



Toward Common Ground

Bridging the Political Divide with
Deficit Reduction Recommendations
for the Super Committee

U.S. PIRG
Standing Up
To Powerful Interests

**NTU**
National Taxpayers Union

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Recommendations for the Super Committee

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Authors

Andrew Moylan, National Taxpayers Union

Dan Smith, U.S. PIRG

Rich Williams, U.S. PIRG

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National Taxpayers Union

National Taxpayers Union (NTU) is America's independent, non-partisan advocate for overburdened taxpayers. NTU mobilizes elected officials and the general public on behalf of tax relief and reform, lower and less wasteful spending, individual liberty, and free enterprise. Founded in 1969, we work at all levels for the day when every taxpaying citizen's right to a limited government is among our nation's highest democratic principles.

For more information about NTU or for additional copies of this report, please visit www.ntu.org

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U.S. PIRG is an advocate for the public interest. When consumers are cheated, or the voices of ordinary citizens are drowned out by special interest lobbyists, U.S. PIRG speaks up and takes action. We uncover threats to public health and well-being and fight to end them, using the time-tested tools of investigative research, media exposés, grassroots organizing, advocacy and litigation. U.S. PIRG's mission is to deliver persistent, result-oriented public interest activism that protects our health, encourages a fair, sustainable economy, and fosters responsive, democratic government.

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Executive Summary

To break through the ideological divide that has dominated Washington this past year and offer a pathway to address the nation's fiscal problems, the National Taxpayers Union and U.S. PIRG joined together to identify mutually acceptable deficit reduction measures. This report documents our findings.

What follows is a general summary of recommendations that fall into four rough categories:

1. \$214.9 billion in savings from ending wasteful subsidies,
2. \$444.8 billion from addressing outdated or ineffective military programs,
3. \$221.6 billion from improving program execution and government operations, and
4. \$132.1 billion from reforms to entitlement programs.

Each specific recommendation includes an estimate of its savings over the next ten years, and a reference to the source from which the estimate was drawn.

Introduction

As 2011 enters its final stretch, our nation faces enormous fiscal challenges. As part of the deal that was recently struck to raise America's debt ceiling, Congress established a new Joint Select Committee on Deficit Reduction to narrow the total budget gap by \$1.5 trillion over the next decade. This so-called "Supercommittee" must report its findings by November 23, 2011 and if a majority of its 12 members support its conclusions, both houses of Congress will consider the resulting legislation under expedited procedures by December 23, 2011.

As a result, the next 100 days will mark a major turning point in America's unsustainable fiscal trajectory. That's why the National Taxpayers Union (NTU) and U.S. Public Interest Research Group (U.S. PIRG) have joined together to propose to the Supercommittee and to Congress as a whole a list of more than 50 recommendations to reform our future spending commitments. If enacted in their entirety these changes would save taxpayers more than \$1 trillion over the coming decade.

While our organizations have often differed about the proper regulatory scope of government and a host of tax policies, we are united in the belief that we spend far too much money on ineffective programs that do not serve the best interests of the American people. This joint project is an attempt at identifying the "low hanging fruit" of waste and inefficiency in the federal budget, in hopes of transcending the ideological and partisan bickering that has helped to create the fiscal mess we see today. In a similar report submitted last year to the President's National Commission on Fiscal Responsibility and Reform, we outlined over \$600 billion in spending reductions by that entity's target date of 2015. Though many of our specific recommendations were incorporated into the "illustrative cuts" section of the Commission's final report, Congress has largely failed to act on them and significant reforms remain as necessary as ever.

The recommendations in “Toward Common Ground 2011” touch every portion of federal expenditures, including entitlements, defense spending, wasteful subsidies, and a broad range of improvements to the efficiency and effectiveness of discretionary programs. They include large items, such as a \$160 billion overhaul of federal information technology management, and small ones, like \$10 million in spending on biodiesel fuel education grants. Each recommendation includes a ten-year savings estimate backed up by authoritative sources such as the Congressional Budget Office, Government Accountability Office, Office of Management and Budget, or bipartisan working groups. They are specific, detailed, and actionable items that Congress could pursue right now to reduce spending and help meet its goal of \$1.5 trillion in deficit reduction.

