



U.S. PIRG

November XX, 2010

An Open Letter to Congress

Dear Member of Congress:

The undersigned organizations believe that in order to begin the process of addressing the nation's budgetary issues, it will be important to establish some common ground. To that end, we propose a list of 30 specific recommendations to reform our future spending commitments that make sense regardless of one's political persuasion. If enacted in their entirety, these changes would save taxpayers over \$600 billion in total by 2015, the target date for the Fiscal Commission to reduce our publicly-held debt-to-GDP ratio to a more sustainable level of 60 percent (see table appended to this letter).

Our nation faces unprecedented fiscal challenges, as the commitments we've made now and into the future far outpace our fiscal capacity. Congress, the President's National Commission on Fiscal Responsibility and Reform, and citizens across the country must grapple with very difficult decisions about how we can put our fiscal house in order. It will be critical to reach out across party lines and across ideological persuasions to achieve common-sense reforms that can bring us closer to balance.

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.

The cuts deal with specific reforms to entitlement programs, defense spending, wasteful subsidies and a broad range of discretionary items of a smaller scale. While these proposals won't get us all the way there, and are not meant to be a final solution, they represent a starting point and can make government more accountable in the process.

Every item on the list includes a five-year savings estimate for the Commission's 2015 target. Those estimates are backed up by authoritative official sources such as the Congressional Budget Office, Government Accountability Office, Joint Committee on Taxation, or the Office of Management and Budget, as well as bipartisan panels and audit agencies. The recommendations are specific, detailed, and actionable items that Congress could pursue right now to reduce spending.

Most importantly, we strongly believe this list represents a consensus that can be reached between political factions that spend a great deal of their time fighting one another. In our estimation, these recommendations reduce spending without significantly degrading the level of services provided to the American taxpayer and without neglecting the federal government's commitments.

As a nation, we can no longer afford to delay difficult decisions. It is our hope that this list of spending reductions can serve as a starting point for long-overdue reforms and lay the groundwork for a bipartisan approach to those decisions.

Duane Parde
President
National Taxpayers Union

Gary Kalman
Federal Director
U.S. Public Interest Research Group

Saving Mechanism	Explanation	2015 (\$ in millions)	Source
End Wasteful Subsidies			
Eliminate subsidies that encourage investment abroad	The Overseas Private Investment Corporation (OPIC) subsidizes the foreign operations of many large multi-national corporations through financing and insurance supports.	\$ 154	CBO
Eliminate subsidies for overseas advertising	The Market Access program uses taxpayer dollars to fund advertising and promotion by private companies marketing agricultural products in other countries. These companies include McDonalds, Nabisco, Fruit of the Loom, and Mars.	\$ 1,000	CBO
Eliminate subsidies to trade associations for marketing abroad	This subsidizes corporate trade associations in promotion of agriculture exports.	\$ 175	FY 2011 Budget
Eliminate subsidies to big agribusiness	Eliminate or reform programs that have been deemed ineffective or that go disproportionately to large, corporate farming businesses. In addition, subsidies to wealthy farmers and individuals who do not use the land for actual farming need to be eliminated.	\$ 35,497	CBO, USDA Budget Summary, Washington Post investigation, Control Spending Now Act
Eliminate tax credits for ethanol	Large oil companies that blend gasoline with corn-based ethanol, rather than the ethanol producers themselves, receive billions of dollars in subsidies each year. The credits combined with the Renewable Fuels Standard set up a taxpayer subsidized mandate, which is bad fiscal policy.	\$ 22,650	Joint Committee on Taxation
Eliminate subsidies that encourage re-building in highly flooded areas	The National Flood Insurance Program cannot deny insurance on the basis of frequent losses and thus provides policies for properties that have been repeatedly flooded. While these represent only 1 percent of policies, they account for 25 to 30 percent of claims. When catastrophic weather events hit, taxpayers are on the hook for massive losses.	\$ 891	GAO

Saving Mechanism	Explanation	2015 (\$ in millions)	Source
Eliminate subsidies for risky ultra-deepwater and unconventional natural gas and petroleum research program	The companies that benefit from deepwater drilling research should pay for it, not the taxpayers. In addition, the funding for this program does not undergo the scrutiny of the appropriations process.	\$ 158	CBO 2009 Budget Options
Eliminate subsidies for timber companies	Taxpayers should not subsidize private-sector timber companies to conduct their business and make profits. According to annual reports by the Forest Service's Forest Management Program, "the Forest Service has spent more on the timber program in recent years than it has collected from the companies that harvest the timber."	\$ 279	CBO 2009 Budget Options
Sell Southeastern Power Administration and related assets	This subsidizes below-market price energy, which distorts the market. Selling the assets would make energy markets more efficient and bring in money.	\$ 1,220	CBO 2009 Budget Options
Improve Contracting and Asset Acquisition			
Implement acquisition reforms identified by the bipartisan Defense Acquisition Panel	Last year Congress passed weapons acquisition reform with bipartisan support. These recommendations would address the other 80% of the Department of Defense acquisition processes, including financial management and information technology. The proposal would also increase competition and improve the acquisition workforce.	\$ 135,000	Bi-Partisan Defense Acquisition Panel
Eliminate Department of Homeland Security contracts already identified as wasteful	A recent audit by the Defense Contract Audit Agency found 32 contracts collectively worth \$34.3 billion that have been plagued by waste, abuse, or mismanagement from 2001 through 2006.	\$ 34,300	House Committee on Oversight and Government Reform - Report
End orders for obsolete spare parts and supplies for the Defense Logistics Agency	In examining purchasing and inventory data at the DLA, Army, Navy and Air Force, the Government Accountability Office discovered that the organizations were wasting billions of dollars purchasing items that went unused	\$ 35,500	GAO

