Cleaning Up After the "Stimulus": A Sweeping New "A to Z Spending Cuts Plan" for the 111th Congress

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Introduction

One year ago, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) – otherwise known as the "stimulus" bill. With ARRA's enactment came promises that the federal spending it contained would boost the economy and in turn help America grow out of at least some of the federal budget shortfalls predicted in years ahead.

It doesn't seem to have turned out that way. The Congressional Budget Office's latest *Budget and Economic Outlook* projects deficits as far as the eye can see, and has boosted its estimate of ARRA's price tag from $787 billion to $862 billion.[1] The ominous point at which gross federal debt of the United States will reach 100 percent of our Gross Domestic Product (GDP) will occur five years sooner than anticipated.[2] Moreover, persistent doubts remain about the oversight of ARRA, the desirability of the projects it funded, and the actual job creation – if any – it spurred.[3]

Today, both elected officials and the American people seem more worried about the effect that ARRA has had on the federal budget deficit, and in turn the impact that persistent borrowing is having on the economy. One attempt to address these concerns was an amendment offered by Senator Judd Gregg (R-NH) to legislation to increase the federal debt limit. Gregg proposed to create a bipartisan commission that would recommend a deficit reduction package to Congress and require a vote on any proposals. Such a commission might have also pushed for tax increases, a proposition that could have been bad news for a still-struggling economy.

Gregg's amendment was defeated, and many taxpayers await concrete proposals for fiscal discipline that do not entail providing more money from their wallets to Washington. Rather than trying to deny their responsibility for creating the current fiscal mess by "outsourcing" solutions, policymakers could instead create rules and procedures to make it easier to recommend and consider budget cuts. This Issue Brief discusses two reforms to facilitate consideration of and action on specific proposals to trim the federal budget: reinstate the "Corrections Calendar" (from the 104th Congress) and revive the "A to Z Spending Cuts Plan" (from the 103rd Congress).

Bias toward Spending

In 1994, David Keating, who was then the Executive Vice President for the National Taxpayers Union,[4] spoke before the House of Representatives' "A to Z Spending Cuts Plan" Conference and said that the proposal should be at the top of the fiscal policy agenda, given the "unacceptable levels" of the national debt and the annual budget deficit.[5] At the time, the deficit stood at $228 billion (in constant dollars) and amounted to 2.9 percent of GDP. The national debt was $4.5 trillion. If those levels were "unacceptable," the current situation would seem to defy any superlative: The federal deficit for FY 2010 is estimated to climb to $1.5 trillion ($1.2 trillion in constant dollars), or approximately 10.5 percent of GDP.[6] And, over the intervening 16 years, the debt has grown to over $12.3 trillion.[7]

One cause behind the worsened deficit is the federal government's response to the economic crisis over the past year and a half. But the budget crunch has much deeper roots. Except for a relatively brief period a decade and a half ago, leaders have devoted much more time and energy toward devising ways to expand the role of the federal government than to limit it. Data from NTUF's BillTally program demonstrates the waning Congressional focus on fiscal restraint. The 104th Congress was launched with an agenda to reform the government and the budget process. When that Congress concluded in 1996, 296 Representatives and Senators had compiled net legislative agendas that would result in lower overall federal expenditures. By the end of the 110th Congress, the number of net budget cutters had dwindled to 21 and the number of bills to increase spending outnumbered spending cut bills by 23 to 1 in the House and 30 to 1 in the Senate. This is a significant increase from the roughly 2 to 1 ratio recorded during the 104th Congress.[8]

As Ronald Reagan once said, "The nearest thing to eternal life we will ever see on this earth is a government program." It is much easier to establish a federal entity than it is to trim or eliminate it. One reason is that existing programs have a ready constituency that is willing to advocate against budget cuts. Additionally, benefits to constituents of a program are more concentrated, while costs to taxpayers are diffuse. If Congress is ever to offset the political bias against spending reductions and accept its share of responsibility, two relatively simple reforms could prove invaluable.