Ending Wasteful Subsidies – Total Savings of up to \$214.9 billion

Every year, the federal government hands out billions of dollars in subsidies for a wide variety of activities, often best described as commercial in nature. Though the vast majority of such programs are well-intentioned efforts to provide targeted support to businesses or individuals, in practice many are a poor use of scarce taxpayer dollars and fail to achieve their stated objectives. This section recommends spending reductions that focus primarily on “corporate welfare” programs, inefficient agricultural supports, and subsidies for energy production. If Congress were to enact all 22 recommendations, it would save taxpayers \$214.9 billion over the next decade.

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|---|---|--------------------------|-------------------------|---|
| \$214.9 Billion in Savings from Elimination of Wasteful Subsidies to Agribusiness and Large Corporations | | | | |
| Eliminate Crop Insurance Program | This program distorts the insurance market and market for commodity crops by encouraging overplanting. It's also partially duplicative as other programs provide more rational insurance for farmers. | \$77,000 | CBO March 2011 Baseline | https://www.cbo.gov/budget/factsheets/2011b/usda.pdf |
| Eliminate tax credit for ethanol | The Volumetric Ethanol Excise Tax Credit is a refundable tax credit that pays blenders for every gallon of ethanol mixed with gasoline. A broad and bipartisan group of Members of Congress and policy organizations have advocated for its elimination. | \$60,000 | GAO | http://www.gao.gov/new.items/d11318sp.pdf |
| Eliminate direct payments for commodity crops | Direct payment programs for the ten largest commodity crops were intended as temporary measures to ease the transition to a farming system less reliant upon federal subsidies. They have since become a fixture despite being identified as wasteful by watchdog groups on the left and right. They also distort the agriculture market by favoring certain crops. | \$50,000 | GAO | http://www.gao.gov/new.items/d11318sp.pdf |
| Reduce Fossil Energy Research, Development and Demonstration by 50% | These programs provide federal grants for research and development that should be conducted with private dollars. | \$5,016 | CBO March 2011 Baseline | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Reduce Nuclear Energy Research, Development and Demonstration by 50% | | \$6,970 | CBO March 2011 Baseline | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Biological and Environmental Research - Biological Systems Science | These programs provide federal grants for research and development that should be conducted with private dollars. | \$3,760 | Department of Energy | http://www.mbe.doe.gov/budget/12budget/Content/Volume4.pdf |
| Mixed Oxide - Fissile Materials Dispositions - Construction | The National Nuclear Security Administration is funding the construction of a facility to blend surplus weapon-grade plutonium with depleted uranium oxide for production of mixed oxide fuel to use in existing nuclear power plants. The nuclear industry, not taxpayers, should fund the production of fuel suitable for power production. | \$2,184 | Department of Energy | http://www.cfo.doe.gov/budget/12budget/Content/Volume1.pdf |

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|---|--|--------------------------|--|---|
| Restructure the Power Marketing Administration to Charge Market-Based Rates | The Western Area Power Administration, Southwestern Power Administration, and Southeastern Power Administration provide power (amounting to about 1 percent of the nation's electricity) at below-market rates, leading to market distortions and encouraging greater usage. Requiring the Power Marketing Administrations to charge market rates to wholesale buyers would save over \$2 billion. | \$2,080 | CBO 2009 Budget Options | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| Eliminate Hollings Manufacturing Extension Program | The Hollings Manufacturing Extension Program, which provides consulting services to manufacturers, spends hundreds of millions of dollars per year subsidizing large and profitable businesses. | \$1,300 | National Institute of Standards and Technology | http://www.nist.gov/public_affairs/releases/budget_2012.cfm |
| Reduce funding for Economic Development Administration | The Economic Development Administration is supposed to aid needy communities with grants for economic revitalization, but the program has been fraught with inefficiencies for years and has been a source for many wasteful Congressional earmarks. | \$1,000 | Center for American Progress | http://www.americanprogress.org/issues/2010/09/pdf/athousandcuts.pdf |
| Eliminate feedstock flexibility program | The Feedstock Flexibility Program is one of a series of price supports and trade restrictions that conspire to raise the domestic price of sugar to twice that faced by the rest of the world. The program mandates that the federal government purchase surplus sugar and sell it at a loss to biofuels producers to make ethanol. | \$374 | CBO March 2011 Baseline | https://www.cbo.gov/budget/factsheets/2011b/usda.pdf |
| Eliminate marketing loan assistance program | Through a complicated mechanism, the Marketing Loan Assistance Program provides cash payments to agribusinesses when crop prices drop below a government-guaranteed floor. This is little more than an elaborate subsidy for agribusinesses. | \$319 | CBO | https://www.cbo.gov/budget/factsheets/2011b/usda.pdf |
| Eliminate Overseas Private Investment Corporation (OPIC) | These programs provide funding for various activities to promote trade and exports. Though well-intended, the recipients of such funding are often profitable companies or their trade associations. Taxpayers should not be bearing the cost of their export promotions. | \$474 | CBO | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| Eliminate Market Access Program | | \$2,000 | CBO | http://www.cbo.gov/budget/factsheets/2011b/usda.pdf |
| Foreign Market Development Program | | \$355 | CBO | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| Eliminate Export-Import Bank | | \$427 | CBO | http://www.cbo.gov/ftpdocs/123xx/doc12358/hr2072.pdf |
| U.S. Trade Development Agency | | \$552 | USTDA | http://www.ustda.gov/otherinfo/FY2011_CongressionalBudgetJustification.pdf |