Saving Mechanism	Explanation	2015 (\$ in millions)	Source
End orders for obsolete spare parts and supplies for the Army	or were never required (as much as 50% more than required). Reforms to purchasing processes and better data can both save money and better serve the needs of the armed forces.	\$ 18,000	GAO
End orders for obsolete spare parts and supplies for the Navy		\$ 37,500	GAO
End orders for obsolete spare parts and supplies for the Air Force		\$ 93,500	GAO
Improve Program Execution and Government Operations			
Remove the ceiling on the collection of overpayments from the Supplemental Security Income program	This option would improve the government's ability to recover erroneous payments while still protecting recipients from undue hardship.	\$ 580	CBO 2009 Budget Options
Reduce backlog of buildings owned by the federal government that are "not utilized or underutilized" by 25 percent	The federal government owns more than 55,500 buildings that are "not utilized or underutilized," worth more than \$96 billion, according to OMB. Directing the GSA to reduce this by 25 percent over a period of five years would save taxpayers billions.	\$ 24,000	OMB
Better align payments to teaching hospitals based on actual costs	Re-calibrate payments to cover actual costs for Medicare's graduate medical education program.	\$ 20,500	CBO
Better align Medicare payments to actual activities	Hospitals and providers in some regions of the country are paid as much as twice their counterparts in other areas. These high-cost regions are superb at billing for the most expensive tests and procedures, but the care delivered in these areas is worse than regions which focus on quality, primary care medicine These inflated reimbursement rates for high cost-regions may enrich some region's health industries but they do not improve care for patients.	\$ 11,700	CBO
Eliminate overpayments for housing subsidies	According to GAO, the Department of Housing and Urban Development wastes hundreds of millions of dollars due to "incorrect subsidy determinations by program administrators, unreported tenant income, and incorrect billing."	\$ 4,480	GAO

Saving Mechanism	Explanation	2015 (\$ in millions)	Source
Eliminate education programs that are duplicated or no longer needed	The Leveraging Educational Assistance Partnership (LEAP) program has already met its objectives to incentivize states to provide for student grant programs and is no longer needed. The President has requested that it be eliminated in his FY 2011 Budget Request.	\$ 272	CBO 2009 Budget Options
Return unallocated TARP Funds	According to the Office of Financial Stability, of the \$475 billion that can be committed, \$460 has been committed. Because the banks are no longer at risk, this money should be returned to the Treasury.	\$ 15,000	Office of Financial Stability Monthly 105(a) Report – August 2010
Eliminate National Drug Intelligence Center	This center has been the subject of numerous scandals and its performance has repeatedly been called into question. A year after its inception, the GAO concluded that it duplicates efforts in drug enforcement.	\$ 223	FY 2011 Budget - Dept. of Justice Summary
End Wasteful or Outdated Military Programs and Systems; Align Military Spending with Current Needs			
Cancel production of the V-22 Osprey aircraft that has experienced massive cost overruns and performance issues	This program has come close to being cancelled several times according to the Sustainable Defense Task Force, and has experienced reliability and performance issues. In addition GAO reports that the program has had several scheduling, management, cost and production issues.	\$ 6,164	CBO 2005 Budget Options
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."	\$ 22,500	CBO 2009 Budget Options
Reduce F-35 procurements	Eliminating F-35 procurements for Navy and Marines	\$ 7,400	CBO 2009 Budget Options

Saving Mechanism	Explanation	2015 (\$ in millions)	Source
End spending for high-risk satellites and replace them with lower-cost alternatives	End funding for high-risk satellites, known as the Space Tracking and Surveillance System, that are not needed and can be replaced alternatives at a lower cost to taxpayers. This program has been subject to poor performance, significant delays and cost overruns. According to a House report, an internal DOD study "indicates that ground based radars not only provide a viable alternative to a space based system, but also provide this capability at significantly lower cost and risk."	\$ 5,000	DoD Fiscal Year 2011 Budget Estimates, Missile Procurement
Align nuclear programs with current needs and threats	Reducing the nuclear arsenal to be aligned with current needs is supported by a range of public officials, former military and national security experts, including Sen. John McCain, Secretary of Defense Gates, and 'Consensus for American Security' members Sec. George Shultz, Sen. Chuck Hagel, Gen. Arlen "Dirk" Jameson (U.S. Air Force, RET), Sen. Gary Hart and Adm. William Owens (U.S. Navy, RET).	\$ 56,750	Report of the Sustainable Defense Task Force; Center for Strategic and Budgetary Assessments (CSBA)
Cancel the outdated, unreliable and unneeded Expeditionary Fighting Vehicle	According to GAO, the "program's history of cost growth, schedule slips and performance failures and the current challenges (including changing threats) raise the question of whether the business case for the EFV program (in terms of cost, schedule, and performance) is still sound. It is 14 years behind schedule and is highly unreliable." Secretary Gates also acknowledged that amphibious assault capabilities are no longer a huge need.	\$ 16,309	GAO (assumes 2.5% and 3.5% increase in cost per year for acquisition and units)
Change depots' pricing structure for repairs to be more cost effective	Incentivize unit commanders to use central depots more than their less cost-effective local repair facilities. The CBO and RAND report that for "the Navy, and the Office of the Secretary of Defense, local maintenance can cost from 25 percent more to twice as much as repairs done at the depots."	\$ 1,030	CBO 2009 Budget Options
Total		\$ 600,332	