Revive the Corrections Calendar

During the 104th Congress, the "Corrections Calendar" set up time on the floor of the House of Representatives to repeal or amend laws that were considered outdated, harmful, or unnecessary. Its origins stem from the "Consent Calendar," which was created in 1909 as a way to speed up action on noncontroversial legislation. During two days each month, legislation could be passed quickly by unanimous consent of lawmakers without amendment. As other procedures were employed to expedite legislation, the Consent Calendar fell out of use. During the 104th Congress, the Consent Calendar was abolished and replaced with a Corrections Calendar, which was utilized to repeal or revise laws and regulations. Then-House Speaker Newt Gingrich remarked that it would comprise a system to identify "the dumbest things the federal government is currently doing and just abolish them." Eventually, this process also fell into disuse. The last time the House Corrections Calendar Office was staffed was in 2003.[9]

If the Corrections Calendar were revived, Members could bring reform legislation directly to the floor, bypassing Committees and subcommittees that want to protect their turf and oppose limits on their ability to dole out federal dollars. They could also help to level the legislative battleground with interest groups and lobbyists that benefit from the programs such Committees oversee (and who also often "help" the Committees with well-heeled lobbying campaigns). Using a revived Corrections Calendar would increase the odds that reform legislation gets to see the light of day on the floor of the House. Bringing individual proposals to the floor will also help bring accountability and openness to each Member's vote. Taxpayers will know exactly where each lawmaker stands when it comes to specific federal programs.

Revive the "A to Z Spending Cuts Plan"

Originally proposed in the 103rd Congress by Representatives Rob Andrews (D-NJ) and Bill Zeliff (R-NH), an "A to Z Spending Cuts Plan" would create another process in the House to expedite consideration of and voting on proposals to cut spending. While the Corrections Calendar would serve as an ongoing means of addressing spending reforms, the A to Z plan would function more like an intensive budget cutting boot camp. It would create a special 56-hour session during which Members could propose their spending cut ideas.

The cuts could pertain to entitlement as well as discretionary spending, which is key to taming the deficit because entitlements comprise nearly two-thirds of all federal outlays. Rather than consigning bills to Committees for consideration before being sent to the floor, under "A to Z" a proposed cut would earn an hour of debate divided equally between supporters and opponents. Then the provision would face a roll call vote by all Members of the House.[*]

"A to Z List" of Spending Cuts

For the past three decades, NTUF and many other organizations have outlined thousands of opportunities for reductions in government spending. Still, policymakers might be tempted to argue that an A-Z process would be pointless owing to a lack of opportunities. With this objection in mind, here are but a few ideas to merely begin an A-Z session – ideas that nonetheless could save taxpayers up to $670.4 billion. (Except where noted, all dollar figures are for FY 2009 outlays.)

A. American Recovery and Reinvestment Act: $514.8 billion

Repeal remaining "stimulus." According to the latest data available on recovery.gov, $514.8 billion remains unexpended for the Recovery Act's discretionary, mandatory, and tax programs. http://www.recovery.gov/Pages/home.aspx

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[*] During the 103rd Congress, spending cap rules were in place. The plan would have adjusted those spending caps when cuts were passed during the special session in order to ensure that those savings would not be used to fund increases elsewhere.

B. Bank Enterprise Award Program: $22 million

This program was designed to encourage insured depository institutions to increase their level of development activities in distressed communities. The Government Accountability Office reported that the resulting impact of these investments "is difficult to track, but not likely significant."
http://www.gao.gov/new.items/d06824.pdf

C. Cooperative Fishery Statistics: $7 million

Some critics say the entire Commerce Department could be listed for the letter "C," but it has been several years since legislation was drafted to dismantle this hodgepodge bureaucracy. Officials could start anew by paring back some of the programs within Commerce. Only eight states, two territories, and a commission serving the Gulf States are eligible to apply for this federal-state statistics grant program, which was created in 1982.
https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=ec7016f7281f6a5db3b9612580822c78

D. Denali Commission: $36 million

The Denali Commission furnishes infrastructure and development funding to the oil-rich state of Alaska, on top of numerous other federal programs that Alaska's Congressional delegation has become renowned for securing.
https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=0e76b52d5e0decafd295589760b999b3

E. Ethanol Subsidies: $4.37 billion (*foregone tax revenues*)

The Environmental Working Group estimates the annual tab for this subsidy will exceed $6 billion by 2013. Many members of the environmental community argue that government support for ethanol encourages ecologically destructive farming, while others contend that the program artificially inflates food prices.
http://www.ewg.org/book/export/html/27498

F. Federal-State Marketing Improvement Program: $1 million

Funds for this program are used to "assist in exploring new market opportunities for U.S. food and agricultural products," an activity many would argue is best conducted in the private sector.
https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=224abb531519ba354c79be6979009b04

G. Grasslands Reserve Program: $48 million

This is one of many federal initiatives that pay farmers not to grow crops.
http://www.whitehouse.gov/omb/budget/fy2010/assets/agr.pdf

H. Helium Resource Management: $7 million

Even though the government's Helium Reserve was put on a course to privatization in 1996, this program maintains a system of subsidies to ensure that we will have enough of the gas to maintain our fleet of blimps and provide for other government uses in a time of national crisis. Fourteen years later, perhaps Washington could find another way. https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=9195aa768bb51b206398246e5618b8d8

I. Inter-City Bus Security Grant Program: $12 million

This program was targeted for cuts in President Obama's 2010 Budget and also in President Bush's 2009 Budget because "the awards are not based on risk assessments." http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf

J. Javits Gifted and Talented Education Program: $7 million

Like the one above, both the current and previous Administrations sought to eliminate this program for not being effective. http://www.whitehouse.gov/omb/budget/fy2010/assets/trs.pdf

K. Kids.gov: (*Cost Unknown)*

Kids.gov is one of a group of websites maintained by Federal Citizens Information Center in the U.S. General Services Administration that collectively costs $11 million. This portal also links to child-oriented websites available from other federal entities. Savings could be achieved if federal agencies and departments focused on their core missions and dropped the "edu-tainment" content on their pages, such as the Federal Emergency Management Agency's "FEMA Rap for Kidz."[10]

L. Local Government Climate Change Grants: $10 million

Administered by the Environmental Protection Agency, this grant-making initiative was criticized in President Bush's Fiscal Year 2009 Budget because it "lacks guidance, defined outcomes, and an effective means of targeting funds. Moreover, the program duplicates more substantial efforts underway across the Federal Government, and the scope of the new program is too broad to effectively compare competing grant proposals and target funds." http://www.whitehouse.gov/omb/budget/TRS/

M. Manufacturing Extension Partnership: $92 million

This program, which somewhat resembles item "F" in purpose, has long been criticized as a prime example of "corporate welfare." https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=dbac0019832dbeba154f6cfeab641d4d

N. National Institute for Literacy: $6 million

As the Obama Administration puts it, this program's "activities have had limited value in providing national leadership on literacy issues." http://www.whitehouse.gov/omb/budget/TRS/

O. Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers: $8 million

Agricultural policy experts have cited this program as being outdated. https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=1f9fd5bc43c07b13b83a662c838ae8bd&cck=1&au=&ck=

P. Corporation for Public Broadcasting: $461 million

In the era of the Internet and digital television, should taxpayers have to subsidize programming whose audience is disproportionately upper-income? http://www.whitehouse.gov/omb/budget/fy2010/assets/oia.pdf

Q. Council on Environmental Quality and Office of Environmental Quality: $3 million

This redundant entity resides within the Executive Office of the President and "serves as the focal point for environmental policy development within the Administration." http://www.whitehouse.gov/omb/budget/fy2010/assets/eop.pdf

R. Resource Conservation and Development Program: $51 million

Even this far into the alphabet, it is not difficult to find items targeted for cuts by both the current and former Presidential Administrations. From a 2009 Budget supporting document: "First begun in 1962, this program has outlived its need for Federal support." http://www.whitehouse.gov/omb/budget/TRS/

S. Safety Belt Performance Grants: $125 million

These grants encourage states to enact and enforce safety belt laws, even though 49 states have some kind of "primary" or "secondary" law pertaining to this area. https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=0111523eff78b074cb3b8255273ce93b

T. Troubled Asset Relief Program (TARP): $150 billion

This controversial program, established in response to a financial crisis, has had debatable effects. It has since been extended to the auto industry, and now policymakers are exploring even more dubious ways to expend remaining funds. Ending TARP now would likewise put an end to these ventures.*

U. Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Fund: $40 million

This program, which began in 2007, provides research grants to universities and smaller oil companies. Although the Administration and Congress have aimed many punitive and destructive tax and regulatory proposals at the petroleum industry, more free-market competition and less government intervention are likelier to spur this kind of research. http://www.whitehouse.gov/omb/budget/fy2010/assets/doe.pdf

V. Value-Added Producer Grants: $20 million

The purpose of these payments, as follows, has earned significant opposition from those who believe that agricultural products should stand on their own merits: "To assist eligible independent agricultural commodity producers, agriculture producer groups, farmer and rancher cooperatives, and majority-controlled producer-based businesses in developing strategies and business plans to further refine or enhance their products, thereby increasing their value to end users and increasing returns to producers." https://www.cfda.gov/index?s=program&mode=form&tab=step1&id=faf48ef37c7146f99e041a93b1bb2916

W. Wool and Mohair Price Support: $8 million

This program gained notoriety when it was revealed that ABC News reporter and absentee-rancher Sam Donaldson was the recipient of $97,000 in subsidies in the early 1990s. http://www.whitehouse.gov/omb/budget/fy2010/assets/agr.pdf

X. Ex-Presidential Pensions and Perks: $3 million

Former Presidents receive millions in lifetime pension benefits, provided at taxpayer expense. For example, the National Taxpayers Union calculates that President George W. Bush is eligible for a lifetime payout of $5.56 million. Ex-Chief Executives also receive staff, travel, mail, and office expense reimbursements that ranged from $518,300 (Carter) to $1.16 million (Clinton) apiece for Fiscal Year 2008. The General Services Administration oversees these funds and spent $3 million in FY 2009. In the mid-1990s an attempt was made in Congress to put a time limit on each ex-President's funding, but lifetime benefits were restored.
http://www.ntu.org/main/press.php?PressID=1084&org_name=NTU
http://www.whitehouse.gov/omb/budget/fy2010/assets/gsa.pdf

Y. Yucca Mountain Nuclear Repository: $197 million

* Although $300 billion in TARP funds remain unspent, CBO reports that "the budget resolution baseline reflected an estimated average subsidy of 50 percent for the use of uncommitted TARP authority." This means that if all the remaining funds were spent, the government could expect to get half of the amount paid back. http://www.cbo.gov/doc.cfm?index=10996&zzz=40119.

In the 2010 Budget, the Administration determined that developing a repository at Yucca Mountain "is not a workable option." Despite this, the *Las Vegas Review-Journal* reports that the executive branch is proceeding with options to construct the site: "Department of Energy lawyers are forging ahead with their defense of a license application to build the nation's nuclear waste repository at Yucca Mountain. ... Yucca Mountain Project spokesman Allen Benson confirmed that the Energy Department would use $197 million Congress appropriated this year for the pursuit of a license."
http://www.whitehouse.gov/omb/budget/fy2010/assets/doe.pdf
http://www.lvrj.com/news/licensing-efforts-continue-79202892.html

Z. Smithsonian National Zoological Park: $27 million (FY 2008)

This good, "free" zoo ought to be able to stand on its own legs, or with a minimal admission charge. (*Full disclosure: the author is a contributing member of Friends of the National Zoo, which supports the mission of the National Zoo through membership donations. Hat tip: Martin L. Gross listed this item in his 1992,* The Government Racket: Washington Waste from A to Z.[11])
http://newsdesk.si.edu/factsheets/nzp_fact-sheet.htm

<u>*About the Author*</u>

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Notes

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[1] Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020,* January 2010, http://www.cbo.gov/ftpdocs/108xx/doc10871/AppendixA.shtml#1097121.

[2] National Taxpayers Union Foundation, "Citizen Group Offers '10 Frightening Facts' on Obama's Budget," February 1, 2010, http://www.ntu.org/main/press.php?PressID=1148&org_name=NTUF.

[3] See, for example, Office of Senator Chuck Grassley, "Grassley Asks Orszag to Explain Reporting Requirements for Recipients of Stimulus Dollars," February 3, 2010, http://finance.senate.gov/press/Gpress/2010/prg020310b.pdf; CNN, "CNN Poll: 3 of 4 Americans Say Much of Stimulus Money Wasted," January 25, 2010, http://www.cnn.com/2010/POLITICS/01/25/poll.stimulus.money/index.html; Matt Kelley, "Jobs Reports 'Riddled with Inaccuracies,'" *USA Today*, http://www.usatoday.com/news/washington/2009-11-19-stimulus-jobs_N.htm?obref=obinsite; and, Associated Press, "Analysis: Stimulus Has Failed to Create Employment," January 12, 2010, http://www.pittsburghlive.com/x/pittsburghtrib/news/nation/s_661738.html.

[4] National Taxpayers Union Foundation is the research and educational arm of the National Taxpayers Union.

[5] David Keating, "Statement on Spending Reduction Proposals before the 'A to Z Spending Cuts Plan' Conference, U.S. House of Representatives," July 12, 1994.

[6] Bill Nichols, "Federal Deficit Hits All Time High," *Politico*, January 14, 2010, http://www.politico.com/news/stories/0110/31479.html and Financial Forecast Center, http://forecasts.org/gdp.htm.

[7] U.S. Department of the Treasury, http://www.treasurydirect.gov/govt/reports/pd/mspd/2009/2009_dec.htm.

[8] Demian Brady, "The 110th Congress: Meet the New Boss ... Same as the Old Boss?" National Taxpayers Union Foundation, October 29, 2009, http://www.ntu.org/main/press_papers.php?PressID=1123&org_name=NTUF.

[9] LegiStorm data, http://www.legistorm.com/office/House_Corrections_Calendar_Office/1603.html.

[10] http://www.fema.gov/kids/femarap.htm.

[11] Martin L. Gross, *The Government Racket: Washington Waste from A to Z*, Bantam Books, 1992.