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|--|---|--------------------------|--|---|
| Biomass Research and Development | These programs provide federal grants for research and development that should be conducted with private dollars. | \$400 | USDA | http://www.obpa.usda.gov/budgettab/12newbud.pdf |
| Biomass crop assistance program | These programs provide grants of taxpayer money for research and development that should be conducted with private dollars. | \$390 | CBO March 2011 Baseline | https://www.cbo.gov/budget/factsheets/2011b/usda.pdf |
| Eliminate ultra-deepwater natural gas and petroleum research | The ultra-deepwater natural gas and petroleum research program seeks to expand supplies of petroleum and natural gas products. Though it is funded through existing oil and gas revenues, this kind of applied research should be conducted by private industry, not through a federal program. | \$277 | CBO March 2011 Baseline | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| Eliminate USDA funding for Dairy Management | Dairy Management, an agriculture marketing initiative, uses about \$5 million in annual USDA funding to promote increased consumption of dairy products. Involves partnerships with businesses that are better suited to funding their own initiatives. | \$50 | GSA data analyzed by Senator Coburn - "Back in Black" report | https://www.nytimes.com/2010/11/07/us/07fat.html?_r=4&h_p |
| Biodiesel fuel education program | These programs provide federal grants for research and development that should be conducted with private dollars. | \$10 | USDA | http://www.obpa.usda.gov/budgetsum/FY12budsum.pdf |

**Addressing Outdated or Ineffective Military Programs – Total Savings of up to
\$444.8 billion**

While the need for a strong national defense is clear, it is equally clear that the Department of Defense (DoD) has a number of programs that do not advance those goals and instead waste vital resources. As the largest portion of the “discretionary” budget and about 20 percent of the total federal budget, it stands to reason that prudently examining DoD’s funding and priorities could generate significant savings for taxpayers. Due to the delicate nature of decisions relating to national security, we have relied on authoritative recommendations from officials and independent experts from across the political spectrum to guide this report. Following these 13 recommendations to carefully reform or eliminate weapons programs and make other procedural improvements could save taxpayers as much as \$444.8 billion over the next decade.

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|--|--|--------------------------|--|---|
| \$444.8 Billion in Savings from Ending Low-Priority or Unnecessary Military Programs | | | | |
| Implement Acquisition reforms identified by the bipartisan defense acquisition panel | The Congressional Defense Acquisition Reform Panel developed comprehensive recommendations for improved contract development, performance incentives, and reforms to the Pentagon's financial management system. Taken together, they could yield \$135 billion in savings in the next ten years. | \$135,000 | House Armed Services Committee | https://www.uspirg.org/uploads/f8/be/f8be7eca1a2e8c54bda936d992b680ab/defense-panel.pdf |
| Adopt Gates efficiency recommendations | Defense Secretary Robert Gates has identified \$100 billion in savings from trimming the defense work force (including the number of contractors), consolidating the Department's IT infrastructure, and streamlining of several offices and agencies. | \$100,000 | Department of Defense | http://www.defense.gov/news/newsarticle.aspx?id=62351 |
| Cancel F-35 Joint Strike Fighter and replace with more advanced, cheap and reliable alternatives | According to the Sustainable Defense Task Force, "the F-35 Lightning may represent all that is wrong with our acquisition process." Beyond the cost growth, it has performance and reliability issues and "would provide a capability that is not warranted considering emerging threats." This option, derived from the Congressional Budget Office, would eliminate the F-35 and replace it with lower cost planes like the F-16 and F/A-18. | \$78,000 | CBO 2009 Budget Options | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| Cancel Navy/Marines F-35 Joint Strike Fighter | Congress can deem it unwise to eliminate the F-35 entirely, this alternate item would cancel the Navy and Marines versions of the plane and replace them with F/A 18 Super Hornets, a relatively new plane compared to others the F-35 was intended to replace. | \$18,000 | CBO 2011 Budget Options | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Reduce spending for "Other Procurement" | The "Other Procurement" category includes spending on items like night vision goggles and radios. According to the President's National Commission on Fiscal Responsibility and Reform, the military spent \$400 billion more than their base budget for these items. Reducing and freezing this spending would save over \$50 billion while still providing a 50 percent increase over "Other Procurement" levels in 2000. | \$52,000 | Simpson-Bowles Fiscal Commission Majority Report | http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/Illustrative_List_11.10.2010.pdf |

