could have helped to provide another $100 in Pell that year.

In FY 2008, GAO found that **$40 million in improper payments were made in Title I programs** of the Elementary and Secondary Education Act.[86]

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[78] FY 2009 grantees are still being vetted and awarded.

[79] FIPSE online grant database, accessed August 5, 2009, http://www.fipse.aed.org/grantshow.cfm?grantNumber=P116Z080081.

[80] Center for Responsive Politics, OpenSecrets.org, Accessed August 5, 2009, http://www.opensecrets.org/.

[81] FIPSE online grant database, accessed August 5, 2009, http://www.fipse.aed.org/grantshow.cfm?grantNumber=P116Z080315.

[82] FIPSE online grant database, accessed August 5, 2009, http://www.fipse.aed.org/grantshow.cfm?grantNumber=P116Z080159.

[83] "Rutgers, The State University of New Jersey, Facts, School of Law Camden," Accessed August 10, 2009, http://camlaw.rutgers.edu/site/admissions/pdf/FACTSHEET0809.pdf.

[84] *Improper Payments*: Progress Made but Challenges Remain in Estimating and Reducing *Improper Payments* GAO-09-628T, April 22, 2009. http://www.gao.gov/new.items/d09628t.pdf.

[85] *Improper Payments*: Progress Made but Challenges Remain in Estimating and Reducing *Improper Payments* GAO-09-628T, April 22, 2009. http://www.gao.gov/new.items/d09628t.pdf.

[86] *Improper Payments*: Progress Made but Challenges Remain in Estimating and Reducing *Improper Payments* GAO-09-628T, April 22, 2009. http://www.gao.gov/new.items/d09628t.pdf.

<u>Numerous Education Programs Have No Demonstrated Results and are Duplicative of Other Federal Efforts</u>

47 percent of PART-rated programs totaling over $8.1 billion at the U.S. Department of Education received a PART rating assessment of: "Results Not Demonstrated."[87] According to PART, "Results Not Demonstrated" means: "that a program has not been able to develop acceptable performance goals or collect data to determine whether it is performing." While it would be reasonable to assume that the entire $8.1 billion in federal funding going every year to programs with no determinable results is completely wasted, assuming only a 50 percent rate of waste, taxpayers are losing **$4 billion** ever year to these ineffective programs.

Ready-to-Learn Television
Despite receiving a 2004 PART assessment of *Results Not Demonstrated* – the most recent PART available – Ready-to-Learn Television received over **$25 million** in FY 2009. This program supports educational television programming for preschool and early education students, and the development of complimentary support materials and services. PART assessments found:

"The program has not been able to measure results. It lacks an efficiency measure and long-term performance measures, as well as performance targets and data.

Program evaluations failed to focus on the key program effectiveness issue -- the extent which new television content developed through this program enhances student learning and early literacy/pre-literacy outcomes. These evaluations also suggest that program outreach activities have not had substantial effects on student outcomes and parent/caregiver behaviors."[88]

IDEA Special Education Personnel Preparation Grants
Despite receiving a 2003 PART assessment of *Results Not Demonstrated* – the most recent PART available – IDEA Personnel grants received **$48 million** in FY 2009. The program provides funding to hire and train qualified personnel in special education and related services, early intervention, and regular education to work with children with disabilities. PART assessments found:

"No independent evaluations of the program have been conducted to determine if this program is performing effectively.

The program does not have information to determine if it has been effective in helping institutions of higher education ensure that they produce qualified and well trained special education staff.

Although grantee performance data is collected on an annual basis, the program has not been able to make this information available to the public to judge how well the grantees are doing."[89]

[87] U.S. Department of Education, Budget and Performance web page, accessed October 22, 2009, http://www.whitehouse.gov/omb/expectmore/agency/018.html.
[88] http://www.whitehouse.gov/omb/expectmore/summary/10002116.2004.html
[89] http://www.whitehouse.gov/omb/expectmore/summary/10001039.2003.html

National Writing Project
Despite receiving a 2004 PART assessment of *Results Not Demonstrated* – the most recent PART available – the National Writing Project received **$24 million** in FY 2009. This program promotes K-16 teacher training and professional development in the area of writing. PART assessments found:

"This program is redundant of other Federal and local efforts to improve writing instruction. States and local school districts receive over $3 billion annually in teacher training funding from the Department of Education that may be used to support professional development for teachers.

It is not currently possible to determine program effectiveness. While there have been two major program evaluations that attempted to examine program outcomes, neither study included a comparison group of teachers who do not receive project funding. Without this unit of comparison, it is not possible to draw meaningful conclusions about program effectiveness.

The program lacks annual and long-term performance measures, targets, and data. The program does not measure the impact of its teacher training in improving teacher effectiveness and/or student learning."[90]

Funded at **$1.9 million in FY 2009, the Close up Fellowship program** provides fellowships to students and their teachers to finance their participation in a one-week DC seminar on American government. In his FY 2010 budget request, President Obama proposed eliminating because "the non-competitive nature of this program circumvents the merit-based process at the Department of Education."

Funded at **$11.9 million in FY 2009, the Character Education program** provides non-competitive grants to organizations that promote civic responsibility through teach training and instructional materials. In his FY 2010 budget request, the President proposed eliminating the program citing that "the non-competitive nature of this program circumvents the merit-based process at the Department of Education. …The narrow purpose of the Character Education program limits the impact and efficiency of the Federal investment, [and] …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."

Funded at **$33 million in FY 2009, the Academies for American History and Civics** supports intensive workshops for teachers and students in the areas of history and civics. In his FY 2010 budget request, President Obama proposed elimination because the program "is considered to be too small to leverage funding effectively." For example, in 2008, only 256 students and teachers participated in the program, and the Department has minimal evidence that any of these programs have a positive impact on the participants.

Funded at **$66.4 million in FY 2009, the William F. Goodling Even Start Family Literacy** Programs ("Even Start") combines early childhood education, adult education, and parenting classes into family literacy programs for low-income children and their parents. In his FY 2010 budget request, President Obama proposed eliminating this program, stating that three national evaluations show the program to be ineffective.

[90] http://www.whitehouse.gov/omb/expectmore/summary/10002110.2004.html

Funded at **$7 million in FY 2009, the Javits Gifted and Talented Education Program** supports research, demonstration and other activities to help elementary and secondary schools meet the educational needs of gifted children. In his FY 2010 budget request, President Obama proposed eliminating this program, stating 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.

Funded at **$294.7 million in FY 2009, the Safe and Drug Free Schools and Communities State Grant Program** provides formula funds to help create and maintain drug-free, safe schools. While reducing violence and drug use in and around schools is a worthy goal, the Administration proposes eliminating this program because both independent and Department of Education analyses have shown that the program is poorly designed and inefficient. A 2001 study from the RAND Drug Policy Research Center concluded that the structure of the program is "profoundly flawed." The study found that 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." 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 President's FY 2010 budget also proposed termination of the program, citing the RAND study and stating, "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."

Funded at **$47.2 million in FY 2009, the Student Mentoring program** has been found by a Department of Education impact evaluation to be ineffective, and duplicative of other federal programs. In his FY 2010 budget request, President Obama proposed eliminating this program.

Funded at **$11 million in FY 2009, Ready to Teach** supports grants to telecommunications entities to carry out programs to improve teaching in core curriculum areas and to develop and distribute educational video programming. In his FY 2010 budget request, President Obama proposed eliminating this program, stating that it contains design flaws that reflect outdated ideas on the content and delivery of teacher professional development.

Funded at **$6.4 million in FY 2009, the National Institute for Literacy** was created in 1991 to provide national leadership on issues related to literacy, to coordinate federal literacy services and policy and to serve as a national resource for adult education and literacy programs. In his FY 2010 budget request, President Obama proposed eliminating this program, stating that it has had minimal success in fulfilling its mission.

Funded at **$1 million FY 2009, Foundations for Learning** supports three to four grants per year that provide a range of services to foster the emotional, behavioral, and social development of at-risk children. In his FY 2010 budget request, President Obama proposed eliminating this program, stating that is too small to have a national impact and supports such a broad range of activities that the Department cannot reasonably evaluate grantee performance.

Funded at **$1 million FY 2009, the Christopher Columbus Fellowship 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. In his

FY 2010 budget request, President Obama proposed eliminating this program, stating that it has not demonstrated that its programs are a cost-effective use of federal funds.

Eliminating the Secretary of Education's regional representatives in ten regional offices would save approximately **$2 million**. The Administration proposes eliminating the regional representatives in the FY 2010 budget submission, stating that the representatives have not been involved in policy development or program implementation, and that the representatives have not been able to provide meaningful guidance on the field on substantive challenges.

As proposed by the Administration in its FY 2010 budget, the Education Department can reduce the number of computers from about 1.5 computers per user to about one per user, and update printing systems to save about **$8 million** in FY 2009.

Early Education Programs
In FY 2009, the federal government will spend more than **$25 billion on 69 programs for early childhood education and child care**.[i] In 2000, the Government Accountability Office published a report titled, "Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs." The report identified duplicative programs providing education or care for children under the age of five. The GAO report found 69 early education programs administered by nine different agencies. GAO revisited this report in 2005, and found that the landscape of federal programs remained largely the same as in 2000. Five years after the original GAO report warned that a large number of programs creates the potential for inefficient service and difficulty accessing services, GAO found 69 early education programs exist, the same number as in 2000, but the programs are now administered by 10 different agencies. During the five years between GAO reports, 16 programs were removed from the list, and16 were added back.

Despite this existing duplication, the Administration's FY 2010 budget called for <u>yet another</u> multi-billion investment in a new birth-to-five education program. This proposed investment deserves great scrutiny given results of other federal early learning programs. For example, federal evaluation of the Head Start program – the largest of the federal early childhood education and care programs – have found little evidence that it provides *<u>lasting</u>* benefits to participating children. Despite this, in FY 2009 Head Start received over **$9 million dollars (including $2 million in stimulus dollars)**.

According to a November 2009 Government Accountability Office report,[91] the U.S. Department of Education is doing a poor job of monitoring risks with its grant programs.

The Department administers about 200 programs that award grants totaling about $44 billion per year to state and local education agencies, institutions of higher education and other agencies. In addition, the stimulus provided ED with $100 billion in FY 2009.

GAO's report highlights weaknesses in the Department of Education's oversight capabilities, which resulted in limited controls to prevent waste, fraud, and abuse in its grant programs.

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[91] GAO-10-57, November 2009, "Grant Monitoring: Department of Education Could Improve Its Processes with Greater Focus on Assessing Risks, Acquiring Financial Skills and Sharing Information."

More specifically, the GAO found that the Department:

- Has made uneven progress in implementing a department-wide, risk-based approach to grant monitoring;
- that the Department did not disseminate department-wide guidance on grantee risk assessment;
- has limited financial expertise and training, hindering effective monitoring of grantees' compliance with financial requirements;
- lacks of staff expertise limits the ability to probe more deeply into grantees' use of funds; and
- lacks a systematic means of sharing information on grantees and promising practices in grant monitoring throughout the department.

Example of Why Risk Management Matters
Funded at $33 million in FY 2009, the Department of Education awards grants to the Center for Civic Education to facilitate civic education within the United States and foreign countries, primarily through the *We the People Program* and the *Cooperative Civic Education and Economic Exchange Program*.

While well-intentioned, this program is a liability to the federal government, to the extent that a November 2009 Department of Education Inspector General recommends that the Department consider designating the program as a "high-risk" grantee.

The report found that the Center for Civic Education: "1) did not administer the *We The People Program* and *Cooperative Program* grants in compliance with the applicable laws and regulations and grant award provisions;" 2) "did not have a financial management system that met required standards for administering federal education grants," and 3) "did not have a financial management system with controls to limit use of grant funds to the authorized period of availability or to prevent funds from being expended after the liquidation period, procedures to minimize time between receipt and expenditure of grant funds, or adequate procedures for determining reasonableness, allocability, and allowability of costs charged to the grants."

The ED-OIG found that these deficiencies "caused the Center to hold cash beyond its immediate needs, charge allowable costs to the grants and fail to have adequate support for other charges."   The Administration's FY 2010 budget request proposed elimination of the program.

DEPARTMENT OF ENERGY
$2.2 BILLION

The Department of Energy ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoE funds is projected to be approximately **$1.1 billion**. The Department ended the fiscal year with $81.4 billion in 2008 and $2.5 billion in 2007.[92]

The Department of Energy is the largest consumer of energy among federal agencies behind the Postal Service. It spent over **$106 million** in 2006 on energy costs and consumed 10,024.5 billion Btu of energy.[93]

An Inspector General audit reported the Department of Energy **loses $11.5 million annually in electricity costs** by not implementing conservation methods that are already required by law. Despite its role as the federal agency charged with leading the crusade for energy conservation, the Department of Energy is wasting enough electricity to power more than 9,800 homes per year by failing to turn down the heat or air conditioning when its workers leave for the day.[94]

Between 2003 and 2007, the federal government gave over $4.7 billion to law firms to reimburse environmental groups for attorney fees, for an average annual loss to taxpayers of **$940 million**. This only includes the suits that have been examined. Between 2000 and 2009, three non-profits filed more than 700 cases against the federal government. [95]

An Inspector General audit reported the Department of Energy paid outside firms and consultants for many expenses that were not permitted. One contractor was reimbursed **$4,800** for three first class round trip airline tickets.[96]

The Department of Energy IG released a report exposing **$17.3 million in cost overruns** in a DOE program that is supposed to increase energy efficiency. In the program, the Department contracts with private companies for upfront investments in "energy-efficient" equipment in exchange for a share of future savings. However, in many instances, the equipment was clearly not operated for optimal energy savings. In fact, one example found the Department continued to payout savings to businesses even after four buildings with the upgrades had been demolished.[97]

After nine years and $153 million, Department of Energy Inspector General found the National Nuclear Security Administration failed to effectively execute a cyber security improvement

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[92] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

[93] U.S. Department of Energy, EERE Annual Report to Congress on Federal Government Energy Management and Conservation Programs Fiscal Year 2006, November 2008. http://www1.eere.energy.gov/femp/pdfs/annrep06.pdf

[94] U.S. Department of Energy, Office of Inspector General, Audit Report, July 2009. http://www.ig.energy.gov/documents/IG-0817.pdf

[95] Taxes Fund Environmental Suits, October 17, 2009. http://www.capitalpress.com/content/ml-enviro-lawsuits-101609#

[96] *Now Pubilc*, Environmental Lawsuits Rake in Billions for Lawyers, October 9, 2009. http://www.nowpublic.com/environment/environmental-lawsuits-rake-billions-lawyers

[97] Government Executive, Energy Savings Performance Contracts Don't Measure Up, IG Finds, September 11, 2009. http://www.govexec.com/story_page.cfm?articleid=43576&dcn=todaysnews

project, resulting in an average annual loss to taxpayers of **$17 million**. The project is more than three years behind schedule and failed to meet its objectives.[98]

Funded at **$178 million** in FY 2009, the Department of Energy's *Nuclear Power 2010* program, which the President proposed to eliminate and suggested a final $20 million installment to help phase it out. Nuclear Power 2010 is a cost share program between the federal government and the nuclear power industry (50/50) intended to help the industry navigate the Nuclear Regulatory Commission's new streamlined licensing process. The program has been plagued by significant cost overruns according to the Administration, but has largely met its goal of demonstrating the new process.

Funded at **$19 million** in FY 2009, the Los Alamos Neutron Science Center Refurbishment has outlived its usefulness to taxpayers. The President proposed the complete elimination of this refurbishment project believing much of its mission to have been completed and says that the majority of users are outside groups who do not adequately share in the costs of maintain the facility.

Ignoring the Administration's priorities, Congress funded **$1.5 million** for an aviation research institute**, $1 million** for an environmentally friendly locomotive, and **$1.5 million** for an air conditioning unit for a New Jersey museum.[99]

The Department of Energy provided **a $295,360** grant for a company to conduct avian and bat monitoring studies. The study is comprised of aerial video recordings of bird species and bat monitors to better detect and evaluate bats in future environmental programs. [100]

In Fiscal Year 2008, the Department of Energy spent **$68 million** on travel while EPA spent **$58 million**.[101]

The FreedomCAR and Fuel Partnership

The Department of Energy's FreedomCAR and Fuel Partnership **($194 million annually**) provides federal taxpayer funding for private industry to promote research on fuel cells in energy-efficient vehicles. The private sector is already investing heavily in fuel cells and energy-efficient vehicles on its own and past efforts by the government in this area have not produced notable results. Elimination of the Fund was included in the Congressional Budget Office's August 2009 Budget Options document, which stated, "private-sector research in this field has been under way for years, that there are already sufficient economic incentives to undertake such research, and that public-sector financial support does not increase private-sector effort."

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[98]U.S. Department of Energy, Office of Inspector General, Audit Report, September 2009. http://www.ig.energy.gov/documents/IG-0823.pdf

[99]Wall Street Journal, Earmarks Sap Energy Chief's Priorities, October 15, 2009. http://online.wsj.com/article/SB125556335484586141.html

[100] Block Island Times, Deepwater Nets a Federal Grant for Bird, Bat Studies, May 18, 2009. http://www.blockislandtimes.com/pages/full_story?page_label=home_top_stories_news&id=2568339-Deepwater+nets+a+federal+grant+for+bird-+bat+studies-&widget=push&article-Deepwater%20nets%20a%20federal%20grant%20for%20bird-%20bat%20studies-%20=&instance=home_news_1st_right&open

[101]Government Executive, FEATURES Catch as Catch Can, August 15, 2009. http://www.govexec.com/features/0809-15/0809-15s6.htm

Grants to States for Energy Conservation and Weatherization
The Department of Energy allocated **$5 billion** for state-run weatherization projects. This is well over the $227.2 million for weatherization efforts last year – an increase that has been described as contractors "winning the lottery."[1] However, a "vast majority" of states are not spending the money and there has been "confusion 'across the board.'"[2] If you assume just a 50 percent waste ration, taxpayers are losing $2.5 billion annually on these projects. A Nevada-based non-profit agency received **$2 million** for a federal weatherization project after first being terminated for mismanaging the same project.[3]

The Department of Energy's "Energy Conservation and Weatherization" grants, funded at **$500 million** annually, provide funding for local projects to encourage energy conservation and building improvements such as insulation. This program duplicates the efforts of Low Income Home Energy Assistance Program (LIHEAP). Elimination of the Fund was included in the Congressional Budget Office's August 2009 Budget Options document, which stated "direct federal funding may encourage state and local governments to forgo local funding for energy conservation and building weatherization and redirect their tax revenues to altogether different uses."

Science to Achieve Results Grant Program
Funded at over **$60 million annually**, the Science to Achieve Results (STAR) grant program funds scientific and engineering research at academic and nonprofit institutions that is unable to be performed by the EPA. This research duplicates the billions of federal dollars for research throughout the university system. Eliminating STAR was included in the Congressional Budget Office's August 2009 Budget Options document, which stated OMB's concerns for the program such as "STAR's research on water quality, land use, and wildlife is similar to work done in other federal agencies. OMB also found that the program's coordination with other EPA offices and other agencies was inadequate to ensure that the agencies had access to research findings; [and] that the program had not shown "adequate progress toward achieving long-term goals."

Energy Star Program
Funded at over **$60 million annually**, the Energy Star program is a joint program through the Environmental Protection Agency (EPA) and the Department of Energy (DOE) that assists consumers in determining their energy consumption of the products they purchase. Eligible companies meet energy efficiency criteria are allowed to utilize the Energy Star label on its products. This government program would more appropriately be run by a private or non-profit entity since it seeks to market products to consumers for energy efficiency. Eliminating Energy Star was included in the Congressional Budget Office's August 2009 Budget Options document, which stated, "An argument in favor of this option is that current Energy Star labels might not provide sufficient information to enlighten consumers' choices and that more accurate information is already available to consumers through other private sources. In particular, the labels do not estimate the potential savings of an Energy Star product relative to competing products, unlike DOE's "Energy Guide" labels, which appear on many appliances and provide comparative information on energy use and costs… The Energy Star label is not an indicator of

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[1] http://www.businessweek.com/technology/content/jan2009/tc20090129_222846.htm
[2]Gaston Gazette, Stimulus Money for Weatherization Still Unspent, August 17, 2009. http://www.gastongazette.com/news/money-36977-stimulus-improvements.html
[3] Peaceh, H. Gil and Mark Thompson, "State Fiscal Year 2007 Evaluation of the NRS 702: Energy Assistance Program &Weatherization Assistance Program," H. Gil Peach & Associates LLC, December 2008, page

products' effectiveness, moreover, so using an appliance with an Energy Star label will not necessarily result in energy savings…"

DOE Tribal Energy Program Grant Program

DOE Tribal Energy Program Grant[102] program provides financial assistance, technical assistance, education and training to tribes for the evaluation and development of renewable energy resources and energy efficiency measures, such as installing efficient appliances. The program overlaps with DOE's Energy Efficiency and Conservation Block Grants, which provides $2.6 million to reduce energy use and fossil fuel emissions, and to improve energy efficiency. Tribes are eligible recipients. It also overlaps with the ENERGY STAR Energy Efficient Appliance Rebate Program, which received $300 from the stimulus for states to promote the purchase of qualified energy efficient appliances.

[102] http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US07F&re=1&ee=1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
$1.8 BILLION

HHS ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated HHS funds is projected to be approximately $3.7 billion. The Department ended the fiscal year with $8.4 billion in 2008 and $10.8 billion in 2007.[103]

HHS made more than **$912 million** in improper payments in fiscal year 2009. This includes $624 million in the Child Care and Development Fund, $75 million under Title IV-E Foster Care, and $213 million under Head Start.[104]

The agency spent $**215 million** on travel costs in 2008. This includes the cost of rental cars, hotels and airline tickets.[105] HHS spent at least **$349 million** on conferences between 2000 and 2006, an annual on average loss of **$58 million** to taxpayers.[106]

The Centers for Medicare and Medicaid Services awarded more than **$312 million** a year in bonuses to nursing homes with past violations of basic health-and-safety standards that provide below-average care.[107]

The Michigan Department of Human Services may have improperly spent **$163.8 million** of HHS funds intended for vulnerable children and as much as $671 million could have been allocated in violation of federal regulations over the two-year period ending September 30, 2008. [108]

Congress has tripled the budget of the National Institutes of Health (NIH) from $13.7 billion in 1998 to an expected $40 billion in 2009 to advance our knowledge of science, reduce the burdens of illness, and discover cures for disease and disabilities. Yet, millions of dollars are misspent every year for less noble research projects.

NIH is spending $**783,000** to pay malt liquor and marijuana users to keep a daily record of their substance abuse habits.[109]

The National Institute of Alcohol Abuse and Alcoholism (NIAA) is spending **$2.6 million** to train Chinese prostitutes to drink responsibly on the job.[110]

The National Institute of Child Health and Human Development is spending **$423,500** to find out why men do not like to wear condoms.[111]

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[103] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
[104] http://www.gao.gov/new.items/d09628t.pdf
[105] http://www.govexec.com/features/0809-15/0809-15s6.htm
[106] http://www.washingtonexaminer.com/opinion/blogs/beltway-confidential/Government-conference-spending-gone-wild-54832242.html
[107] http://www.desmoinesregister.com/article/20081109/NEWS10/811090341/-1/SPORTS09
[108] http://www.detnews.com/article/20091022/POLITICS02/910220417/1024/POLITICS03/Audit--Department-of-Human-Services-misspent-millions
[109] http://www.syracuse.com/news/index.ssf/2009/07/us_taxpayers_will_pay_162000.html
[110] http://www.cnsnews.com/public/content/article.aspx?RsrcID=47976
[111] http://www.foxnews.com/politics/2009/06/19/nih-funds-study-men-dont-like-use-condoms/

A biotechnology firm that received nearly **$5.6 million** from the NIH and NCI between August 2001 and June 2008 spent some of the money on real-estate, car payments, Internet dating services, clothing, sports tickets and food and alcohol — including a $1,800 bar tab.[112]

The Food and Drug Administration (FDA) spent $41,030 on a contract to provide employee gift cards.[113] The gift cards are used in addition to formal performance-related bonuses. Last year, FDA awarded hefty bonuses amounting to **$35 million** to senior executives at a time when it faced a budget crunch. [114]

The FDA — which has struggled to fulfill its mission of regulating food, drugs and other consumer goods — does not have the expertise to forecast its own budget needs, according to the Government Accountability Office. While many lawmakers and consumer advocates have long complained that the agency lacks the staff and budget to accomplish its mission, GAO concluded that the agency doesn't even have "the data to develop a complete and reliable estimate of the resources it needs." The agency is failing to inspect all U.S. drug manufacturing plants every two years, as required by law. In other areas, such as reviewing reports of negative drug side effects, the FDA could not even say how much money and manpower it spent.[115]

The FDA awarded a **$1.5 million** contract to the Center for Professional Development to improve morale at the agency's drug division which has come under criticism for approving unsafe drugs and not doing enough to protect consumers from tainted imports of food and drugs. One of the consultants for the center "works with the metaphor of colour, symbol, dance and story to help people give meaning to their lives and work," according to the group's Web site.[116]

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[112] http://seattletimes.nwsource.com/html/localnews/2008204573_drugfraud26m.html
[113] http://www.targetednews.com/
[114] http://www.govexec.com/story_page.cfm?articleid=42803&dcn=todaysnews
[115] http://www.google.com/hostednews/ap/article/ALeqM5j-mbs7wyQBAfA7hsGo0DZpsDXZOwD99IBNU02
[116] http://www.bloomberg.com/apps/news?pid=20601124&sid=aOa2vsfzmbVA&refer=home

MEDICARE
$96 BILLION

Medicare fraud has become one of, if not the most, profitable crime in America, costing **taxpayers at least $60 billion a year**, according a new report by CBS *60 Minutes.*[117] Several other estimates put this number at closer to $100 billion. In addition, Medicare made **$36 billion** worth of improper payments in FY 2009.

Examples

In March 2009, 53 individuals from Detroit, including several doctors, were arrested by the FBI for billing Medicare more than $50 million for unneeded medical procedures.[118]

In July, the Washington Post reported that more than 30 individuals from several states were arrested in a $16 million Medicare fraud bust. The group had been handing out “arthritis kits” to patients that included items like shoulder braces and heating pads, but billed Medicare up to $4,000 for each kit.[119]

The same article reports that “Using about a dozen agents in targeted cities, the Medicare Fraud Strike Force has recovered $371 million in false Medicare claims and charged 145 people across the country in two months. …Since 2007, strike forces in Miami, Detroit and Los Angeles have indicted more than 293 suspects and organizations that collectively have billed the Medicare program more than $674 million.”[120]

The Medicare Fraud Strike Force “has indicted more than 300 health care providers nationwide and has broken up operations that accounted for more than $700 million in fraudulent Medicare claims” over the last three years.[121]

Medicare paid nearly $100 million for claims submitted under the names of dead doctors for wheelchairs, canes, prescription drugs and other items.[122] Medicare also has paid millions of dollars in treatments for dead patients, deportees, and prisoners (who receive healthcare through other systems).[123]

In 2007, a Los Angeles businessman opened a medical supply company in Dallas and filed more than $1 million in false Medicare claims for items like orthotic braces and other medical supplies.[124]

In a single month, Medicare overpaid $6.5 million on drugs even though cheaper generic versions were available.[125]

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117 http://www.cbsnews.com/stories/2009/10/23/60minutes/main5414390.shtml
118 http://www.cbsnews.com/stories/2009/10/23/60minutes/main5414390.shtml
119 http://www.washingtonpost.com/wp-dyn/content/article/2009/07/29/AR2009072903275.html
120 http://www.washingtonpost.com/wp-dyn/content/article/2009/07/29/AR2009072903275.html
121 http://www.washingtontimes.com/news/2009/dec/01/strike-forces-target-multimillion-dollar-medicare-/
122 http://online.wsj.com/article/SB121971017492971293.html
123 http://www.miamiherald.com/opinion/other-views/story/671760.html
124 http://www.ntxe-news.com/artman/publish/article_58649.shtml
125 http://www.latimes.com/business/la-fi-medicare28-2008aug28,0,5072664.story

In 2007, a Miami, Florida man was charged with defrauding Medicare out of $5.2 million when he filed false medical equipment claims. The man had been on the run for two years, but was recently apprehended by officials in Ecuador and will stand trial next year.[126]

[126] http://www.cbsnews.com/stories/2009/11/17/national/main5688744.shtml

MEDICAID
$48 BILLION

It is estimated anywhere from 3 percent to 40 percent of Medicaid payments are lost to “fraud and abuse.” However, the actual amount cannot be known because the Centers for Medicare and Medicaid Services has failed to properly track improper payments – in clear violation of federal law. Applying a modest fraud rate of 20 percent to the $209 billon federal investment in Medicaid for 2008 means that **$30 billion** was lost in 2008 to fraud and abuse. In addition, Medicaid paid out **$18 billion** in improper payments in FY 2009.

Examples

A CMS OIG report found “$7,000 in Louisiana Medicaid payments made to providers for 799 claims with dates of service that followed 99 recipients’ deaths” between July 2005 and June 2006.[127]

Medicaid paid as much as $1.6 million in 2005 alone for improper transportation costs for patients in Milwaukee County who charged the program for cab rides to go shopping or do laundry.[128]

A man in Erie County, New York, called 911 to have an ambulance drive him to the hospital for non-emergencies 603 times from January 2006 to May of this year. Medicaid picked up the tab for each ride, costing taxpayers at least $118,158. The county follows the same rules as most emergency systems across the country requiring a ride to the hospital, no matter what the call is about.[129] And the New York state health commissioner even ordered a Medicaid fraud investigator to drive her on shopping trips to Macy’s and Saks Fifth Avenue in Manhattan.[130]

In December 2090, a Springfield, Missouri man plead guilty to 12 counts of felony relating to Medicaid fraud, having stolen more than $700,000 from the system.[131]

Also this month, a medical clinic owner in Texas was arrested and charged for billing Medicaid more than $387,000 for fraudulent services.[132]

A recent Medicaid fraud lawsuit involved a $95.5 million civil settlement with the Aventis Pharmaceutical company, who was charged with cooking their books and not paying rebates to Medicaid.[133]

Several Kaiser affiliates in California inappropriately charged Medicare and Medicaid almost $4 million, claiming their teaching doctors were on site when resident doctors charged the government for medical services.[134]

[127] http://oig.hhs.gov/oas/reports/region6/60900089.asp
[128] http://www.wkowtv.com/Global/story.asp?S=9393850&nav=menu1362_2
[129] http://www.wgrz.com/news/local/story.aspx?storyid=69029&catid=13
[130] http://www.nytimes.com/2009/01/27/nyregion/27novello.html?_r=1
[131] http://www.infozine.com/news/stories/op/storiesView/sid/38967/
[132] http://www.mysanantonio.com/news/78541497.html
[133] http://blog.oregonlive.com/complaintdesk/2009/12/aventis_settles_on_medicaid_fr.html
[134] http://www.courthousenews.com/2009/12/04/Kaiser_Coughs_Up_$3_75M_to_Uncle_Sam.htm

INDIAN HEALTH SERVICE
$538 MILLION

The Indian Health Service is a $4 billion program to provide health care for the 1.9 million American Indians and Alaskan Natives in this country.[135] These populations experience far worse health outcomes than the rest of the American population. This is largely due to gross mismanagement of government funds.

The Indian Health Service has *severe* problems collecting funds from its third-party payers. Last year, Senator Jon Tester (D-MT) determined that IHS facilities were collecting only 60 percent of the money they were owed by other insurers. As a result, last year IHS lost as much as **$532 million**, or about 13 percent of the program's expenditures. When asked, former IHS Director Robert McSwain acknowledged and did not deny the 60 percent figure.[136]

A 2008 GAO report found that millions more are wasted due to fraud and mismanagement in the Indian Health Service.[137] IHS identified over 5,000 lost or stolen property items, worth about **$15.8 million,** from fiscal years 2004 through 2007, resulting in an average annual loss to taxpayers of **$3.9 million**. These missing items included all-terrain vehicles and tractors; Jaws of Life equipment; and a computer containing sensitive data, including social security numbers. Investigators blamed management failures and weak leadership for the problems, yet the official in charge of HIS' property group still received a **$13,000** bonus award in December 2008.[138]

GAO estimated IHS was missing about 17 percent of its IT equipment. A review of 7 locations revealed 1,200 missing IT equipment items worth approximately **$2.6 million**. GAO also found evidence of wasteful spending, including identifying that there are about 10 pieces of IT equipment for every one employee at headquarters. The investigation also found computers and other IT equipment were often assigned to vacant offices.

The problem is likely far worse, but IHS did not conduct a full inventory or provide all of the documents requested, and instead, IHS staff attempted to obstruct GAO's investigation by fabricating hundreds of documents. GAO identified that the loss, theft, and waste can be attributed to IHS's weak internal controls:

"IHS management has failed to establish a strong 'tone at the top,' allowing property management problems to continue for more than a decade with little or no improvement or accountability…." In addition, IHS has not effectively implemented numerous property policies, including the proper safeguards for its expensive IT equipment. For example, IHS disposed of over **$700,000** worth of equipment because it was *"infested with bat dung."*

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[135] Walke, Roger, "Indian Health Service: Health Care Delivery, Status, Funding, and Legislative Issues," Congressional Research Service (CRS), http://crs.gov/Pages/Reports.aspx?ProdCode=RL33022

[136] Letter from IHS Director Robert McSwain to Sen. Jon Tester, dated July 20, 2008. The figure is calculated based on IHS' reported third-party collections in 2009, assuming these funds represented only 60 percent of total third-party collections.

[137] Government Accountability Office (GAO), "Indian Health Service: Mismanagement Led To Millions Of Dollars In Lost Or Stolen Property And Wasteful Spending," Statement of Gregory D. Kutz, Managing Director Forensic Audits and Special Investigations, Testimony Before the Committee on Indian Affairs, U.S. Senate, Thursday, July 31, 2008, available at http://www.gao.gov/new.items/d081069t.pdf.

[138] http://www.govexec.com/story_page.cfm?articleid=42809&dcn=todaysnews

AIDS
$345 Million

The federal government spends more than $23 billion every year on HIV/AIDS treatment, testing, research, prevention, housing, and other services. Yet, thousands of Americans living with HIV are not receiving treatment and the number of individuals newly infected has not decreased in 15 years. This is, in part, a result of the millions of dollars in federal AIDS funds that are misspent every year. Assuming just a 15 percent rate of annual waste, AIDS patients in need of medicine and research, lose **$345 million** every year because of government inefficiency and pure waste. There are numerous examples of AIDS waste across federal programs.

AIDS Care. Federal AIDS care funds administered by the Health Resources and Services Administration (HRSA) have been misspent on questionable activities ranging from psychic phone-line calls and Disney tickets to junkets to beachside resorts. In Washington, DC, more than **$25 million** was paid out to non-profit agencies that have either provided substandard services or no services at all. More than **$3.6 million** of federal funds provided to Puerto Rico for AIDS care was embezzled or misused. San Francisco even receives Ryan White CARE Act funds for AIDS patients that died decades ago, according to the Government Accountability Office.

HIV Prevention. The HHS Inspector General (IG) has “identified widespread deficiencies” within the Center for Disease Control and Prevention’s (CDC) HIV prevention program. According to the IG, some CDC grant recipients have no objectives, had “abysmal” performance, and may have violated federal laws, but continued to receive funding anyway. HIV prevention dollars have been misspent on flirting lessons and zoo trips. A report found that a Dallas school district “pretty much did whatever they wanted to with” the federal HIV education grants it received.

HIV Research. The National Institutes for Health (NIH) wastes millions of dollars every year intended for HIV vaccine research. NIH recently spent **$120 million** on the largest, most expensive, most resource-intensive AIDS vaccine trial in history that has been widely panned by leading scientific AIDS experts and even abandoned by the researcher who initiated it. When the authors contended that it showed modestly successful results, other researchers pointed out that the results of the study were statistically insignificant. Nonetheless, NIH spends hundreds of thousands of dollars every year on “HIV Vaccine Awareness Day” events, even though no HIV vaccine is available or even expected anytime soon. Awareness activities included bar nights and a fashion show.

AIDS Housing. Millions of dollars administered by the Department of Housing and Urban Development’s (HUD) Housing Opportunities for Persons With AIDS (HOPWA) program are wasted every year on excessive overhead costs and lost to fraud. According to a GAO investigation, just over half of the AIDS housing program’s budget is even spent on housing financial assistance. The remainder is spent on excessive overhead costs. In Washington, DC, more than **$1 million** in federal AIDS funds went to a housing group that was creating records for “ghost” employees while their residents struggled without electricity, gas or food. Another Washington, DC AIDS charity spent thousands of dollars of federal AIDS funds on cigarettes, movie tickets and bingo games. Auditors found that the Peninsula AIDS Foundation in Virginia had no records to show how it spent 96 percent grant of the HOPWA grant it received. The Tampa Hillsborough Action Plan, a non-profit housing agency in Florida that has received millions of dollars in federal and state funds, could not keep its commitment to provide housing to patients with HIV/AIDS. It did, however, send 18 people, including the group's board of directors on a weeklong Carnival Cruise to Cozumel, Mexico. The Idaho Housing and Finance Association did not know if anyone actually received support from a **$1.2 million** HUD grant awarded to the Idaho AIDS Foundation, which refused to turn over audit information on how the money was spent. New York City, which receives more than $50 million in HOPWA funding a year, has misspent millions of dollars intended for AIDS housing over the past several years. The City spent more than **$9 million per year** and as much as $329 per person per night to house homeless people with HIV in “glitzy” four-star hotels. The New York City agency also shelled out **$2.2 million** in questionable payments for AIDS housing, partly to rent rooms to people who had died years earlier.

Global AIDS. Misspending federal AIDS dollars is not limited to domestic programs. The U.S. Agency for International Development (USAID) funded the Population Services International’s (PSI) Pan American Social Marketing Organization (PASMO) to address HIV/AIDS among prostitutes in Central America whose activities included a bingo type game that is played with prostitutes in military bases, bars and brothels. The United States contributes over a half a billion dollars a year to the Global AIDS Fund, which has been involved in contract rigging and suspected laundered through British bank accounts. The UK Serious Fraud Office has been sent a file on alleged corruption involving Global AIDS Fund worth $4.2 billion.

DEPARTMENT OF HOMELAND SECURITY
$1.5 BILLION

The Department of Homeland Security ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DHS funds is projected to be approximately **$9.3 billion**. The Department ended the fiscal year with $7.6 billion in 2008 and $41 billion in 2007.[139]

In FY 2009, DHS made millions of dollars worth of improper payments, incorrectly awarding more than **$644 million** in taxpayer funding to ineligible recipients.

A January 2008 DHS Inspector General Report examining **$115 million** awarded to the state of Georgia found that the state did not "identify needs or address evaluation processes adequately,"[140] and that there were no central controls for equipment purchases, monitoring of subgrantees, and the controls set up for claimed costs were not effectives. The report also found that the grant funds were not properly or timely allocated.[141]

The Federal Emergency Management Agency is unable to account for how it spent $28 million since 2002 **($4 million annually)**, and testified before Congress stating that FEMA, "never asked grant recipients to measure the benefits of the funding."[142]

A February 2008 DHS Inspector General Report examining **$142 million** awarded to the state of Ohio found problems with grant fund use, measureable goals and objectives, grant disbursements, subgrantee monitoring, procurement procedures, personal property controls, vehicle use, and commingling of grant funds.[143]

The same February 2008 DHS Inspector General Report examining **$129 million** awarded to the state of Michigan found that state officials "did not have a documented analysis of how effective its efforts had been in preparing first responders for terrorist incidents" and that as a result the state "did not have a valid basis for justifying future first responder grant funds."[144] The report also found that the agency responsible for administering these federal grant dollars did not:

- Ensure that the use of grant funds was linked to assessed needs and established priorities;
- Establish measurable goals and objectives for local jurisdictions;
- Certify that subgrantees created an effective monitoring and evaluation system;
- Ensure that first responder training needs were met.
- Certify that all equipment procured was needed, used for its intended purpose, and ready for emergency use.

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[139] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
[140] Department of Homeland Security Inspector General Report "The State of Georgia's Management of State Homeland Security Grants Awarded During Fiscal Year 2002-2004," January 2008.
[141] Department of Homeland Security Inspector General Report "The State of Georgia's Management of State Homeland Security Grants Awarded During Fiscal Year 2002-2004," January 2008.
[142] NewsMax, "FEMA Spends $5 million to Find Lost $28 Million," October 28, 2009.
[143] Department of Homeland Security Inspector General Report "Audit of the State of Ohio Homeland Security Grant Program, February 2008.
[144] Department of Homeland Security Inspector General Report "The State of Michigan's Management of State Homeland Security Grants Awarded During Fiscal Year 2002-2004," February 2008.

An August 2008 DHS Inspector General Report reviewing the state of Utah's management of more than **$55 million** in first responder funding found that the state did not ensure that grant funds were allocated in accordance with the 60-day requirements and did not submit financial status reports in a timely manner.[145]

A September 2008 DHS Inspector General Report reviewing the state of Washington's management of over **$121 million** in DHS grants found that the state "did not have adequate control and accountability systems over personal property purchased with grant funds."[146]

A September 2008 DHS Inspector General Report on the state of Arizona's management of more than **$103 million** in DHS grants found that the state "withheld portions of local units' funding without proper documentation and did not perform adequate programmatic monitoring of subgrantees."[147]

An October 2007 DHS Inspector General Report reviewing the state of Pennsylvania's management of more than $150 million in first responder funding found that the Pennsylvania Emergency Management Agency Used the funds for a number of unauthorized expenditures totaling **more than $700,000**.

A December 2007 DHS Inspector General Report found Colorado officials failed to tightly monitor how they spent more than $156 million in federal Homeland Security grants. The report found "a significant leadership and oversight void" that made Colorado's homeland security plans "ineffective." At least **$7.8 million** in federal grants were directly misspent.[148]

Since September 11, 2001, the state of Delaware has received more than $95 million in federal grant funds to help the state prepare for large-scale emergencies.[149] Of this, the Delaware Emergency Management Agency has spent more than **$10 million** on vehicles. About $1 out of every $5 the state has spent so far has gone to buy SUVs, pickup trucks, armored vans, RV-sized command centers, equipment trailers, boats and all-terrain vehicles for police agencies, fire companies and other departments, state records show.[150]

Delaware police chiefs have spent over **$400,000** on SUVs to supplement their squad.[151] The new Dodge Durangos and Ford Expeditions were bought with federal grant money meant to be

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145 Department of Homeland Security Inspector General Report "The State of Utah's Management of State Homeland Security Grants Awarded During Fiscal Year 2004-2006," August 2008.

146 Department of Homeland Security Inspector General Report "The State of Washington's Management of State Homeland Security Grants Awarded During Fiscal Year 2004-2006," August 2008.

147 Department of Homeland Security Inspector General Report "Audit of the State of Arizona Homeland Security Grant Program, September 2008.

148 Department of Homeland Security Inspector General Report "Audit of the State of Colorado Homeland Security Grant Program, December 2007.

149 Mike Chalmers, "Debate over grant spending continues: Officials defend buying high-tech equipment," *The News Journal*, May 10, 2007.

150 Lee Williams, "Rather than let grants expire, police chiefs buy vehicles," *The News Journal*, May 7, 2007 <http://www.delawareonline.com/apps/pbcs.dll/article?AID=2007705070362. accessed February 24, 2009.

151 WBOC-TV 16 News, "Delaware Police Went on Spending Spree to Avoid Losing Grant Money," May 8, 2007, http://www.wboc.com/Global/story.asp?S=6484496&nav=MXEF.

spent on equipment needed to respond to terrorist attacks or disasters, not for routine police work.[152]

A December 2007 DHS Inspector General Report examining the state of Florida's management of more than **$191 million** found that the Florida division of emergency management did not have effective polices and procedures to ensure compliance with grant requirements, did not properly enter into MOUs with subgrantees, and did not have effective management controls for subgrantees.

A 2007 DHS Inspector General Audit on American Samoa's use of DHS funding found that funds intended to provide equipment and resources to protect American Samoa from terrorism were instead use to meet the financial needs of the local office. Among the improper expenditures the auditors found: [153]

- $396,000 to purchase eight chemical, biological, radiological, nuclear, or explosive weapons incident response vehicles – though only one of the vehicles was fully converted into an incident response vehicle;
- $345,736 to purchase 18 additional vehicles, 17 of which were "general use vehicles" rather than the incident response vehicles needed to respond to and recover from a terrorist event;
- $288,655 for an immigration computer system;
- $250,000 for an all-hazards early warning broadcast system, which it received from the NOAA's National Weather Service after first illegally "gifting" the funds to NOAA;
- $77,719 to purchase the ASG fire department's operating supplies and equipment;
- $15,678 for officials to attend meetings in Hawaii on homeland security assessments and strategy development, and to attend a workshop exhibition in Washington, DC;
- $4,950 for the purchase of two air conditioners;
- $4,000 for executive leather chairs;
- $2,345 for a water purification system;
- $1,356 in a duplicate charge to the training budget;
- $1,390 for deluxe package cell phones;
- $726 in a travel-related advance for an ASG employee attending a conference in Keystone, Colorado – the money was spent in Las Vegas, Nevada;
- $3,187 in travel costs to Florida to procure fire trucks; and
- $804 for a payment of a delinquent phone bill.

Connecticut received more than $20 million from the federal government for homeland security purposes. A review of state records shows that many Connecticut towns did not spend all the funds they were provided, and often had to be pushed just to spend anything at all.[154] In 2006, in the rush to spend funds, Connecticut chose to purchase items outside the normal definition of what towns need for homeland security. Notable examples include:

- The town of Bethany spent about $3,000 to buy ice suits for water rescues.

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[152] Lee Williams, "Rather than let grants expire, police chiefs buy vehicles," *The News Journal*, May 7, 2007 <http://www.delawareonline.com/apps/pbcs.dll/article?AID=2007705070362.

[153] Lee Williams, "Rather than let grants expire, police chiefs buy vehicles," *The News Journal*, May 7, 2007 <http://www.delawareonline.com/apps/pbcs.dll/article?AID=2007705070362.

[154] Dave Altimari and Tracy Gordon Fox, "Connecticut Towns Urged to Spend Federal Funds or Else," *Hartford Courant* (June 14, 2007) <http://cms.firehouse.com/content/article/article.jsp?sectionId=46&id=51175>.

- The town of Chester spent $950 to purchase a language translation machine in case police officers or town officials run into someone who speaks Farsi or Arabic.
- The town of Cheshire spent $3,685 to purchase 11 advanced combat helmets for the police department's SWAT team. While the town is home to a number of prisons, local police are not the first to respond to a prison riot.
- Almost every town received a new Chevy Suburban or Ford Expedition. West Haven got a new fire boat, and East Haven received two new SUVs – one each for the fire and police departments.
- The towns of New Haven, East Haven, Hamden, Orange, West Haven and Woodbridge decided to spend nearly $4 million to install new radio systems.
- The towns also decided to hire the Yale Child Study Center to perform a psychological study on the effects of trauma on first responders.

In Marin County, California, Homeland security funds paid for big screen TV, a Monte Carlo, 70 replicas of firearms, and **$67,000 in equipment** that has never been used and is still boxed in its original packaging[155]

Head of the Florida Sheriffs' Association spent **$212,000** in Homeland Security and Justice Department training grants to pay for first-class Las Vegas gambling junkets.[156]

In 2006, Crawfordsville, Indiana's Fire Department used **$55,000** in Assistance to Firefighters Grant Program funds to purchase gym equipment, provide nutritional counseling and to provide instruction to firefighters interested in becoming fitness trainers.[157]

In 2006, the City Council in Plantation, Florida voted to use its **$28,000** DHS grant for treadmills, stationary bikes and training machines for police and firefighters.[158]

In 2006, Onalaska, Wisconsin used $8,000 in Assistance to Firefighters Grant funds for **clown and puppet shows.**[159]

In 2006, Vermillion County, Indiana used electronic emergency message boards purchased with Homeland Security funds to advertise fish fries, spaghetti dinners and other events.[160]

Emergency Operations Center Grant Program

Funded at **$35 million** annually, the Homeland Security's Emergency Operations Center (EOC) Grant Program was originally designed to support local emergency preparedness efforts, targeting areas of specific need in each state and locality. Unfortunately, the earmarking of

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[155] Sacramento Bee, http://coburn.senate.gov/public/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=ab21a47c-802a-23ad-4410-79434190da42, September 21, 2009.

[156] Associated Press, http://coburn.senate.gov/public/index.cfm?FuseAction=LatestNews.NewsStories&ContentRecord_id=39ed375e-802a-23ad-466c-9c98ee6ef817, August 11, 2009

[157] *Washington Times*, April 21, 2006, http://www.washingtontimes.com/news/2006/apr/20/20060420-110852-8296r/, accessed February 24, 2009.

[158] *Washington Times*, April 21, 2006, http://www.washingtontimes.com/news/2006/apr/20/20060420-110852-8296r/, accessed February 24, 2009.

[159] *Columbus Dispatch* "Chiefs of Police unit told to halt spending." February 12, 2008.

[160] "Warning! Fish fry ahead!," Editorial, *South Bend Tribune*, July 30, 2006.

EOC funds has significantly reduced the program's effectiveness in enhancing our national security. In addition, the program is duplicative of other Homeland Security efforts, including the Emergency Management Performance Grant Program, which allows funds to be used for the construction of Emergency Operations Centers across the country. The President's FY 2010 budget called for the program's termination, stating that its "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."

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
$4.8 BILLION

HUD ends each fiscal year with billions in unspent and unobligated funds. In 2009, the total amount of unobligated HUD funds is projected to be **$34.3 billion**. The Department ended the fiscal year with $32.8 billion in 2008 and $38.1 billion in 2007.[161]

HUD made nearly **$1 billion worth of improper payments** in 2008.[162]

The Inspector General identified nearly **$1.3 billion** in HUD spending that could have been put to better use.[163]

Since 2007, HUD has acquired at least 110,000 foreclosed houses, spending about **$12.2 billion** to reimburse lenders after the owners defaulted on government-backed loans. So far, HUD has been able to recover only about $5.5 billion. HUD lost 39 cents on the dollar for every home it resold last year and taxpayers have lost roughly **$3.3 billion** in total ($1.65 billion average annually).[164]

The **$2.1** million annual cost of HUD's automobile fleet has increased 70 percent since 2004, yet Department officials can't figure out why. "Where that spike in overall costs came from, I have no idea," said Bradley Jewitt, director of HUD's facilities management division. Agency spokesman Jerry Brown added, "We can't explain it."[165]

HUD spent **$50 million** on counseling in fiscal year 2008 and Congress designated another **$360 million** for foreclosure prevention counseling**.** Yet according to a 2008 report by HUD there is limited evidence to demonstrate the benefits of HUD's pre-purchase counseling.[166]

HUD spent **$22 million** on travel costs in 2008. This includes the cost of rental cars, hotels and airline tickets.[167]

Newburgh, New York, spent **$750,000 of** HUD funds on an industrial park that was never built and another **$450,000** to pay off a loan for a deadbeat developer**.** An audit by HUD's Office of the Inspector General found the city squandered $2 million in grants that were supposed to help the poor and recommended penalties, including repayment of the money. HUD instead ignored the misuse of funds.[168]

The construction of America's Car Museum in Tacoma, Washington, will be funded with $**3.5 million** HUD Section 108 loan.[169]

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[161] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
[162] http://www.gao.gov/new.items/d09628t.pdf
[163] http://www.hud.gov/offices/oig/sar60.pdf
[164] http://www.usatoday.com/money/economy/housing/2009-05-14-govtown_N.htm
[165] http://m.apnews.com/ap/db_6775/contentdetail.htm?contentguid=k7GrIDAS
[166] http://blog.seattlepi.nwsource.com/realestatenews/archives/154626.asp
[167] http://www.govexec.com/features/0809-15/0809-15s6.htm
[168] http://www.recordonline.com/apps/pbcs.dll/article?AID=/20090422/NEWS/904220364
[169] http://seattletimes.nwsource.com/html/localnews/2009085152_apwalemayshort1stldwritethru.html

For the past five years, the city of Birmingham, Alabama, spent more than **$784,000** in HUD funds on parties, such as "Neighborhood Fun Days," and alcohol license applications.[170]

HUD spent **$620,000 to renovate a skate park** in Long Beach, California.[171]

Brownfields Economic Development Initiative

Funded at **$10 million annually**, the Brownfields Economic Development Initiative is a grant program that provides funding to cities for economic development of buildings in industrial districts. The program is duplicative of numerous federal programs providing billions of dollars to states and cities for economic development such as the Community Development Block Grant program. The President's FY 2010 budget proposed the termination of this program, stating, "While these are very important objectives, the program is very small, and local governments have access to other public and private funds. …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."

Target Community Development Block Grant Program funding to the Neediest Communities

The Community Development Block Grant (CDBG) program distributes grants to states and localities, based on a formula intended to target those with the most need, to provide housing and development assistance. CDBG grants can be used for a large array of activities, which has led to a program with insufficient accountability, ambiguous goals, untargeted funding, and no metrics with which to evaluate the program's effectiveness. The Congressional Budget Office's August 2009 Budget Options document included a proposal to direct CDBG funds to those communities in true need by eliminating funding through the program for wealthier communities with a per capita income above a specified level. By dropping federal CDBG funding for wealthier communities from the CDBG program taxpayers would save **$500 million** annually.

170 http://blog.al.com/spotnews/2009/03/the_city_of_birmingham_will.html

171 http://www.contracostatimes.com/california/ci_12600399

DEPARTMENT OF THE INTERIOR
$2 BILLION

The Department of the Interior (DOI) is estimated to have had **$3.5 billion in unobligated balances** at the end of FY 2009. The Department ended the fiscal year with $4.5 billion in 2008 and $5.5 billion in 2007.[172]

According to the agency's Acting Inspector General, "Financial management has remained a top challenge for the department. "[And] our work has documented decades of maintenance, health and safety issues that place [Interior] employees and the public at risk."[173]

The Department maintains 1,840 buildings classified as "not required for its needs and responsibilities" valued at **$276.4 million**.[174] Yet, the agency increased its total square footage of direct lease spaces from 2.7 million square feet, to 3.7 million square feet between 2002 and 2005.[175] Despite owning 80 million square feet of building space and the large number of excess buildings, the agency is now spending **$37 million** annually to rent additional space.[176]

For the latest period available, DOI estimates that it spent **$207 million** on agency travel and conference expenses in FY 2005. [177]

Department **travel credit cards have a 9.7% delinquency rate** (accounts more than sixty days past due), costing taxpayers untold amounts in fees and lost rebates. [178]

The Bureau of Indian Education is spending $1 billion annually, or roughly $20,000 per student (50,000 students attend BIE schools). [179] Yet, a 2007 Inspector General report notes: "we found serious deterioration at elementary and secondary schools, including boarding schools, that directly affect the health and safety of Indian children and their ability to receive an education."[180] Assuming that only 15 percent of the program's funding is lost every year to waste, taxpayers, and the students for which this program is meant to provide an education, are losing **$150 million** every year.

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172 http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

173 Kendall, Mary (Acting Inspector General), Testimony before House Appropriations Subcommittee on Interior, Environment and Related Agencies, March 3, 2009, http://appropriations.house.gov/Witness_testimony/INT/Mary_kendall_03_03_09.pdf

174 Office of Management and Budget, "Response to Section 408 of Public Law 109-396," June 15, 2007, http://coburn.senate.gov/oversight/index.cfm?FuseAction=Files.View&FileStore_id=e3a53dbc-d6af-4be7-9c06-364ce3c605fd.

175 Government Accountability Office, "Federal Real Property," April 2007, http://www.gao.gov/new.items/d07349.pdf.

176 Federal Real Property Report (2004), General Services Administration, http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/Annual%20Report%20%20FY2004%20Final_R2M-n11_0Z5RDZ-i34K-pR.pdf.

177 Hatfield, Nina Rose, Deputy Assistant Secretary Policy, Management, and Budget (Interior), "Testimony Before the Federal Financial Management Subcommittee (Senate)," September 14, 2006, http://coburn.senate.gov/oversight/index.cfm?FuseAction=Files.View&FileStore_id=a3ecff05-92d0-4053-9d1e-937a056ebe58.

178 Congressional Research Service, "Waste, Fraud, and Abuse in Agency Travel Card Programs," July 20, 2009, http://www.crs.gov/Pages/Reports.aspx?ProdCode=R40580

179 Kendall, Mary, Acting Inspector General (Interior), Testimony Before the House Committee on Appropriations, March 3, 2009, http://www.doioig.gov/uploadPDF/Testimony%20March%203,%202009.pdf.

180 US Department of the Interior, Office of Inspector General, "Flash Report: BIE Schools in Need of Immediate Attention," May 2007, http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=interior&docid=f:2007-g-0023.pdf.

A July 2009 GAO examination revealed that missing and erroneous data for Gulf of Mexico oil and gas production in Minerals Management Service computer systems may have resulted in **$117 million** in uncollected royalties for FY 2006-2007. Further misreporting for the Gulf resulted in an additional **$41 million** in uncollected royalties.[181]

Despite managing over **$5 billion** in procurement contracts and financial awards (1/4 of its budget), according to the agency's own IG: "We have found that procurement, contracts, and grants have historically been subject to considerable fraud and waste and that their management is a continuing challenge." Assuming just a moderate figure of 20 percent annually lost to waste and fraud, taxpayers are losing **$1 billion** annually because of poor management.[182]

Past Interior agency awards include: $50,000 to Salem, Massachusetts to install 32 signs directing tourists in town for Halloween to off-street parking and two public parking garages; [183] $150,000 for a statewide barn census in Vermont; [184] and $60,000 for Jefferson National Expansion Memorial in Missouri for "Parkpalooza," an event featuring "rock climbing, lost worlds, music and dance and a photo contest."[185]

A senior National Park Service employee already accused of improperly working with outside interests, and **paid $145,000** annually, was recently caught with 3,200 sexually explicit images on his computer over a two year period. He remains in his current position.[186]

In a scathing report on the status of the Bureau of Indian Affairs' Alaska roads program, the Inspector General cautioned: "The Alaska regional office's consistent decision to ignore sound management practices has resulted in the loss of millions of dollars and left Native American citizens without needed infrastructure." The IG estimated that of the **$32 million** the program receives annually, "only about $3 to $4 million in roads projects had any physical oversight or verification of work completed."[187]

In questioning the Forest Service's management of wildfire budgets, government auditors note: "The average annual acreage burned by wildland fires has increased by approximately 70 percent since the 1990s, and appropriations for the federal government's wildland fire management activities tripled from about $1 billion in fiscal year 1999 to nearly $3 billion in fiscal

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[181] Government Accountability Office, "Testimony of Frank Rusco," September 16, 2009, http://www.gao.gov/new.items/d091014t.pdf.

[182] Kendall, Mary (Acting Inspector General), Testimony before House Appropriations Subcommittee on Interior, Environment and Related Agencies, March 3, 2009, http://appropriations.house.gov/Witness_testimony/INT/Mary_kendall_03_03_09.pdf

[183] Dalton, Tom, "City installs new signs," *The Salem News*, October 22, 2008, http://salemnews.com/punews/local_story_295231951.html.

[184] 118 Cormier, Amanda, "Vermont barn census lays foundation for preservation efforts," *Middlebury College Student Weekly*, November 13, 2008, http://media.www.middleburycampus.com/media/storage/paper446/news/2008/11/13/LocalNews/Vermont.Barn.Census.Lays.Foundation.For.Preservation.Efforts-3540249-page2.shtml.

[185] 177 Website of the National Park Service, http://www.nps.gov/jeff/parkmgmt/upload/parkpalooza.pdf; Parkpalooza website, http://www.nps.gov/jeff/planyourvisit/parkpalooza.htm.

[186] Kindy, Kimberley, Washington Post, "Report Ignored Explicit Images Found on Park Official's Computer," October 19, 2009.

[187] Cockerham, Sean, Anchorage Daily News, "Report Slams Indian Affairs," May 23, 2009, http://www.adn.com/front/story/805705.html.

year 2007." It blames this trend in part on "an accumulation of fuels resulting from past land management practices." Finally, it notes that the Department has not adequately followed through on GAO management recommendations that could help contain costs.[188]

A recent Inspector General audit uncovered major reporting flaws in mandated Department of the Interior fuel consumption reports (Executive Order 13423). Rather than meeting fuel consumption reductions mandates, as it reported to the Department of Energy (it reported a six percent reduction), the IG estimates that Interior fuel consumption actually *increased over the same period by as much as 22 percent.*[189]

Despite a recommendation that DOI reduce its inventory of underutilized vehicles, with potential savings of **$34 million annually**, a recent media investigation indicated that the Department had increased it overall fleet by 1,500 vehicles.[190]

The Bureau of Indian Affairs' Housing Improvement program, funded at **$14 million annually has failed to "demonstrate results"** and duplicates a much larger, more comprehensive Native American Housing program administered by the Department of Housing and Urban Development. [191]

Even though the Department of Interior has been facing maintenance challenges for numerous years, land acquisition funding was increased in FY 2010 by from $121 million in FY 2009 to $263 million in FY 2010 (a 117 percent increase).

The federal government currently owns 653 million acres (as of 2007), and since 2001 Congress has appropriated an estimated $2.04 billion on purchasing additional land, despite the fact that the overall Department maintenance backlog at between $13 and $19 billion.[192] Eliminating or simply offsetting each dollar spent on land acquisition with land returned to a non-federal entity would save almost **$250 million** annually and help DOI maintain federal lands.

Congress has wasted millions of dollars of trying to unnaturally maintain a "wild horse and burro" population on federal and private land. In total, more than **$200 million** has been spent on this ineffective and wasteful program. Congress this year increased spending by 58 percent for FY 2010 to a total of **$64 million**, with an additional $10 million available if needed for these horses on U.S. Forest Service Lands. Because Congress has artificially protected these "wild horses" and prohibited them from being put down or sold for processing, BLM (which manages these horse populations) has been unable to maintain the appropriate levels of these horses on federal lands, causing private and public damage and dramatically increasing federal costs of the program. This is happening even though around 32,000 horses are in private holding facilities and another 3,600 are on U.S. Forest Service lands. 70 percent of FY 2009

[188] Nazzaro, Robin, Government Accountability Office, "Department of the Interior, Major Management Challenges," March 3, 2009, http://www.gao.gov/new.items/d09425t.pdf.

[189] Devaney, Earl, Inspector General (Interior), "Department of the Interior (DOI) Fuels Consumption Data is Incorrectly Reported, November 8, 2008. http://www.doioig.gov/upload/2009-I-0001.txt.

[190] Kerr, Jennifer, Associated Press, "Uncle Sam's Cars Cost Us $3.4 billion last year." August 1, 2008, http://findarticles.com/p/articles/mi_qn4188/is_20080801/ai_n27980760/?tag=content;col1.

[191] ExpectMore.gov, "Bureau of Indian Affairs:Housing Improvement," http://www.whitehouse.gov/omb/expectmore/detail/10003706.2005.html.

[192] http://www.gao.gov/new.items/d09425t.pdf

appropriations went to paying ranchers to keep excess horses on their properties. The Secretary of Interior recently stated that he intends to waste taxpayer funds on birth control methods for these horses, to stop their explosion.

Abandoned Mine Land Discretionary Grants Program
This program was set-up to help clean up abandoned mines. As a result of the 2006 amendments to the Surface Mining Control and Reclamation Act authorized, funding was dramatically increased for the Abandoned Mine Land program (AML) for States and Tribes, including new mandatory funding for AML reclamation grants. This increase in mandatory funding renders these discretionary funds unnecessary. The Administration proposes to reduce discretionary funding for emergency abandoned coal mine land reclamation, which can now be done by States and Tribes using this new Federal mandatory funding.[193] **$20 million** was appropriated for this program in FY 2009.[194]

[193] http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf, page 69
[194] http://www.federalgrantswire.com/fish-and-wildlife-management-assistance.html

Corps of Engineers
$1 Billion

The Corps of Engineers ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated Corps funds is projected to be approximately **$10.3 billion**. The Corps ended the fiscal year with $7.8 billion in 2008 and $9.6 billion in 2007.[195]

Congress has refused to prioritize the completion of ongoing projects before beginning new projects. This behavior has resulted in a construction backlog ranging from $61 billion[196] to more than $80 billion following the passage of the Water Resource Development Act of 2007. This backlog has had a negative impact on water infrastructure projects, our national economy, and the environment. According the Office of Management and Budget, "The Corp's enormous backlog of ongoing civil works construction represents a significant source of unrealized economic and environmental benefits. The size of the backlog and the amount of funding necessary to complete it have grown in recent years, largely because of the continued addition of new projects to the Corps workload each year… This growth trend in the construction backlog unfairly penalizes both taxpayers and project sponsors."[197]

The National Academy of Public Administration also found that the Corps is unable to adequately address national priorities because of parochialism within Congress. "Annual appropriations for specific, individual projects, or project segments, are not conducive to efficient and effective completion of major infrastructure systems; they often do not adequately support system-wide performance improvements… The present project-by-project approach, with lagging project completions, on-again-off-again construction schedules, and disappointed cost-share sponsors that do not know what they can count on, is not the best path to continued national prosperity."[198]

Congress has wasted more than **$3 billion** on temporary, parochial projects that dump sand onto beaches to protect beach properties. These projects encourage risky coastal construction and drive up costs for the taxpayer through higher National Flood Insurance Program and flood disaster assistance costs. Congress included **$103 million** for these projects for FY 2010 and the Congressional Budget Office has estimated that eliminating federal funding for these projects would reduce federal spending by $431 million over the next five years.[199]

The White House and the Corps of Engineers have both concluded that Corps wastewater treatment projects are duplicative and outside of the scope of the Corps' mission, yet Congress continues to fund these projects. The Corps has stated they do not have the expertise to do these projects, which the Environmental Protection Agency (EPA) normally funds through grants

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[195] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

[196] "The American Recovery and Reinvestment Act of 2009," House of Representatives Report, Page 26

[197] "The Budget for Fiscal Year 2005: Corps of Engineers-Civil Works," Office of Management and Budget

[198] National Academy of Public Administration, "Prioritizing America's Water Resources Investments: Budget Reform for Civil Works Construction Projects at the U.S. Army Corps of Engineers," February 2007, http://www.napawash.org/pc_management_studies/Corps_Summary_Report_03-02-07.pdf

[199] Congressional Budget Office, "Budget Options," February 2007, http://www.cbo.gov/ftpdocs/78xx/doc7821/02-23-BudgetOptions.pdf

and revolving fund loan programs. These environmental infrastructure projects are also primarily funded through earmarks. In FY 2009, the Administration estimates there were $180 million in projects and the stimulus also included $206.7 million for these projects. The elimination of these projects would result in savings of more than **$100 million**.[200]

A recent investigation by the Office of Special Counsel found **$430 million** in waste by the Corps for failing to purchase proven equipment when installing flood control pumps in New Orleans after Hurricane Katrina. Citing "little logical justification" for the Corps' decision to spend hundreds of millions of dollars on the "untested" hydraulic pumps, which are meant to empty millions of gallons of water from the below-sea-level city during storm-related floods, this report concludes the Corps and American taxpayers could have save the $430 million the Corps expects to spend on replacing the current pumps in 2012 – only five years after they were installed.[201]

Corps officials cost the American taxpayer **$55 million** in travel costs this past budget year.[202]

Environmental Infrastructure Construction

The White House and the Corps of Engineers have both concluded that Corps wastewater treatment projects are duplicative and outside of the scope of the Corps' mission. 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. According to the President, "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…"[203] In FY 2009, the Administration estimates there were $180 million in projects and the stimulus also included $206.7 million for these projects.[204] The elimination of these projects would result in savings of more than **$100 million**.

Low-Performing Corps Construction Projects

The Corps of Engineers currently employs a very low threshold for determining what projects may be funded by Congress, only requiring that the expected total benefit of a projects (including reduction of costs to government and private entities, and environmental, recreational, and other benefits) is equal to or greater to the cost of the project (this includes the fiscal, environmental, and other costs). This has enabled members of Congress to prioritize projects that are not national priorities at the expense of critical water infrastructure projects. The President recommended reducing these "Low Performing Corps Construction Projects" that are not requested by the Corps of Engineers and "provide a low return on the Federal taxpayer's investment or that should be the responsibility of non-Federal interests." The Administration

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200 http://www.usatoday.com/news/washington/2009-05-07-budgetcuts_N.htm

201 http://www.usatoday.com/news/nation/2009-08-25-pumps-new-orleans_N.htm

202 http://www.govexec.com/features/0809-15/0809-15s6.htm

203 http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf, page 25

204 http://www.usatoday.com/news/washington/2009-05-07-budgetcuts_N.htm

proposed to eliminate projects that do not meet a 2.5 benefit to cost ratio and estimates this proposal would save **$244 million** annually.

DEPARTMENT OF JUSTICE
$1.6 BILLION

The Department of Justice ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DOJ funds is projected to be approximately **$2 billion**. The Department ended the fiscal year with $2.3 billion in 2008 and $11.1 billion in 2007.[205]

Billions of taxpayer dollars at DOJ are funneled into programs that duplicate existing government projects, lack clearly defined goals, are non-essential and/or operate without any form of measurability or accountability. Despite the widespread budget and criminal response issues facing law enforcement units across the nation, the Department of Justice continues to mismanage and waste millions of dollars, as well as staff resources, every year on low-priority earmarks, grants, and other initiatives, including $600 limousine rides, camping trips, and helping Hollywood make movies.

The Department of Justice spent at least $**312 million over seven years on conference attendance** and sponsorship. In 2006, the most recent year for which figures are available, the agency sent 26,000 employees (one fourth of its total workforce) to conferences and spent $46 million in the process.

According to news reports, the Justice Department spent $18 million more on travel costs in 2007 than in 2006, **spending $465 million in 2007**, up from $447 million the year before. While these costs are not exclusive to conference travel, such travel likely contributed to the increased costs, if historical conference spending trends continued. This spending increase placed the Justice Department third overall among government agencies for the highest travel spending costs, behind only the Department of Defense and the Department of Homeland Security.

DOJ's Antitrust Division's purpose is to "to promote economic competition through enforcing and providing guidance on antitrust laws and principles,"[1] yet, an entire federal agency, the Federal Trade Commission (FTC), already exists "to police anticompetitive practices."[2] While DOJ is the only agency that can criminally prosecute defendants, DOJ also prosecutes civil antitrust cases. This division is due to receive $163 million for FY10. In comparison, the FTC alone can enforce the FTC Act and investigate potential non-competitive practices. The FTC was appropriated **$292 million** for FY 2010. Numerous concerns have been made that these two entities duplicate efforts. A 1993 review by the American Bar Association of these two programs concluded that "Coordination between the Antitrust Division and the Federal Trade Commission must be intensified, and that the two entities "share a common antitrust mission."[3]

DoJ's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has agents and inspectors in Mexico (5 agents), Canada (3 agents, 1 inspector), Colombia (2 agents), France (1 agent for Interpol), Thailand (1 agent), Netherlands (1 agent for Europol), and Iraq (3 agents). Total cost for these foreign commitments in FY 2008 was **$7.8 million**. These agents provide local law enforcement expertise in several areas: "firearms and explosives enforcement, international

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[205] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
[1] http://www.justice.gov/atr/about/mission.htm
[2] http://ftc.gov/ftc/about.shtm
[3] "Report: American Bar Association Section of Antitrust Law Report of the Special Task Force on Competition Policy," 1993

trafficking activities, enforcement strategies, operational practices, and firearms and explosives tracing in major criminal investigations." Trafficking includes firearms, explosives, and tobacco. It may be somewhat wasteful to have U.S. ATF agents stationed in Thailand to prevent tobacco trafficking.

ATF's National Response Team (NRT) responds to and analyzes major explosive and fire scenes. NRT is in charge of all non-terrorist-related explosives cases (around 90 percent of all cases), while the FBI is in charge of terrorist-related explosive cases. However, the distinction is not often clear and has led to continuous fighting between the two agencies and the waste of important law enforcement resources.[1] In several cases, these agencies have jockeyed to take over an investigation, allowing for petty concerns to trump national security needs.[2] Additionally, the Attorney General made the ATF responsible for maintaining a consolidated database of all arson and explosive incidents that occur in the United States, however, the FBI refused this merger.[3]

National Drug Intelligence Center

Every year, millions of dollars for our national defense are siphoned away from the military's budget to pay for a single congressional earmark administered not by the Pentagon, but by the Department of Justice. This funding is directed to the National Drug Intelligence Center (NDIC), which the DOJ has asked Congress to shut down. DOJ believes the drug center's operations are duplicative and that reassigning NDIC's responsibilities would improve the management of counter-drug intelligence activities, allowing for funds to be spent on hiring additional drug enforcement officers.

With an average annual budget of **nearly $30 million**, NDIC has drained more than half a billion dollars to date from national defense since inception, even though it has little to do with national defense and is administered by the DOJ. It is unacceptable to misuse or misdirect defense dollars that are needed to protect our nation and our men and women in uniform to pay for unnecessary and duplicative projects.

Mismanaged Grants

For the past six years, the IG has consistently identified grant management as one of DOJ's top 10 management and performance challenges. Over 375 audits by the IG have resulted in significant findings associated with serious money lost to waste, fraud or abuse.

The Inspector General conducted a comprehensive study of all expired DOJ grants from October
1997 to December 2005. The findings were shocking:

- Of almost 61,000 expired grants worth $25 billion, 16,736 (nearly a third), worth $7.4 billion, were still not closed;
- Non-compliant grantees were awarded 129 additional grants totaling $**106.04 million** during the period of non-compliance;
- Grantees were allowed to access funds totaling **$554 million** after the 90-day "liquidation" period, a clear violation of regulations;
- $172 million in unused funds from grants held open improperly past the end date had not

[1] http://www.washingtonpost.com/wp-dyn/content/article/2009/09/16/AR2009091603211.html
[2] http://sify.com/news/fbi-director-says-turf-problems-with-atf-linger-news-international-jjsn9kgajjg.html
[3] http://www.washingtonpost.com/wp-dyn/content/article/2008/05/09/AR2008050903096.html

been redirected to better use, in violation of regulations; and

- Of the 2,205 expired grants in the COPS program, the IG found $89 million in unspent funds sitting in accounts. In addition, the 857 expired OJP grants had a larger per-grant, unspent amount, totaling over $61 million.

Weed and Seed

The federal "Weed and Seed" program, funded at **$25 million** annually, at the Department of Justice provides funding to local communities for the purpose of reducing crime and "improving the neighborhood." While well-intentioned, the program is duplicative of numerous other DOJ efforts including the Byrne Justice Assistance Grant program, Community Oriented Policing Services, and the Center for Substance Abuse Treatment, all of which provide billions of dollars to communities to help address local crime. In addition, program funding is often used by grant recipients for questionable purposes that do not have demonstrated results, such as rafting trips, dance classes, and nutrition workshops.

For example, in North Carolina, a free "Shred-a-thon," where locals were invited to bring up to one box load of old bank statements, bills, and outdated personal papers to be transformed into mulch for the Community Peace was funded in part by the West Asheville District Weed and Seed Grant.

This summer in Ohio, the Youngstown North Side Weed and Seed offered lawn mower maintenance sessions to youths from the North Side With this program, Rick George, associate director of the Center for Human Service Development at Youngstown State University, hopes to give area youth the knowledge and tools to start cutting grass as a job and as a way to clean up their neighborhood.

"Dance instruction and performance opportunities" and "Nutrition Workshops" are listed as components of the Prevention, Intervention and Treatment strategy is to address and identified [sic] risk factors in the target areas" for Atlanta, Georgia's Weed and Seed program. Among the accomplishments touted by the city's Weed and Seed program include renovation of dilapidated businesses in target areas including Ardens Gardens, a fruit drink company, which has brought at least seven new jobs and reactivated a once vacant building.

While many of these events may have been fun or even educational recreational events for children, adolescents and teenagers, it is difficult to demonstrate how these differ from activities funded by other federal grants or how they may have actually had a positive impact on reducing crime in an area.

DOJ Earmarks

The Department of Justice appropriations for FY 2008 included an estimated 1,505 items costing taxpayers $529.7 million.

A 2008 DOJ earmark provided $223,000 for the Milwaukee Public Schools (MSP) of Wisconsin "to continue safe summer sites." According to the school system, 2008 "safe summer programs" include video games, music, dance, bowling, arts and crafts, field trips, "enrichment classes," as well as reduced price tickets for attractions like Six Flags.

In 2008, the state of Vermont received two DOJ earmarks costing $848,350, which were intended to be used for at-risk youth programs. Several of the over thirty teen centers that will receive funding through these earmarks have suggested the funding could be used to prevent “obesity,” build a skateboard park, or provide activities such as pie-making classes and guitar lessons for the kids.

“Last year, Miami Beach’s Gang and Drug Prevention Program, known as the Teen Club, used part of a $50,000 federal grant to take members of the club white water rafting in Tennessee,” according to the Miami Herald.

Department of Labor
$12.4 Billion

The Department of Labor (DoL) ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoL funds is projected to be approximately **$17.3 billion**. The Department ended the fiscal year with $16.7 billion in 2008 and $17.9 billion in 2007.[206]

In FY2009, the Department of Labor's Unemployment Insurance program made **$12 billion** in improper payments. DOL reported that the leading cause of UI *overpayments* occurred when UI benefit recipients returned to work but continued to claim and receive UI benefits.[207]

In FY 2008, appropriators and the Department of Labor rescinded a total of **$298.7 million** from Workforce Investment Act programs for Adults, Dislocated Workers, and Youth. $250 million of that rescission was out of unexpended balances. Since WIA grants have three years to expend their balances, it appears that the WIA grant program is overfunded as DOL states, "…annual rescissions are not new to our WIA programs."[208] Despite the quarter of a billion dollar rescission in FY 2008, Congress appropriated $2.95 billion in Stimulus Funding to the WIA Adult, Youth, and Dislocated Worker programs on top of regular FY 2009 appropriations of $3.25 billion for a total of $6.2 billion for FY2009.[209]

President Obama has called for the elimination of the **$3 million** Denali Job Training earmark in Alaska because it is duplicative of funding Alaska already receives through other federal workforce development programs. Alaska receives $20.6 million in state formula grant funding through the Workforce Investment Act and the Wagner-Peyser Act plus receives other similar funding through the U.S. Department of Education. The Administration justified its decision to cut the program by asserting that there was "little accountability for job training activities funded through this earmark."[210]

The Department of Labor runs the "Earmark Center for Excellence" to provide help and technical assistance to Workforce Investment Act earmark recipients. The technical assistance is to help earmark recipients qualify to receive federal funds under the Appropriations Act, Workforce Investment Act, and related regulations and agency guidelines.[211] If the earmarks were competitively bid, there would be no need for the Earmark Center for Excellence which has an operating cost of nearly **$350,000** annually.[212]

The Montana AFL-CIO misspent **$1.164 million** in Workforce Investment Act funding resulting in the Montana State Department of Labor terminating the contract because of "non-

[206] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
[207] Government Accountability Office Report GAO-09-628T "Improper Payments," April 22, 2009 http://www.gao.gov/new.items/d09628t.pdf
[208] DOL, Employment and Training Administration Guidance Letter No. 24-07, March 26, 2008, http://wdr.doleta.gov/directives/attach/TEGL24-07.pdf
[209] Congressional Research Service Report RL33687, "The Workforce Investment Act (WIA): Program-by-Program Overview and Funding of Title I Training Programs," David Bradley, May 1, 2009.
[210] President's Budget Terminations, Reductions, and Savings for Fiscal Year 2010, Office of Management and Budget, p. 21, http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf
[211] Philadelphia Earmark Center for Excellence website, http://www.doleta.gov/regions/reg02/pecoe.cfm
[212] Office of Personnel Management, 2009 GS Salary Table, p. 22, http://www.opm.gov/oca/09tables/pdf/saltbl.pdf

performance."[213] The State Labor Department found that for "every $1 spent to help displaced workers in Montana, the AFL-CIO spent $4.01 on its own staff salaries."[214]

Central Iowa's local Workforce Investment Act Board misspent **$1.8 million** in federal funds for salaries and bonuses for three executive officers. [215] According to a state auditor's report and trial testimony, the board's Executive Director craftily controlled the local oversight board and the state agency handling the federal funds to give her salary and bonuses totaling $795,000 over two and a half years. The local board's chief operating officer hauled in $770,000 over the same time period. Trial testimony included tales of local WIA program workers going to casinos during work, sex, and whistle-blower intimidation.[216]

The local San Diego Workforce Investment Act Board misspent **$7.7 million** in federal funds on unused building space, excessive equipment costs, excessive rent payments, and used federal funds to pay for items that should have been paid for from other general revenue sources.[217] Additionally, a San Diego Union-Tribune newspaper investigation revealed the local board spent "$2.6 million in federal grant money on a Web site for job hunters that took four years to develop and attracted fewer than 200 users."[218]

National Migrant Farmworkers Job-Training Programs

Three different federal programs, funded at **$99 million** annually, duplicate service to migrant and seasonal farmworkers and their families. The Department of Labor's National Farmworker Jobs Program, the Department of Education's Migrant and Seasonal Farmworkers Vocational Rehabilitation Program and the Migrant Education High School Equivalency Program provide migrant and seasonal farmworkers with basic education services and job skills training as well as providing other welfare-related supportive services. All of the services are already available through various other federal and state agencies.

The job-training services are already provided through the nationwide network of nearly 3,500 One-Stop Career Centers funded through the Labor Department and the Workforce Investment Act. The vocational rehabilitation services can be provided by the much larger Vocational Rehabilitation State Grants Program administered by the Department of Education. The education services can be provided by a host of other Education Department programs that provide high school equivalency and adult education services. The supportive services can be provided by Education and other federal agencies like the Departments of Health and Human Services, and Housing and Urban Development.

213Charles S. Johnson, "State ends AFL-CIO job retraining program," *The Missoulian*, February 12, 2008, http://www.missoulian.com/articles/2008/02/12/news/mtregional/news07.txt.

214Charles S. Johnson, "State ends AFL-CIO job retraining program," *The Missoulian*, February 12, 2008, http://www.missoulian.com/articles/2008/02/12/news/mtregional/news07.txt.

215KCCI, Channel 8 Report, "CIETC Scandal Fact Sheet," http://www.kcci.com/news/8537885/detail.html

216Jeff Eckhoff, "Ex-CIETC worker details gambling trips, faked signature," *Des Moines Register,* April 10, 2008, http://www.desmoinesregister.com/article/20080410/NEWS/80410011/1001/NEWS

217 Department of Labor Office of Inspector General, Audit of the San Diego Workforce Partnership, Inc., Report No. 09-07-001-03-390, February 14, 2007, http://www.oig.dol.gov/public/reports/oa/2007/09-07-001-03-390b.pdf

218David Washburn, "Partnership chief will step down—Early retirement bid follows critical audit," *The San Diego Union-Tribune,* September 1, 2007, http://www.signonsandiego.com/uniontrib/20070901/news_1b1fitch.html

All three programs were reviewed by the Office of Management and Budget and found to not be performing. Congress could eliminate these three programs and still not cut services to the migrant and seasonal farmworkers and their families saving taxpayers **$99 million** annually.

DEPARTMENT OF STATE
$2.5 BILLION

The Department of State ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated State funds is projected to be approximately **$3.8 billion**. The Department ended the fiscal year with $3.6 billion in 2008 and $5.1 billion in 2007.[219]

The United States donates billions of taxpayer dollars per year to the United Nations. The United Nations Procurement Task Force determined that at least **$610 million** of procurement activities were tainted by significant fraud and detection schemes.[220]

More than **$13 billion ($1.8 billion annual average)** in U.S. aid meant for Iraq reconstruction aid has been classified as wasted, stolen, or lost by investigators in Iraq. In one example, Iraqi Defense Ministry officials created two fake companies to buy planes, tanks, rifles and other equipment with $1.7 billion in U.S. funds. The companies delivered a tiny fraction of the equipment that had been ordered despite being fully paid. [221]

Taxpayers paid **$16 million** in FY 2009 to the Asia Foundation, a non-profit organization founded in the 60s to strengthen civil society in Asia. Among the programs that the Asia Foundation funds include exchanges where Americans live and work in Asia and a Congressional Fellowship Program. The Asia Foundation currently has $38 million in unspent fund balances and received more than $6 million more than it spent last year according to tax returns. [222] [223]

The East-West Center (EWC) in Hawaii is funded at **$21 million** annually. It is a non-profit education and research organization founded in 1960 that seeks to strengthen U.S.-Asia Pacific understanding and relations. It brings Americans and individuals from the Asia Pacific region to the Center for policy-oriented study, training, and research. In 2008 the US Government provided over 70 percent of the EWC's funding. The President has proposed, in his reductions, terminations, and savings list, that the EWC should "compete for other Federal grants and pursue increased contributions from private entities, foundations, corporations, and other governments."[224]

Congress provides **$5 million** annually for continued support of the Colombian National Park Service and nongovernmental organizations working in buffer zones to protect Colombia's national parks and indigenous reserves.[225]

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219 http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

220 "Report of the Office of Internal Oversight Services on the activities of the Procurement Task Force for the 18-month period ended 30 June 2007," U.N. Office of Internal Oversight Services, October 5, 2007.

221 Hedgpeth, Dana, "$13 Billion in Iraq Aid Wasted or Stolen, Ex-Investigator Says," *The Washington Post*, September 23, 2008, at www.washingtonpost.com/wp-dyn/content/article/2008/09/22/AR2008092202053.html.

222 Senate Report 111-44 to S. 1434, Department of State and Foreign Operations Appropriations Act, 2010, p. 25.

223 The Asia Foundation website "About the Asia Foundation," http://asiafoundation.org/about/.

224 Office of Management and Budget, "Presidential Terminations, Reductions, and Savings, Budget of the U.S. Government, Fiscal Year 2010" http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf.

225 Joint Explanatory Statement to Accompany Public Law 110-161, the Consolidated Appropriations Act, 2009. p. 2176.

The Department of State spends **$20 million** annually on tropical forest and coral conservation funding. This act forgives debts owed the United States by developing countries in exchange for the preservation of significant tropical forests and coral reefs in other countries.[226] Other nations should be responsible for the conservation of their own tropical forests or funds could be raised through private entities. Earlier this year the United States agreed to forgive nearly **$30 million** in debt to Indonesia to agree to protect forests populated with endangered species despite the fact that Indonesia's Gross Domestic Product (GDP) for this year is expected to be above 4% and the unemployment rate is below 8%. The United States unemployment rate is over 10%.

Funded at **$50 million** annually, the Overseas Private Investment Corporation (OPIC) loans private U.S. companies funding for foreign investments and insurance. While U.S. businesses may have needed help from OPIC during the years after World War II, today's global finance markets mean that U.S. companies have much more access to capital and no longer require government assistance in this area. According to the Congressional Budget office, "its subsidies to nations of strategic importance to the United States tend to overlap with and duplicate those provided by the U.S. Agency for International Development and by private insurance firms. They also could hamper the development of local financial institutions and markets in those countries."

[226] Senate Report 111-44 to S. 1434, Department of State and Foreign Operations Appropriations Act, 2010, p. 41.

DEPARTMENT OF TRANSPORTATION
$4.3 BILLION

The Department of Transportation ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoT funds is projected to be approximately **$26 billion**. The Department ended the fiscal year with $39.8 billion in 2008 and $46.1 billion in 2007.[227]

Using Highway Trust Fund moneys, Congress appropriated **$224 million** on projects to rehabilitate and operate historic transportation buildings, structures, and facilities.[228]

DOT officials cost the American taxpayer **$259 million in travel costs** this past budget year.[229]

DOT wasted **$1.47 billion** on improper payments in FY 2009. DOT is in non-compliance with the Improper Payments Information Act for a third year in a row, and has oversight and control deficiencies, according to the DOT Inspector General, which will increase vulnerability to improper payments, "including fraud and abuse, and other ethics issues involving agency officials and contractors, including schemes related to bribery and kickbacks, bid rigging, and over-billing of labor and materials."[230]

DOT's Inspector General found that DOT is vulnerable to doing business with dishonest, unethical, or otherwise irresponsible businesses and individuals because of deficient internal policies and implementation.[231]

Since 2001, Congress has directed **$1.1 billion** in transportation earmarks **($137 million annual average)** to airports that cater to private planes, much of which is being spent on low-priority projects or to benefit corporate jets. According to recent press reports, "more than 2,800 airports with no scheduled passenger flights received $15 billion in rants since 1982." The Congressional Research Service has said that "earmarks could cut federal aid to projects aimed at easing flight delays the nation's 35 busiest airports."[232]

$28 million in DOT funding has been prioritized over highways to establish 55 transportation museums, instead of directing this funding to critical highway infrastructure needs.[233]

The Senate appropriated **$237 million in its transportation spending bill for commuter transportation** in the Washington, D.C. area.

$121 million has been taken from the Highway Trust Fund and used on Ferryboats and Ferry Terminal Facilities.[234]

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227 http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf
228 http://coburn.senate.gov/public/_files/OutofGas730Final0.pdf
229 http://www.govexec.com/features/0809-15/0809-15s6.htm
230 http://www.gao.gov/new.items/d09628t.pdf
231 http://www.oig.dot.gov/StreamFile?file=/data/pdfdocs/Final_DOT_ARRA_Advisory_05-18-09_.pdf
232 USA Today, November 2, 2009, Analysis: Airports get $1.1 billion for pet projects, http://www.usatoday.com/travel/flights/2009-11-01-airport-earmarks_N.htm
233 http://coburn.senate.gov/public/_files/OutofGas730Final0.pdf

Essential Air Service
The Essential Air Service (EAS) program, funded at **$125 million** annually, was originally created to allow small and mid-sized communities to transition to deregulation after the federal regulation of airlines ended in the 1970s. This subsidy program for airline service to small communities was scheduled to end more than 25 years ago, but continues to receive funding because of parochial interests. These subsidies currently support air service to 149 U.S. communities, including 43 in Alaska. In FY 2008, the average subsidy per passenger ranged from $22 in Scottsbluff, Nebraska, to $851 in Alamogordo, New Mexico. Eliminating EAS was included in the Congressional Budget Office's August 2009 Budget Options document, which stated, "One rationale for implementing this option is the program's high cost per passenger. Another is that the Essential Air Service program was intended, more than 25 years ago, to be a transitional program that would give communities and airlines time to adjust to deregulation. Still another is that if states or communities derive benefits from subsidized air service, they could provide the subsidies themselves."

Rail Line Relocation Grants
Funded at **$25 million** annually, the Rail Line Relocation program was established in the 2005 Transportation authorization bill to "mitigate the adverse effects of rail traffic on safety, motor vehicle traffic flow, community quality of life, or economic development." This program has become primarily a source of funds to be earmarked by members of Congress for parochial interests and duplicates an existing program that achieves the same goal based on a formula allocation that allows States to set their own priorities. President Obama recommended reducing this grant program "because an alternative program achieves the same goal based on a formula allocation that allows States to set their own priorities… 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…" Eliminating this program would save $125 million.

Amtrak
DOT have appropriated more than $30 billion for Amtrak rail service since the program's inception, even though the Rail Passenger Service Act of 1970 required that Amtrak "operate rail passenger service on a for-profit basis…," and Congress again demanded Amtrak become self-sufficient by 2003 in 1997. Assuming just a 10 percent loss every year to Amtrak waste, taxpayers are losing **$100 million** annually.

In 2005, the Government Accountability Office (GAO) found that Amtrak loses over **$85 million** a year in food and beverage service. Amtrak and Congress have refused to increase food prices even as Amtrak continually loses money and requires more than $1 billion in annual federal subsidies. By requiring Amtrak to charge food prices that cover the cost of providing food onboard such as the way airlines charge for food service, federal taxpayers could millions of dollars.

Amtrak recently paid **$310,000 for a severance package** for their previous Inspector General upon his resignation.[235]

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[234] http://coburn.senate.gov/public/_files/OutofGas730Final0.pdf
[235] http://www.politico.com/news/stories/0809/25796.html

Federal Grants to Large and Medium Sized Hub Airports

The Airport Improvement Program (AIP) provides roughly **$1.2 billion** in funding for airports to make safety and other long-term improvements. Past grants have funded runway extension and some security projects. The Congressional Budget Office estimates that about one-third of the grant funding is awarded to large and medium size airports. These airports can easily gain access to funding either by passing the costs on to passengers or by funding through local government entities. This option was included in the Congressional Budget Office's August 2009 Budget Options document, which stated larger airports do not need AIP funding as much, "because those airports serve many passengers, they generally have been able to finance investments through bond issues as well as through passenger facility charges and other fees. Smaller airports may have more difficulty raising funds for capital improvements, although some have been successful in tapping the same sources of funding as their larger counterparts. By eliminating grants to larger airports, this option would focus federal spending on airports that appear to have the fewest alternative sources of funding."

Election Assistance Commission Grants

Election Assistance Grants, funded at **$106 million** annually, provide funding for states and local entities to conduct elections. According to the President's budget request "Election Assistance Commission" grants are used to fund new voting machines and upgrades, pay for college students hired as poll workers, and support implementation of mandated voter registration databases. President Obama recommended reducing this grant program stating that "these additional Federal funds are not needed … 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." Additionally, grants to ensure polling place access will not be affected by cutting these unnecessary grants.

Transportation Enhancement Grants for Scenic Beautification and Landscaping Projects

GAO found that from 2004 to 2008, $850 million (**$212 million** average annually) in federal transportation funds were spent on Enhancement Grants for 2,772 landscaping and other scenic beautification projects.[236] These projects include flowers, bike trails, and road-kill reduction projects and are intended to "enhance the transportation experience." These expenditures were made at the same time that the Highway Trust Fund (HTF) was being drained. Congress already passed two bailouts of the HTF for a total of $15 billion that was not offset. Prohibiting federal highway funds to be spent on these projects would likely save over $200 million and allow scarce highway trust funds to be spend on highways and bridges in poor condition.

[236] http://www.gao.gov/new.items/d09729r.pdf

DEPARTMENT OF VETERANS AFFAIRS
$1.3 BILLION

The Department of Veterans Affairs ends each fiscal year with billions of dollars of unspent and unobligated funds. In 2009, the total amount of unobligated VA funds is projected to be approximately **$5.2 billion**. The Department ended the fiscal year with $7.4 billion in 2008 and $9.5 billion in 2007.[237]

The Office of Inspector General at the Department of Veterans Affairs (VA) identified over a billion in monetary benefits over the last year in areas such as quality of care, accuracy of benefits, financial management, efficiency in procurement, and information security. The Office of Contract review recovered over **$150 million** in overpayments and corrected charges.[238] [239]

The VA made more than **$1.2 billion** in improper payments in FY 2009.

In 2006, the VA handed out more than **$3.8 million in bonuses** to Department officials, despite the fact that the agency faced a $1 billion shortfall because of these same official's "misleading" accounting practices.[240]

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[237] http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf

[238] VAOIG Report #SAR-2009-1, "Semiannual Report to Congress: October 1, 2008 to March 31, 2009," Office of Inspector General Department of Veterans Affairs, April 2009. www.va.gov/oig/pubs/VAOIG-SAR-2009-1.pdf.

[239] VAOIG Report #SAR-2008-2, "Semiannual Report to Congress: April 1, 2008 to September 30, 2008," Office of Inspector General Department of Veterans Affairs, October 2008. www.va.gov/oig/pubs/VAOIG-SAR-2008-2.pdf.

[240] AP, "With Veterans Care Under Strain, VA Hands Out Hefty Bonuses to Senior Officials," Mary 3, 2007.