BACK IN BLACK: A DEFICIT REDUCTION PLAN
HIGHLIGHTS

**All savings are over ten years unless otherwise noted*

GENERAL GOVERNMENT – SAVINGS: $974.1 BILLION (MANDATORY: $62.5 BILLION, DISCRETIONARY: $911.5 BILLION)

Key points:

- ❖ Sets a good example for the rest of the country by reducing and eliminating general government excess spending.
- ❖ Shows that Washington is serious and willing to make sacrifices to save our country.
- ❖ Support the President's efforts to reform federal IT management and close duplicative federal government data centers.

Recommendations*:*

- ➢ Reduces the number of limos owned by federal agencies. Savings: $10.4 million a year
- ➢ Eliminates agency Hollywood liaison offices. Savings: $3.2 million a year
- ➢ Reduces agency travel, advertising, printing, and conferences budgets: $4.9 billion a year

CONGRESS – SAVINGS: $4.3 BILLION

Key point:

- ❖ It is time for serious leadership, which should begin by Congress significantly cutting its own budget by 15 percent and eliminating wasteful spending.

Recommendations & examples:

- ➢ Reduce the Senate and House of Representatives accounts by 15 percent: $3.8 billion
- ➢ Freeze pay for Members of Congress for three years: $6 million
- ➢ Achieve savings by reducing printing costs of congressional documents: $312.28 million

EXECUTIVE OFFICE OF THE PRESIDENT – SAVINGS: $5.4 BILLION

Key points:

- ❖ With a budget of nearly $830 million, the Executive Office of the President (EOP) funds the day-to-day functions of the White House. While President Obama proposed a 3.5 percent cut for his White House budget in 2012, this time of record deficits calls for bolder measures.
- ❖ This plan adopts the recommendation of the President's National Commission on Fiscal Responsibility and Reform, which proposed a 15 percent reduction in the White House budget.

Recommendations:

- ➢ Eliminate the Office of National Drug Control Policy (ONDCP) - $4.7 billion
- ➢ Eliminate the Council of Environmental Quality (CEQ) - $33 million
- ➢ Eliminate the Office of Science and Technology Policy (OSTP) - $77 million

DEPARTMENT OF AGRICULTURE – SAVINGS: $346.40 BILLION

Key points

- ❖ Farm safety net programs are modernized to reflect the strength of American agriculture and advances in modern farming while ensuring farmers are well capitalized.

- ❖ The structure and integrity of important domestic nutrition assistance payments are enhanced to ensure those who continue to be impacted by our nation's struggling economy have access to healthy food.
- ❖ U.S. charities are provided more autonomy in their operations by removing inefficient federal financing methods for international food aid.

Recommendations & examples:

- ➢ Ends duplicative market export programs that fund profitable companies and large trade associations. Savings: $2 billion.
- ➢ Reduces the Rural Development agency's funding for non-rural or non-economically distressed recipients, such as $54 million for the Mohegan Sun Casino, $2.5 million for a Smithsonian style country music museum, and various grants to wineries and breweries. Savings: $26.9 billion.
- ➢ Ends payments to private landowners for allowing individuals to access their land for hunting, fishing, bird watching and other recreational activities that landowners are financially incentivized to offer without federal support. Savings: $555 million.

DEPARTMENT OF COMMERCE – SAVINGS: $26.84 BILLION

Key points:

- ❖ Important programs within DOC are consolidated with similar programs in the federal government to reduce duplication and costs.
- ❖ The U.S. Patent and Trademark Office is freed to operate more effectively and efficiently to benefit the inventors who actually pay to use the system.
- ❖ Americans will have the opportunity to fill out the next Census online, saving themselves time and tax revenue.
- ❖ Marine conservation and protection programs within NOAA are transferred to the Department of Interior (DOI), to increase the effectiveness of these programs and similar programs within DOI.
- ❖ Trade enforcement and export promotion efforts are streamlined into one agency, which will serve as a one-stop shop for all businesses looking for export assistance and enable more focused trade enforcement action by our government.

Recommendations & examples:

- ➢ Ends NOAA's management of two weather satellite systems that have incurred cost overruns of more than $7.5 billion (a 59 percent cost overrun) even though the amount of satellites being purchased has been reduced. Resulting savings are $2.2 billion.
- ➢ Ends a taxpayer subsidized business consulting program that costs taxpayers $125 million annually, resulting in $1.25 billion in savings.
- ➢ Eliminates billions of dollars in taxpayer liability in government-backed investments in other countries.
- ➢ Ends taxpayer support for a duplicative agency that is seen as a Congressional "Cookie Jar" for special projects and relies on self-reported data from the recipients of funding to determine the effectiveness of the program. This saves taxpayers $2.93 billion.
- ➢ Eliminates a program that has been used as a slush fund for NOAA instead of for seafood promotion efforts. Resulting savings are $1.05 billion.

DEPARTMENT OF DEFENSE – SAVINGS: $1.006 TRILLION (DISCRETIONARY: $963.3 BILLION, MANDATORY: $43 BILLION)

Key points:

- ❖ Reduces spending at the Defense Department on lower priority programs but makes no reductions or estimates regarding combat operations in Afghanistan or Iraq.
- ❖ Gets Pentagon out of nondefense missions such as grocery stores, schools and duplicative medical research.

- ❖ Reforms and modernizes military health care for retired veterans that were not injured by their military service.
- ❖ Adopts certain Fiscal Commission recommendations on weapon systems, troop levels, and military personnel reforms.

DEPARTMENT OF EDUCATION – SAVINGS: $409.10 BILLION

Key points:

- ❖ Removes the federal government's role in the public school system, returning complete authority over education to state and local school districts.
- ❖ Contains costs of the Pell Grant program while protecting the program features that have made Pell Grants successful.
- ❖ Saves much needed room on the federal balance sheets by shifting the student loan program exclusively to the private sector where it belongs.

Recommendations & examples:

- ➢ Saves state and local education systems millions of dollars they spend each year complying with requirements of the Elementary and Secondary Education Act. States and school districts work 7.8 million hours each year collecting and disseminating information required under Title I of federal education law, and those hours cost more than $235 million.
- ➢ Prevents the Department of Education from becoming one of the world's largest banks by getting bureaucrats out of the student loan business.
- ➢ Ends the mandatory portion of the Pell Grant program which is helping to drive up program costs, **saving $78.3 billion**.

DEPARTMENT OF ENERGY – SAVINGS: $101.77 BILLION

Key points:

- ❖ U.S. energy security is prioritized by targeting DOE's focus on advancing the production of domestic natural resources.
- ❖ DOE programs are streamlined to ensure it operates at peak efficiency without overlap of private ventures.
- ❖ The questions surrounding nuclear power are answered by providing direction for the future of nuclear spent fuel that allows states or private entities the option of taking on waste storage responsibilities.

Recommendations & examples:

- ➢ Reduces funding for the 900 conferences and symposia held where taxpayer dollars were spent on entertaining guests at yacht clubs with extravagant meals, cigars, and wine. Savings: over $428 million.
- ➢ Ends ineffective appliance labeling program found riddled with fraud, leading consumers to believe they were purchasing efficient products. **Savings: $627 million**.
- ➢ Ends duplicative weatherization program that was found to be poorly managed. **Savings: $2 billion**.

DEPARTMENT OF HEALTH & HUMAN SERVICES - SAVINGS: $106.70 BILLION

(Mandatory) Key point:

- ❖ To help prevent waste, fraud, and abuse in Medicare and Medicaid, more resources need to be focused in an aggressive timeline to

Recommendations:

- Replace outdated technology systems with cutting-edge technologies;
- Foster a cooperative culture of data-sharing and timely analysis in public-private partnerships;
- Encourage the widespread adoption of industry standards;
- Incentivize the identification and prosecution of waste, fraud, and abuse;
- Better monitor and enforce drug policies to curb overutilization and abuse;
- Better protect beneficiary and provider identification numbers from being defrauded by implementing safeguards;
- Increase penalties for the theft and resale of beneficiary and provider identification numbers;
- Leverage a range of technologies to examine payments and billing patterns before reimbursement claims are paid,
- Reform CMS management of its program integrity contractors by increasing accountability and oversight, and;
- Adopt transformative coverage and payment models with proven records of lower costs, better care, and reduced levels of abuse and fraud.

(Discretionary) Key points:

- ❖ Repeals the worst parts of the *Affordable Care Act* and other federal programs that dictate the practice of medicine and interfere with the patient-physician relationship.
- ❖ Prioritizes funding for basic research and life-saving drugs instead of wasteful programs that don't deliver results and are run by organizations propped up on government grants.
- ❖ Annual funding increases in medical research at NIH continue.

MEDICARE & MEDICAID SAVINGS: $2.64 TRILLION

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT – SAVINGS: $88.73 BILLION

Key point:

- ❖ Improves living conditions of public housing and ensures federal aid benefits the needy rather than the greedy by evicting slum lords.

Recommendations:

- Directing More Resources to Housing Assistance by Consolidating Duplicative Programs.
- Ending Federal Housing Payments to Slum Lords.
- Prohibiting the Repayment of HUD Loans with HUD Grants.
- Preventing Bailouts of Risky Government-backed Mortgages. Ex) bailouts of Fannie Mae and Freddie Mac are estimated to cost taxpayers $317 billion.
- Eliminating Unnecessary, Inefficient, and Wasteful Programs. Ex) eliminating the Brownfields Economic Development Initiative (BEDI), that is duplicative of state government efforts, would save $18 million a year.
- Requiring Modest Rent Contributions of Tenants Receiving Housing Assistance. CBO projects this reform would save a total of $26.4 billion.
- Reducing Excessive Overhead Costs and Unnecessary Bureaucracy. HUD spends approximately $537 million on salaries and expenses for administration, operations and management, including funds for advertising and promotional activities. This amount should be reduced by 15 percent, which would be a savings of $80 million.
- Directing AIDS Housing to Those with the Greatest Need. Over the past decade, scandals involving tens of millions of dollars of misspent federal AIDS housing have come to light across the country.

Examples of waste:

- HUD awards hundreds of millions of dollars to slum lords for dangerous and unsanitary housing.
- HUD pays the rent of hundreds of dead people.
- HUD's largest affordable housing block grant program squandered $650 million on over 1,000 stalled or abandoned projects.
- HUD has lost 39 cents on the dollar for every home it resold
- A wealthy international architecture firm, a "doggie day care," and upgrades to Victorian cottages among the recipients of HUD community development program that steers millions of dollars to dubious projects.

DEPARTMENT OF THE INTERIOR – SAVINGS: $26.44 BILLION

Key points:

- President Obama's recommendations for administrative efficiency and lower overhead are adopted, ensuring greater efficiency and focus on the constituencies served.
- The urgent multi-billion dollar maintenance needs of the nation's public lands and our greatest national treasures are made priorities, while eliminating non-essential grant programs and unsustainable land purchases.
- Prevention of destructive wildfires is prioritized by consolidating duplicative wildland fire management programs and allowing greater focus on effective, proven prevention strategies.
- Core resource protection programs that preserve and enhance our national parks are preserved and prioritized, while scaling back on non-essential social science and duplicative outside research programs.

Recommendations & examples:

- Ends hundreds of millions of dollars in coal cleanup payments to states and tribes who have long completed cleanup efforts. **Saves $1.23 billion**.
- Prohibits funding for next phase of renovations on the Department of the Interior's "limestone and granite clad" headquarters in Washington, D.C. The makeover has now lasted a decade, with more years and millions of dollars more planned. (Administration request for FY 2012- $50.4 million)

DEPARTMENT OF JUSTICE – SAVINGS: $34.54 BILLION

Key points:

- The fundamental mission of the Department of Justice is preserved, and the department will continue to vigorously prosecute federal criminals and defend the United States in court.
- Eliminates overlap and duplication among DOJ programs and ends those that clearly are not working to ensure effective programs are properly managed.
- Frees the states to make their own decisions when it comes to criminal justice policy by releasing them from the burdensome requirements of federal funding.

Recommendations & examples:

- Ends the Parole Commission, which was eliminated by Congress along with federal parole in 1984. **Savings: $12.9 million per year.**
- Eliminates duplication between the ATF and FBI's separate explosives training facilities that are located in the same place, Redstone Arsenal in Huntsville, Alabama. **Savings: $4.625 million per year**.
- Rescinds $1 million from ATF's Violent Crime Reduction Program that the agency does not have the authority to spend and has unsuccessfully asked Congress to rescind on several previous occasions.

- Eliminates DEA's Mobile Enforcement Teams which, as the president stated, have "a narrow focus, are duplicative of other Federal, State, and local law enforcement efforts and their effectiveness in reducing crime has not been demonstrated." **Savings: $31 million per year.**
- Eliminates funding for the Juvenile Justice and Delinquency Prevention program, which is fraught with mismanagement, fraud, and duplication and is not a federal responsibility. In one egregious example of fraud, the DOJ Office of Inspector General found over $14,000 of grant funds were spent on food and beverage costs for 24 people for a 3-day conference in New Orleans, LA, which "exceeded allowable expenditures by $9620." **Savings: $280 million per year.**

DEPARTMENT OF LABOR – SAVINGS: $268.04 BILLION

Key points:

- Streamlines dozens of federal job training and employment programs so that states are empowered to serve the specific needs of their un- and under-employed populations.
- Strengthens program integrity of the Unemployment Insurance program.
- Refocuses the Occupational Safety and Health Administration's (OSHA) so it more efficiently spends taxpayer dollars while simultaneously enhancing worker safety.
- Terminates smaller programs that are duplicative, inefficient or outdated.

Recommendations & examples:

- Saves $11 million annually by terminating OSHA's Susan Harwood Grants, a program that is inefficient and duplicative of other federal efforts. For example, one grantee received nearly $200, 000 to develop and translate five training modules, and four years later American taxpayers received as a final product a 21 page PowerPoint presentation on "slips, trips, and falls," at a cost of $9,512 per slide.
- Ends unemployment benefits for the Bill Gates of the world. As many as 2,840 households who reported an income of $1 million or more on their tax returns were paid a total of $18.6 million in UI benefits in 2008, according to the Internal Revenue Service. This included more than 800 earning over $2 million and 17 with incomes exceeding $10 million. In all, multi-millionaires were paid $5.2 million in jobless benefits in 2008.[ii]
- Limits administrative dollars wasted by states administering the unemployment program. While basic office needs may be a reasonable expenditure, other expenditures are questionable. For example, Maine was recently found to have spent $60,000 of federal UI funds on a 36-foot mural containing images of labor unions strikes.[iii]

DEPARTMENT OF STATE AND FOREIGN AID – SAVINGS: $192.12 BILLION

Key points:

- Provides full funding to help vulnerable people around the world through spending on AIDS, malaria, child nutrition, and USAID's "Feed the Future" initiatives.
- Reduces foreign aid spending on countries that own billions of interest-paying US debt.
- Reduces programs for art and architecture exhibitions in Venice, Italy, education of foreign film directors, and music tours overseas.
- Maintains necessary spending for our allies and critical interests in the world.

DEPARTMENT OF TRANSPORTATION – SAVINGS: $192.22 BILLION

Key points:

- Enables the Highway Trust Fund to become solvent by reducing duplicative and low-priority highway spending through consolidation and elimination.
- Enables the Aviation and Airways Trust Fund to become solvent by reducing low-priority spending and limiting maximum appropriations from the trust fund to total no more than 90 percent of expected revenues.
- Streamlines and eliminates federal mandates that unnecessarily delay and even prevent needed transportation infrastructure projects and increase project costs.

- ❖ Further enables states, instead of Congress and the Administration, to prioritize critical highway and transit infrastructure improvements.
- ❖ Frees states to manage almost all of the federal gas taxes paid by its citizens if desired.

Recommendations & examples:

- ➢ Eliminates the requirement for states to spend around $600 million annually on bike paths, pedestrian walkways, highway beautification, and transportation museum projects, resulting in savings of $6 billion over ten years for taxpayers.
- ➢ Eliminates a program that uses highway dollars for historic covered bridge preservation projects to increase tourism in a select few states. Savings are $80 million over ten years.
- ➢ Eliminates a program that uses highway dollars for states to develop and maintain recreational trails and trail-related facilities. Savings are $850 million over ten years.
- ➢ Ends taxpayer support for subsidized food service on Amtrak. Savings are $850 million over ten years.
- ➢ Ends a $230 per month subsidy for federal employees' mass transit use that dramatically increased in costs as a result of a recent increase of $110 per month. Savings would total $4.32 billion over ten years.

DEPARTMENT OF VETERANS AFFAIRS – SAVINGS: $13.57 BILLION

Key points:

- ❖ Maintains full support for disabled veterans and education benefits for all combat veterans through the Post 9/11 GI Bill.
- ❖ Adopts common-sense recommendations for the VA to jointly purchase prescription drugs with the Department of Defense in order to reduce costs.
- ❖ Introduces cost-saving measures, such as copayments and annual fees, in VA health care for veterans well above the federal poverty line that are not injured or disabled from their military service.

U.S. ARMY OF CORPS OF ENGINEERS – SAVINGS: $5.28 BILLION

Key point:

- ❖ By eliminating low priority, parochial, and duplicative spending in the Corps of Engineers it will allow the agency to focus on meeting the nation's most urgent water infrastructure needs.

Recommendations:

- ➢ Terminate low-priority Corps construction projects –**savings: $2.3 billion**
- ➢ Eliminate water and wastewater treatment projects –**savings: $1.4 billion**
- ➢ End federal funding for beach replenishment projects –**savings: $702 million**
- ➢ Rescind $2 billion in unobligated balances – **savings: $500 million**
- ➢ Reducing excessive overhead costs and unnecessary bureaucracy –**savings: $2.66 million**

ENVIRONMENTAL PROTECTION AGENCY – SAVINGS: $33.67 BILLION

Key points:

- ❖ The core mission of the agency, to protect the environment and human health, is preserved by making common sense reductions to overlapping and inefficient programs.
- ❖ Spending on essential domestic environmental protection is prioritized over redundant international programs.
- ❖ Primary agency research programs will remain strong, while eliminating a secondary, poorly focused research grant program.
- ❖ President Obama's recommendations for administrative efficiency and lower overhead are adopted, ensuring greater efficiency.

Recommendations & examples:

- Reins in EPA multi-million dollar conference travel that has resulted in trips to vacation hotspots, including a dinner cruises on the River Seine in Paris. **Savings: $25 million over next five years.**
- Ends a program in which only one state, California, qualifies, and another program in which only one state, California, receives the majority of funds. This will ensure that all states are treated equitably and fairly. **Savings: $200 million.**
- Terminates a duplicative and unnecessary outside research program that has funded extraneous items like research into "sustainable" fashion and apparel, including shoes made of chicken feathers, flaxseed and soybean oil, and a smart-lock for shared bicycles. **Savings: $600 million.**

NASA - SAVINGS: $51.15 BILLION

Key points:

- NASA is refocused on space exploration, including the eventual return of a U.S. manned space program, by eliminating unrelated and duplicative programs distracting the agency from its core missions.

Recommendations & examples:

- Because the United States no longer has a manned space program, NASA will pay $56 million per seat to send astronauts on voyages aboard Russian spaceships.
- Only a third of NASA's budget is spent for space operations and aeronautics.
- NASA researchers are working to improve the quality of California wines and helped developed the swimsuit worn by Michael Phelps at the 2008 Summer Olympics.
- NASA projects are notoriously over budget, behind, schedule, or both, and just nine projects account for cost overruns in excess of $1.2 billion.
- The NASA Inspector General has failed to prevent or identify waste, saving only 36 cents for every dollar spent compared to an average of $9.49 saved per dollar spent by the IGs of other agencies.

NATIONAL SCIENCE FOUNDATION – SAVINGS: $14.20 BILLION

Key point:

- By prioritizing NSF's funding on transformative scientific research it will ensure we can retain America's scientific edge without adding to the debt threatening the economic engines that power our nation's leadership role in the world.

Recommendations & examples:

- Eliminate NSF's Social, Behavioral and Economics (SBE) Directorate – **savings: $2.8 billion**
- Rescind unspent, expired funds NSF currently holds – **savings: $1.7 billion**

SMALL BUSINESS ADMINISTRATION – SAVINGS: $3.22 BILLION

Key points:

- Under current standards, the SBA typically defines a "small business" as those with less than $7 million in revenues and fewer than 500 employees. The definition is so broad, however, that it encompass 99.7 percent of all U.S. businesses. As a result, regular claims are made, by no less than GAO and the agency's own inspector general, that large businesses are abusing the programs to the exclusion of small ones.

- Improper payment problems – ex) the inspector general reports that improper payments for the 7(a) business loan program were 27 percent in 2009, while they were 46 percent for disaster loans. Combined, this represented more than $2.3 billion in government loans.
- The need for small business loan guarantee programs has diminished greatly in recent years. First, the 7(a) program is intended for creditworthy borrowers, but billions of dollars in losses since 2008 demonstrate that the agency has a poor track record in administering taxpayer dollars for this purpose. Second, there was more than $609 billion in outstanding small business loans during the first quarter of 2011.

PRESERVING SOCIAL SECURITY FOR FUTURE GENERATIONS

SOCIAL SECURITY & SOCIAL– 75 YEAR SOLVENCY

Key points:

- Places Social Security, with its current $6.5 trillion unfunded obligation, on a solvent path over the 75-year window – eliminating the program's current 2.22 percent actuarial deficit.
- Helps fulfill the mission of Social Security to combat poverty-ridden old age by modernizing the program, strengthening work incentives, enriching benefits for lower income earners dependent on the system, and slowing benefit growth of workers who can afford to save more for retirement on their own – and without increasing taxes.
- Modernizes the Social Security disability programs and strengthens safeguards to deter waste, fraud and abuse.
- Refocuses the Social Security Administration's current culture of solely paying benefits to balancing the equally important responsibilities of managing entitlements and performing program integrity.
- Saves $17 billion over 10 years in the SSI program.

Recommendations:

- Alters the retirement age to reflect life expectancy. This Normal Retirement Age (NRA) would *gradually increase* – one month every two years. This means individuals who turn age 62 in 2046 will have a NRA of 68, and those who turn age 62 in 2070 will have an NRA of 69. The Earliest Eligibility Age would also gradually increase in tandem with the Normal Retirement Age.

- Switches to a more accurate measure of inflation for Social Security cost-of-living-adjustments (COLAs) by using "chained-CPI" to measure inflation.

- Alters the progressive benefit formula of current law, slowing benefit growth, especially for higher earners. Under the changes in the benefit formula, benefits are enriched so that workers below the 40th percentile are "held harmless" from changes and experience a slight benefit increase under the formula. Above the 40th percentile, benefit growth is restrained by lowering the amount the current system replaces.

- Alters the spousal benefit to better reflect costs of a two-person household, while also strengthening the connection between taxes paid and benefits received.

- Modernizes the Social Security disability programs and strengthens safeguards to deter waste, fraud and abuse.

Social Security Disability Insurance:

Key points:

- Encourages a shift in the culture of SSA from solely paying benefits to a strong balance between the equally important responsibilities of managing the disability programs and enforcing program rules through program integrity functions.
- Updates the disability application and appellate process to ensure only the truly disabled that cannot work any job in the national economy are accepted into the program and able Americans are encouraged to be productive and return to work.
- Encourages state involvement in helping adults on SSI find gainful employment and children on SSI receive the educational help they need to grow into independent adults.

REVENUE

TAX EXPENDITURES

Key point:

- ❖ Immediately ends dozens of special interest giveaways and eliminates spending through tax code, which will generate revenue, but without increasing tax rates.

Examples:

- ➢ Ends tax breaks for Hollywood movie producers. Savings: $1,000,000,000
- ➢ Eliminate IRS Tax Exemptions for Bailout Recipients

Savings:

- ➢ Reform tax expenditures. Savings: **$962.02 billion**
- ➢ Other government revenue. Savings: **$30.34 billion**

TOTAL: $9.032 TRILLION