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|---|---|--------------------------|-------------------------------|---|
| Reduce V-22 Osprey purchases | The V-22 Osprey has suffered from innumerable schedule, management, cost, and production issues. Reducing future purchases and replacing the functionality with additional MH-60 helicopters would save taxpayers \$15 billion. | \$15,000 | Sustainable Defense Taskforce | http://www.house.gov/frank/issues/06-11-10-debts-deficits-and-defense.pdf |
| Pause development of Ground Combat Vehicle | The Ground Combat Vehicle is intended to replace current armored transport vehicles, but recent purchases of mine-resistant, ambush-protected (MRAP) vehicles appears to have reduced the need for it. Delaying it and researching lower-cost alternatives could save taxpayers billions. | \$14,000 | CBO 2011 Budget Options | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Terminate MEADS system | The Medium Extended Air Defense System is a joint venture between the U.S., Germany, and Italy to provide for a mobile air defense system. Neither Italy nor Germany plans to purchase the system when finished and the Patriot system can be expanded and improved to provide similar capabilities to MEADS. | \$10,000 | CBO 2011 Budget Options | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Change depots pricing structure | Altering the pricing structure for repairs performed at the military's maintenance depots would encourage greater usage of less expensive services at central facilities. | \$2,470 | CBO 2009 Budget Options | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| Cancel the C-27J Joint Cargo Aircraft | The C-27 Joint Cargo Aircraft is an expensive plane whose capabilities are approximated by the C-130 Hercules, which is still in production. | \$1,460 | Department of Defense | http://comptroller.defense.gov/defbudget/fy2012/FY2012_Weapons.pdf |
| End orders for obsolete spare parts and supplies for the Defense Logistics Agency | The Defense Logistics Agency, Army, Navy, and Air Force have substantial management problems that have resulted in ordering far too many spare parts (in some cases, more than 50 percent too many). If the agencies were to work through existing surpluses while reforming their ordering and tracking systems, taxpayers could save at least \$37 billion in future spare parts purchases. | \$7,100 | GAO | http://www.gao.gov/new.items/d10469.pdf |
| End orders for obsolete spare parts and supplies for the Army | | \$3,600 | GAO | http://www.gao.gov/new.items/d09199.pdf |
| End orders for obsolete spare parts and supplies for the Navy | | \$7,500 | GAO | http://www.gao.gov/new.items/d09103.pdf |
| End orders for obsolete spare parts and supplies for the Air Force | | \$18,700 | GAO | http://www.gao.gov/new.items/d07232.pdf |

Improving Program Execution and Government Operations – Total Savings of up to \$221.6 billion

Payment errors, duplicative programs, and inefficient processes combine to squander tens of billions of taxpayer dollars every year. Taking a comprehensive approach to streamlining the operation of myriad programs could not only spare taxpayers additional expense but also improve the quality of services they receive. If enacted in their entirety, these 15 recommendations could save as much as \$221.6 billion over the next decade.

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|---|---|--------------------------|--|---|
| \$221.6 Billion in Savings from Improvements to Program Execution and Government Operations | | | | |
| Reform federal IT management - implement cloud computing | Taking advantage of options such as virtual network-based computing technology while closing up to 800 of the 2,100 federal data centers nationwide, as proposed by the Obama Administration, would save taxpayers an estimated \$160 billion over the coming decade. | \$160,000 | Technology CEO Council and The Brookings Institution | http://www.techceoconuncil.org/clientuploads/report%20s/TCC_One_Trillion_Reasons_FINAL.pdf and http://www.brookings.edu/papers/2010/0407_cloud_computing_west.aspx |
| Reduce backlog of buildings owned by the federal government that are not utilized or under-utilized | According to the Office of Management and Budget, the federal government owns more than 55,500 buildings that are "not utilized or underutilized," worth more than \$96 billion. While there is potential for far greater savings from orderly disposition of these assets, taxpayers could be spared \$17 billion in maintenance costs even if the federal government were to give the buildings away or charge nothing but maintenance fees for rent. | \$17,000 | CBO | http://www.cbo.gov/ftpdocs/122xx/doc12270/06-28-IssaLtrProperty.pdf |
| Reform Airport Improvement Grants | Aside from other deficiencies in the Airport Improvement Program, funded largely by taxes on airline tickets and aviation fuels, its system of grants can reward some general-aviation-dominated airports that operate well below capacity. | \$21,970 | FAA | http://www.faa.gov/airports/planning_capacity/npias/reports/media/2011/npias_2011_narrative.pdf |
| Require DoD/VA to jointly buy prescription drugs | Pursuant to a recommendation from the Government Accountability Office, the Department of Defense and Veterans Administration began jointly contracting to purchase prescription drugs in order to achieve cost savings. That practice has rapidly declined in recent years, but increased joint efforts could yield substantial savings. | \$6,600 | GAO | http://www.gao.gov/new.items/d11318sp.pdf |
| Terminate harmful and/or wasteful Army Corps of Engineers projects | The 2011 Green Scissors Report identifies nine specific Corps projects that are not only expensive boondoggles, but are harmful to the environment. For instance, taxpayers shell out \$350 million for federal beach replenishment projects that encourage development in flood prone areas. These projects should be eliminated. | \$5,600 | Green Scissors Report | http://www.foe.org/green-scissors |
| Reduce federal vehicle fleet and costs by 20% | Federal agencies own or lease over 662,000 vehicles. Since 2006 costs to maintain and service these vehicles has grown more than 20 percent. In 2009 the Air Force implemented reforms and was able to achieve similar results. | \$5,600 | GSA data analyzed by Senator Coburn - "Back in Black" report | <a href="http://www.gsa.gov/portals/content/102943#<!--010-->Federal_Fleet_Reports">http://www.gsa.gov/portals/content/102943#<!--010-->Federal_Fleet_Reports |

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|--|---|--------------------------|--|---|
| Eliminate Essential Air Service program | Created in 1978 as a temporary transition to a free-market aviation system, the Essential Air Service persists to this day and provides subsidies for air services in rural areas. The program funds service at dozens of facilities that serve fewer than 10 passengers per day or are within easy driving distance of major airports. | \$1,680 | CBO 2009 Budget Options, Senator Coburn | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf and http://coburn.senate.gov/public//index.cfm?a=Files.Serve&File_id=413f351a-2588-4017-ad8a-99891e956bc6 |
| Eliminate certain payments in Abandoned Mine Restoration Program | The Abandoned Mine Restoration Program makes "unrestricted" grants to states and tribes that have already been certified as completing restoration efforts. As a result, funding has been used for unrelated projects. | \$1,230 | OMB | http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf |
| End excessive "double-dipping" for reemployed annuitants | Agencies have dramatically increased the practice of seeking waivers to rehire retirees who then draw both a salary and retirement benefits. | \$611 | OPM discussions with Senator Coburn - "Back in Black" report | All data calculated by Coburn staff - http://coburn.senate.gov/public//index.cfm?a=Files.Serve&File_id=c6590d01-017a-47b0-a15c-1336220ea7bf |
| Reduce funding for timber sales that lose money | The Forest Service spends more on federal timber sales than it has collected from the companies that harvest the timber. Taxpayers should not subsidize profit-making ventures for private timber companies. | \$591 | CBO 2009 Budget Options | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |
| End funding for the National Drug Intelligence Center | The National Drug Intelligence Center has been the subject of numerous scandals and its performance has been repeatedly called into question. A year after its inception, GAO concluded that it duplicates efforts in drug enforcement. It should be eliminated. | \$440 | DOJ | http://www.justice.gov/jmd/2012summary/pdf/fy12-ndic-bud-summary.pdf |
| Livestock Protection Program | The Livestock Protection Program funds efforts to eradicate natural predators of livestock. This should be paid for with private dollars. | \$110 | Campbell-DeFazio Amendment to farm bill | As cited at http://switchboard.nrdc.org/blogs/mwaage/nra_big_ag_kill_measure_to_save.html |
| Eliminate funding for Woodrow Wilson International Center for Scholars | The Woodrow Wilson International Center for Scholars is a well-established and successful think tank with net assets in excess of \$100 million. There is no reason for taxpayers to subsidize the general operations of one think tank. | \$100 | WWIC Annual Report | http://www.wilsoncenter.org/sites/default/files/annual-report.pdf |
| Eliminate Small Community Air Service Development Program | The Small Community Air Service Development Program was intended to fund expansion of commercial air service at rural airports, but nearly 70 percent of projects it funds end in failure. | \$60 | OMB, Department of Transportation | http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/appendix.pdf and http://ostpxweb.dot.gov/aviation/X-50%20Role_files/OIG_Report_May_2008.pdf |

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|--|---|--------------------------|---|--|
| Eliminate Space Flight Awareness program | NASA's Space Flight Awareness program has a history of paying for lavish events for the benefit of private contractors. While Congress recently prohibited certain practices, the program continues to reward and recognize contractors rather than serve a public benefit. | \$16 | Congressional Research Service, Senator Coburn's "Back in Black" report | Congressional Research Service correspondence with the office of Senator Tom Coburn, June 24, 2011 |

Reforming the Operation of Entitlement Programs – Total Savings of up to \$132.1 billion

Medicare, Medicaid, and Social Security combined comprise roughly 40 percent of the federal budget and, as a result, their budgets also deserve close scrutiny. Giving program administrators greater access to technology and other tools to root out fraud and improper payments could yield tremendous savings. The 6 recommendations in this section, if taken together, could save taxpayers as much as \$132.1 billion over the next decade.

| Savings Mechanism | Explanation | Savings (\$ in millions) | Source | Link for Additional Information |
|---|---|--------------------------|--|---|
| \$132.1 Billion in Savings from Reforms to Major Entitlement Programs | | | | |
| Better align Medicare payments to teaching hospitals with actual costs | Hospitals with teaching programs receive additional funding for costs associated with graduate medical education. However, this funding far exceeds the actual cost of providing such education. Reforming and reducing the payments would allow for substantial savings. | \$69,400 | CBO March 2011 Baseline | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Reduce Medicare payment rates across the board in high-spending areas | Per-beneficiary costs are inordinately high in some areas of the country, even after accounting for legitimate differences in the cost for things like labor and office space. Reducing these excess costs would yield nearly \$50 billion in savings over the next ten years. | \$47,600 | CBO March 2011 Baseline | http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf |
| Reduce Medicare waste, fraud, and abuse | Estimates for the total amount of waste, fraud, and abuse in the Medicare system vary widely, but the President's fiscal commission determined that with more enforcement authority, CMS could save \$9 billion. | \$9,000 | Simpson-Bowles Fiscal Commission Majority Report | http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf |
| Reform Medicare Quality Improvement Organizations | Quality Improvement Organizations are private entities that contract with Medicare in order to improve the efficiency and quality of services delivered to beneficiaries. The Obama Administration has recommended making several changes to streamline their operation, saving \$3 billion over the coming decade. | \$3,000 | OMB | http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/trs.pdf |
| Prevent improper payments for non-covered chiropractic services | According to Senator Coburn's Back in Black report, "The HHS [Office of the Inspector General] found Medicare inappropriately paid \$178 million for chiropractic claims in 2006, representing 47 percent of claims meeting [their] review criteria." | \$1,970 | Department of Health and Human Services | http://oig.hhs.gov/publications/docs/compendium/2011/CM-P-March2011-Final.pdf |
| Remove ceiling for collection of overpayments from Supplemental Security Income program | When the Social Security Administration mistakenly overpays a recipient of Supplemental Security Income, they are limited in their ability to recoup those erroneous transfers. Removing the ceiling on collection of these overpayments would aid in efforts to save money and streamline the program. | \$1,126 | CBO 2009 Budget Options | http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf |