A BUDGET FOR A

Better America

PROMISES KEPT. TAXPAYERS FIRST.

Major Savings and Reforms

FISCAL YEAR 2020
BUDGET OF THE U.S. GOVERNMENT

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THE BUDGET DOCUMENTS

Budget of the United States Government, Fiscal Year 2020 contains the Budget Message of the President, information on the President's priorities, and summary tables.

Analytical Perspectives, Budget of the United States Government, Fiscal Year 2020 contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective. This volume includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; information on Federal borrowing and debt; baseline or current services estimates; and other technical presentations.

Supplemental tables and other materials that are part of the *Analytical Perspectives* volume are available at *https://www.whitehouse.gov/omb/analytical-perspectives/*.

Appendix, Budget of the United States Government, Fiscal Year 2020 contains detailed information on the various appropriations and funds that constitute the budget and is designed primarily for the use of the Appropriations Committees. The *Appendix* contains more detailed financial information on individual programs and appropriation accounts than any of the other budget documents. It includes for each agency: the proposed text of appropriations language; budget schedules for each account; legislative proposals; narrative explanations of each budget account; and proposed general provisions applicable to the appropriations of entire agencies or group of agencies. Information is also provided on certain activities whose transactions are not part of the budget totals.

Major Savings and Reforms, Fiscal Year 2020, which accompanies the President's Budget, contains detailed information on major savings and reform proposals. The volume describes both major discretionary program eliminations and reductions and mandatory savings proposals.

BUDGET INFORMATION AVAILABLE ONLINE

The President's Budget and supporting materials are available online at *https://www.whitehouse.gov/omb/budget/*. This link includes electronic versions of all the budget volumes, supplemental materials that are part of the *Analytical Perspectives* volume, spreadsheets of many of the budget tables, and a public use budget database. This link also includes *Historical Tables* that provide data on budget receipts, outlays, surpluses or deficits, Federal debt, and Federal employment over an extended time period, generally from 1940 or earlier to 2020 or 2024. Also available are links to documents and materials from budgets of prior years.

The budget documents and other supplemental materials included at this link were previously included on the Budget CD-ROM, which is no longer made available.

For more information on access to electronic versions of the budget documents, call (202) 512-1530 in the D.C. area or toll-free (888) 293-6498. To purchase the printed documents call (202) 512-1800.

GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted. All years referenced for economic data are calendar years unless otherwise noted.
2. At the time the Budget was prepared, five of the annual appropriations bills for 2019 had been enacted (the Energy and Water Development and Related Agencies Appropriations Act, 2019; the Legislative Branch Appropriations Act, 2019; the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2019; the Department of Defense Appropriations Act, 2019; and the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2019). The programs and activities provided for in the seven remaining 2019 annual appropriations bills were operating under a continuing resolution (Public Law 115-245, as amended). For these programs, references to 2019 spending in the text and tables reflect the levels provided by the continuing resolution (except for the *Major Savings and Reforms* (MSV) volume which was written following enactment of all appropriations and reflects 2019 enacted for all programs).
3. Detail in this document may not add to the totals due to rounding.

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Major Savings and Reforms in the President's 2020 Budget

This volume describes major savings and reform proposals included in the 2020 President's Budget. It includes both discretionary and mandatory savings proposals that work to bring Federal spending under control. Overall, the spending reduction included in the 2020 President's Budget would reduce deficits by $2.7 trillion over the budget window.

Most of the eliminations and reductions in this volume reflect a continuation of policies proposed in the 2018 and 2019 President's Budgets that have not yet been enacted by the Congress and highlight the Administration's efforts to eliminate wasteful or unnecessary spending.

Projected annual deficits are on the verge of exceeding $1 trillion a year, and the national debt is over $22 trillion. It is imperative that the Congress take meaningful action to refocus Federal priorities and reign in spending. The savings and reform proposals detailed in this volume encompass an aggressive set of actions to redefine the proper role of the Federal Government, curtail those programs that fail to efficiently and effectively deliver promised outcomes to the American people, and contribute to the President's goal of a five percent reduction to non-defense discretionary spending.

In total, this volume highlights 2020 proposed savings of $48.8 billion in discretionary programs, including $28 billion in program eliminations and $20.8 billion in reductions. Overall, the 2020 President's Budget sticks to the current law discretionary caps for both defense and non-defense spending. Since discretionary spending is a main driver of the Federal deficit in the near term, capping its growth is crucial to securing a sound fiscal future.

The volume also describes the major mandatory savings proposals summarized in Table S-6 of the *Budget* volume. These mandatory savings proposals reduce costs and improve efficiency of programs across the Federal Government. These proposals include brief descriptions of several legislative proposals to reduce improper payments. A full description of the Administration's strategy and proposals for bolstering payment integrity is included in the Payment Integrity chapter of the *Analytical Perspectives* volume.

The Administration will continue to build on these proposals in order to implement the President's charge to reform the Federal Government and reign in Federal spending. The savings and reform proposals described in this volume continue, and expand on, the Administration's efforts to put the taxpayers first.

MAJOR DISCRETIONARY ELIMINATIONS
(Budget Authority in Millions)

	2019 Enacted	2020 Request	2020 Change from 2019
Agriculture			
McGovern-Dole International Food for Education	210	---	-210
Rural Business and Cooperative Programs	80	---	-80
Single Family Housing Direct Loans	67	---	-67
Total, Agriculture	**357**	**---**	**-357**
Commerce			
Economic Development Administration	294	30	-264
Manufacturing Extension Partnership	140	5	-135
National Oceanic and Atmospheric Administration Grants and Education	276	---	-276
Total, Commerce	**710**	**35**	**-675**
Education			
21st Century Community Learning Centers	1,222	---	-1,222
Comprehensive Literacy Development Grants	190	---	-190
Federal Supplemental Educational Opportunity Grants	840	---	-840
Gaining Early Awareness and Readiness for Undergraduate Programs	360	---	-360
Impact Aid Payments for Federal Property	74	---	-74
International Education	72	---	-72
Promise Neighborhoods	78	---	-78
Statewide Longitudinal Data Systems	32	---	-32
Strengthening Institutions	100	---	-100
Student Support and Academic Enrichment Grants	1,170	---	-1,170
Supporting Effective Instruction State Grants	2,056	---	-2,056
Teacher Grant Programs			
Supporting Effective Educator Development	75	---	-75
Teacher Quality Partnership	43	---	-43
Technical Assistance Programs			
Comprehensive Centers	52	---	-52
Regional Education Labs	55	---	-55
Total, Education	**6,419**	**---**	**-6,419**
Energy			
Advanced Research Projects Agency - Energy	366	-287	-653
Department of Energy Loan and Loan Guarantee Programs	19	-169	-188
Total, Energy	**385**	**-456**	**-841**
Health and Human Services			
Agency for Healthcare Research and Quality	338	---	-338
Community Services Block Grant	725	---	-725
Health Workforce Programs	627	200	-427
Low Income Home Energy Assistance Program	3,690	---	-3,690
Total, Health and Human Services	**5,380**	**200**	**-5,180**
Homeland Security			
Transportation Security Administration Law Enforcement Grants	46	---	-46
Total, Homeland Security	**46**	**---**	**-46**
Housing and Urban Development			
Choice Neighborhoods	150	---	-150
Community Development Block Grant	3,300	---	-3,300
HOME Investment Partnerships Program	1,250	---	-1,250
Self-Help and Assisted Homeownership Opportunity Program Account	54	---	-54
Total, Housing and Urban Development	**4,754**	**---**	**-4,754**

MAJOR DISCRETIONARY ELIMINATIONS—Continued
(Budget Authority in Millions)

	2019 Enacted	2020 Request	2020 Change from 2019
Interior			
Abandoned Mine Land Grants	115	---	-115
Centennial Challenge Fund	20	---	-20
Heritage Partnership Program	20	---	-20
Indian Guaranteed Loan Program	11	1	-10
National Wildlife Refuge Fund	13	---	-13
Total, Interior	**179**	**1**	**-178**
Justice			
State Criminal Alien Assistance Program	244	---	-244
Total, Justice	**244**	**---**	**-244**
Labor			
Indian and Native American Program	55	---	-55
Migrant and Seasonal Farmworker Training	89	---	-89
OSHA Training Grants	11	---	-11
Senior Community Service Employment Program	400	---	-400
Total, Labor	**555**	**---**	**-555**
State and U.S. Agency for International Development			
Earmarked Appropriations for Non-Profit Organizations			
The Asia Foundation	17	---	-17
East-West Center	17	---	-17
Economic and Development Assistance Accounts			
Development Assistance	3,000	---	-3,000
Assistance for Europe, Eurasia and Central Asia	760	---	-760
P.L. 480 Title II Food Aid	1,716	---	-1,716
Total, State and U.S. Agency for International Development	**5,510**	**---**	**-5,510**
Treasury			
International Fund for Agricultural Development	30	---	-30
Total, Treasury	**30**	**---**	**-30**
National Aeronautics and Space Administration			
Office of STEM Engagement	110	---	-110
Two Earth Science Missions	179	---	-179
WFIRST Space Telescope	312	---	-312
Total, National Aeronautics and Space Administration	**601**	**---**	**-601**
Other Independent Agencies			
Chemical Safety Board	12	10	-2
Corporation for National and Community Service	1,083	117	-966
Corporation for Public Broadcasting	465	30	-435
D.C. Tuition Assistance Grants	40	---	-40
Institute of Museum and Library Services	242	23	-219
International Development Foundations			
African Development Foundation	30	5	-25
Inter-American Foundation	22	3	-19
Legal Services Corporation	415	18	-397
National Endowment for the Arts	155	29	-126
National Endowment for the Humanities	155	38	-117
Neighborhood Reinvestment Corporation	152	27	-125
Regional Commissions			
Delta Regional Authority	25	3	-22
Denali Commission	17	7	-10
Northern Border Regional Commission	20	1	-19
U.S. Trade and Development Agency	80	12	-68
Woodrow Wilson International Center for Scholars	12	8	-4
Total, Other Independent Agencies	**2,925**	**331**	**-2,594**
Total Major Discretionary Eliminations	**28,095**	**111**	**-27,984**

MAJOR DISCRETIONARY REDUCTIONS
(Budget Authority in Millions)

	2019 Enacted	2020 Request	2020 Change from 2019
Agriculture			
Economic Research Service	87	61	-26
Forest and Rangeland Research	300	255	-45
Total, Agriculture	**387**	**316**	**-71**
Departments of Agriculture and the Interior			
Federal Land Acquisition	220	33	-187
Total, Departments of Agriculture and the Interior	**220**	**33**	**-187**
Education			
Federal TRIO Programs	1,060	950	-110
Federal Work-Study	1,130	500	-630
Total, Education	**2,190**	**1,450**	**-740**
Energy			
Applied Energy Programs	4,687	2,264	-2,423
Total, Energy	**4,687**	**2,264**	**-2,423**
Health and Human Services			
National Institute for Occupational Safety and Health	336	190	-146
National Institutes of Health Topline	38,015	33,477	-4,538
Office of the National Coordinator for Health Information Technology	60	43	-17
Total, Health and Human Services	**38,411**	**33,710**	**-4,701**
Homeland Security			
Federal Emergency Management Agency State and Local Grants/Training	2,232	1,541	-691
Flood Hazard Mapping and Risk Analysis Program	263	100	-163
Total, Homeland Security	**2,495**	**1,641**	**-854**
Housing and Urban Development			
Grants to Native American Tribes and Alaska Native Villages	820	600	-220
Rental Assistance Programs	42,635	37,929	-4,706
Total, Housing and Urban Development	**43,455**	**38,529**	**-4,926**
Justice			
COPS Hiring Program	228	99	-129
Prison Construction Funding	---	-505	-505
Total, Justice	**228**	**-406**	**-634**
Labor			
Bureau of International Labor Affairs	86	19	-67
Job Corps	1,719	1,016	-703
Total, Labor	**1,805**	**1,035**	**-770**
State and U.S. Agency for International Development			
Educational and Cultural Exchanges	701	310	-391
International Organization Contributions	1,724	1,014	-710
Peacekeeping	1,551	1,136	-415
Total, State and U.S. Agency for International Development	**3,976**	**2,460**	**-1,516**

MAJOR DISCRETIONARY REDUCTIONS—Continued

(Budget Authority in Millions)

	2019 Enacted	2020 Request	2020 Change from 2019
Transportation			
Capital Investment Grants (New Starts)	2,553	1,505	-1,048
Essential Air Service	175	125	-50
Grants to Amtrak			
Amtrak NEC	650	325	-325
Amtrak National Network	1,292	611	-681
Railroad Safety User Fee	---	-50	-50
Total, Transportation	**4,670**	**2,516**	**-2,154**
Treasury			
Community Development Financial Institutions Fund	250	-11	-261
Special Inspector General for the Troubled Asset Relief Program	23	18	-5
Total, Treasury	**273**	**7**	**-266**
Environmental Protection Agency			
Categorical Grants	1,077	580	-497
Energy Star and Voluntary Climate Programs	66	---	-66
Geographic Programs	457	37	-420
Research and Development	478	259	-219
Total, Environmental Protection Agency	**2,078**	**876**	**-1,202**
National Aeronautics and Space Administration			
Space Launch System rocket	198	---	-198
Total, National Aeronautics and Space Administration	**198**	**---**	**-198**
Other Independent Agencies			
U.S. Agency for Global Media	808	628	-180
U.S Institute of Peace	39	19	-20
Total, Other Independent Agencies	**847**	**647**	**-200**
Total Major Discretionary Reductions	**105,920**	**85,078**	**-20,842**

MANDATORY SAVINGS PROPOSALS
(Outlays and Receipts in Millions of Dollars)

	Five-Year Savings 2020-2024	Ten-Year Savings 2020-2029
Multi-Agency		
Conduct Spectrum Auctions Below Six Gigahertz	-600	-6,600
Eliminate Allocations to the Housing Trust Fund and Capital Magnet Fund	-1,134	-3,083
Empowering States and Consumers to Reform Healthcare	-106,478	-658,574
Reform Federal Disability Programs and Improve Payment Integrity	-10,866	-83,771
Reform Medical Liability	-6,836	-31,511
Agriculture		
Eliminate Food for Progress Food Aid Program	-830	-1,660
Establish Agricultural Marketing Service User Fee	-100	-200
Establish Animal and Plant Health Inspection Service User Fee	-114	-238
Establish Food Safety and Inspection Service User Fee	-2,640	-5,940
Establish Packers and Stockyards Program User Fee	-125	-250
Improve Child Nutrition Program Integrity	-679	-1,719
Reform Commodity Purchases Under Section 32	-2,272	-5,130
Reform the Supplemental Nutrition Assistance Program	-102,950	-219,781
Reforms to Agricultural Subsidies, Payments, and Other Programs	-19,294	-46,106
Commerce		
Lease Shared Secondary Licenses	-235	-620
Education		
Create Single Income-Driven Student Loan Repayment Plan	-44,883	-129,155
Eliminate Account Maintenance Fee Payments to Guaranty Agencies	-501	-501
Eliminate Public Service Loan Forgiveness	-18,979	-53,013
Eliminate Subsidized Student Loans	-10,610	-24,347
Reduce Improper Payments in Pell Grants	-97	-215
Energy		
Divest the Power Marketing Administrations' Transmission Assets	-4,439	-6,606
Reform the Laws Governing How the Power Marketing Administrations Establish Power Rates	-1,299	-2,743
Repeal Borrowing Authority for Western Area Power Administration	-290	-515
Health and Human Services		
Eliminate the Social Services Block Grant	-8,092	-16,592
Introduce a New Minimum Required Contribution for Premium Tax Credits	-345	-345
Medicaid: Address Wasteful Spending, Fraud, and Abuse	-5,312	-39,007
Medicaid: Drug Pricing and Payment Improvements	-818	-1,887
Medicaid: Other Reforms	-60,490	-143,020
Medicare: Address Wasteful Spending, Fraud, and Abuse	-145,312	-456,895
Medicare: Drug Pricing and Payment Improvements	-19,555	-67,360
Reduce the Grace Period for Exchange Premiums	-78	-78
Reimagine the Safety Net and Reform Temporary Assistance for Needy Families	-9,907	-20,801
Strengthen the Child Support Enforcement Program	-415	-1,725
Homeland Security		
Establish an Immigration Services Surcharge	-2,396	-5,089
Extend Expiring Customs and Border Protection Fees	---	-11,088
Increase Customs User Fees	-968	-2,201
Increase Immigation User Fees	-88	-150
Increase Worksite Enforcement Penalties	-72	-147
Reauthorize the Oil Spill Liability Trust Fund Excise Tax	-2,570	-5,282

MANDATORY SAVINGS PROPOSALS—Continued

(Outlays and Receipts in Millions of Dollars)

	Five-Year Savings 2020-2024	Ten-Year Savings 2020-2029
Interior		
Cancel Southern Nevada Public Lands Management Act Balances	-230	-230
Repeal Enhanced Geothermal Payments to Counties	-20	-40
Labor		
Establish an Unemployment Insurance Solvency Standard	-2,052	-7,727
Improve Pension Benefit Guaranty Corporation Multiemployer Solvency	-7,728	-17,918
Improve Unemployment Insurance Program Integrity	-1,103	-2,233
Reform the Federal Employees' Compensation Act	-122	-220
Reform the Trade Adjustment Assistance Program	-607	-849
Treasury		
Debt Collection Proposals		
Increase Collections of Delinquent Federal Non-tax Debt	-160	-320
Increase and Streamline Recovery of Unclaimed Assets	-30	-60
Implement Tax Enforcement Program Integrity Cap Adjustment	-5,421	-32,525
Improve Tax Administration		
Increase Oversight of Paid Tax Return Preparers	-191	-507
Provide More Flexible Authority for the IRS to Address Correctable Errors	-7,712	-17,426
Improve Clarity in Worker Classification and Information Reporting Requirements	-711	-2,167
Expand Mandatory Electronic Filing of W-2s	-177	-319
Require a Social Security Number that is Valid for Employment to Claim the EITC, Child Tax Credit, and Credit for Other Dependents	-29,259	-67,900
Increase and Extend Guarantee Fee Charged by Government Sponsored Enterprises	-10,209	-31,714
Veterans Affairs		
Cap Post-9/11 GI Bill Flight Training Programs at Public Schools	-150	-329
Reinstate COLA Round-Down	-651	-2,065
Standardize and Enhance VA Compensation and Pension Benefit Programs	-1,367	-2,699
Corps of Engineers		
Divest the Washington Aqueduct	-123	-123
Reform Inland Waterways Financing	-890	-1,780
General Services Administration[1]		
Increase Employee Contributions to 50 Percent of Cost, Phased in at One Percent per Year	-21,835	-78,811
Modify the Government Contribution Rate to Federal Employees Health Benefits Program Premiums	-565	-1,884
Reduce Federal Retirement Benefits	-32,239	-98,018
Other Independent Agencies		
Divest Tennessee Valley Authority Transmission Assets	-4,886	-5,506
Eliminate the Securities and Exchange Commission Reserve Fund	-158	-408
Enact Spectrum License User Fee	-1,450	-3,950
Reform the Postal Service	-39,099	-98,227
Restructure the Consumer Financial Protection Bureau	-2,112	-5,009

[1] The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation. For additional information on this reorganization proposal, please consult the Reorganization chapter of the *Analytical Perspectives* volume.

DISCRETIONARY
ELIMINATIONS AND REDUCTIONS

REDUCTION: ECONOMIC RESEARCH SERVICE

Department of Agriculture

The Budget reflects the Administration's effort to bring Federal programs closer to the citizens it serves. Moving the Economic Research Service (ERS) outside the national capital region would bring researchers closer to rural America and other agricultural institutions and would result in potential savings in personnel and facilities costs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	87	61	-26

Justification

The core mission of ERS is to inform and enhance public and private decision making on a broad range of economic and policy issues related to agriculture, food, natural resources, and rural America. ERS also provides statistical indicators that gauge the health of the farm sector. The Budget would eliminate low priority research that is duplicative of research at land-grant universities, while still supporting ERS's core mission to develop the statistics needed to measure economic concepts in a dynamic farm and agricultural sector.

Last summer, the Administration proposed to bring these Federal resources closer to the stakeholders the U.S. Department of Agriculture (USDA) serves by moving ERS outside of the national capital region. This relocation would improve USDA's ability to attract and retain highly qualified staff with training and interests in agriculture, many of whom come from the land-grant universities dispersed across rural America. This proposal would also benefit the American taxpayers. There would be potential for savings on employment costs given that the 28 percent locality pay for the national capital region is higher than the national average as well as potential savings on facilities and operations.

REDUCTION: FOREST AND RANGELAND RESEARCH

Department of Agriculture

The Budget proposes to reorient the Forest Service Research and Development (R&D) mission in accordance with the agency's new National Research Plan that will focus Forest Service R&D on the most immediate needs of National Forest System land managers and their cooperating partners in State and private forestry, with a particular emphasis on wildfire research and the Forest Inventory and Analysis program.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Forest and Rangeland Research	300	255	-45

Justification

The Forest Service has struggled for many years to adequately evaluate the relevance of its research agenda, the inefficiencies in resource allocation and spending, and the delivery of research results.[1] Moreover, agency priorities in resource allocation are rapidly evolving in the wake of several years of destructive wildfire activity. Acknowledging these changes in agency priorities, and that both internal and external end users are not fully benefiting from the Agency's research products, the Forest Service is developing a major revision to their research mission, articulated in a new National Research Plan. The Budget supports this new national research plan to eliminate inefficient staffing and facilities, better support priority research in wildfire suppression and the highly-valued forest inventory and analysis database, while reducing or eliminating lower priority research in recreation, bioenergy and urban stewardship. Local and private industry stakeholders are better positioned to prioritize efficient investment in these areas.

Citations

[1] Government Accountability Office*, Forest Service Research and Development: Improvements in Delivery of Research Results Can Help Ensure That Benefits of Research Are Realized,* GAO-11-12, (October 2010).

ELIMINATION: MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION

Department of Agriculture

The Budget proposes to eliminate the McGovern-Dole International Food for Education (McGovern-Dole) program because it has high costs associated with transporting commodities and it has unaddressed oversight and performance monitoring challenges.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	210	0	-210

Justification

McGovern-Dole provides for the donation of U.S. agricultural commodities, and associated technical and financial assistance, to carry out preschool and school feeding programs in foreign countries. Research shows that school feeding programs in developing countries are usually high-cost investments with little to no returns, and are usually ineffective in achieving their goal to improve nutrition and learning outcomes. Outcomes are generally measured by weight and height gain, and math performance and intelligence tests, respectively.[1] This is because, while these programs feed children, they have implementation challenges in developing countries and create a substitution effect, meaning children consume less at home once they receive a meal at school. In addition, during the 16-year operation of McGovern-Dole, auditors have found oversight weaknesses as reported by the Government Accountability Office (GAO), independent consultants, and the Department of Agriculture's Office of Inspector General.[2] GAO has found weaknesses in performance monitoring, program evaluations, and prompt closeout of agreements.[3] GAO has also found inefficiencies with in-kind food aid, such as McGovern-Dole, resulting in higher costs.

Some argue that McGovern-Dole increases U.S. agricultural trade opportunities while supporting U.S. farmers by donating surplus commodities abroad that could otherwise result in lower prices for U.S. farmers domestically. However, the amount of U.S. commodities purchased by McGovern-Dole is a negligible portion of U.S. agricultural production and exports. Some also argue that McGovern-Dole increases enrollment and educational outcomes in developing countries. Although school feeding programs can be configured to increase enrollment, the increased enrollment doesn't generally correlate well with improved attendance or, more importantly, with improved educational outcomes. However, research has shown that small cash payments conditioned on school enrollment tend to produce the same results at a much lower cost.

Citations

[1] The United Nations University, Food and Nutrition Bulletin, *School feeding: Outcomes and Costs,* Vol. 30 No. 2, (June 2009).

[2] Morgan Franklin Consulting, *Foreign Agricultural Service: Food for Progress and McGovern Dole Program Assessment,* (September 2013).

[3] Government Accountability Office, *International School Feeding: USDA's Oversight of the McGovern-Dole Food for Education Program Needs Improvement,* (May 2011).

ELIMINATION: RURAL BUSINESS AND COOPERATIVE PROGRAMS

Department of Agriculture

The Budget proposes to eliminate discretionary and mandatory funding for several rural business and cooperative programs, given findings that they have failed to meet the program goals, are duplicative of private sector assistance, and have been improperly managed.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	80	0	-80

Justification

The U.S. Department of Agriculture's (USDA) Rural Business and Cooperative programs were designed to increase economic opportunity in rural America.

Year after year, the Government Accountability Office includes the Rural Business & Cooperative Service (RBS) in its annual report on fragmentation, overlap, and duplication. Furthermore, USDA's Inspector General found its largest grant program to be improperly managed.[1] These programs are wasteful because they provided $1.3 billion over 10 years to successful businesses that qualify for private sector capital and do not justify grant assistance. In addition, these programs have not been able to demonstrate that they meet the broader goals of reducing rural poverty, out-migration, or unemployment. USDA has still not taken action to fulfill the statutory requirement in the 2014 Farm Bill that requires the Secretary of Agriculture to collect data regarding economic activities created through several RBS programs, and to submit a periodic report to the Congress on the findings.

The Administration's tax, regulatory, and infrastructure policies are expected to be more effective at improving rural economies and job growth.

Citations

[1] United States Department of Agriculture, Office of Inspector General, *Rural Energy for America Program Audit Report*, 34001-0001-21, (August 2016).

ELIMINATION: SINGLE FAMILY HOUSING DIRECT LOANS

Department of Agriculture

The Budget proposes to eliminate funding for the U.S. Department of Agriculture's (USDA) rural single family housing direct loan program. USDA would continue to offer home ownership assistance through its single family housing guaranteed loans. Financial markets are now more efficient than when the direct loan program was created, which has increased the reach of mortgage credit to borrowers with lower credit qualities and incomes. Utilizing the private banking industry to provide home loans, with a guarantee from the Government, is a more efficient way to deliver this assistance.

Funding Summary

(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	67	0	-67

Note: Loan Level provided in 2019 was $1 billion.

Justification

Historically, USDA has offered both direct and guaranteed homeownership loans. The direction of Rural Development's single family housing mortgage assistance over the last two decades has been toward guaranteed loans. For example, the single family housing guaranteed loan program has grown from $100 million in 1990 to $24 billion today, while the single family direct loan level has remained at approximately $1 billion. Moreover, current mortgage rates continue to be low, which has resulted in minimizing the benefit of the subsidized interest rate offered as part of USDA's single family direct loan program. Further, rural areas once isolated from easy access to credit have shrunk as broadband internet access and on-line lending have grown.

Given that graduating to private credit is a goal of the direct loan program, pointing borrowers to commercial credit with a Federal guarantee is a preferred way to achieve the USDA policy goal of providing homeownership opportunities to low-income, rural residents. USDA is now in a position to utilize solely the guarantee program and still achieve the Administration's home ownership goals for rural areas at a lower cost to the taxpayers.

REDUCTION: FEDERAL LAND ACQUISITION

Departments of Agriculture and the Interior

The Budget proposes to reduce funding for land acquisition to $33 million at the Department of the Interior (DOI) and to eliminate funding at the Department of Agriculture's Forest Service (FS). DOI and FS are already responsible for managing roughly 700 million acres of land and have maintenance backlogs of close to $20 billion. Rather than acquiring additional lands that the Federal Government cannot afford to maintain, these agencies should focus available resources on the management of existing lands and assets.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	220	33	-187

Note: The 2020 Request level does not include a proposed cancellation of -$25 million. Totals include funding for the Highlands Conservation Act and American Battlefield Protection programs.

Justification

The Department of the Interior (DOI) and the Department of Agriculture's Forest Service (FS) use land acquisition funds to purchase land added to the Federal estate. The Departments prioritize land purchases that promote recreational access and resource protection and often focus on acquiring in-holdings, parcels within boundaries of current public lands. DOI and FS already own close to 700 million acres of land that account for more than a quarter of all the land in the United States. These agencies are currently struggling to address maintenance backlogs that have grown to almost $20 billion. At national parks alone, the backlog of needed repairs is over $11 billion and includes deteriorating national memorials, roads, bridges, and water infrastructure. Yet, year after year, DOI and FS continue to add land to the federal estate, which typically means more funds are necessary to maintain them. Rather than expanding lands, the Budget proposes to focus resources on addressing maintenance backlogs and fulfilling core operational missions, such as serving visitors and fighting fires.

ELIMINATION: ECONOMIC DEVELOPMENT ADMINISTRATION

Department of Commerce

The Budget proposes to eliminate the Economic Development Administration (EDA). EDA's grant programs are duplicative of other economic development programs within the Federal Government, as well as State and local efforts. The long-term impacts of the grants are difficult to quantify.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	294	30	-264

Justification

EDA provides Federal assistance grants to communities in support of locally-developed economic plans. Types of projects funded by EDA grants include: small-scale infrastructure projects; community planning efforts; and environmental studies.

The proposed elimination of EDA is part of a broader effort to eliminate duplicative and unauthorized economic development programs across the Federal Government. The Congress has not authorized EDA's development assistance grants since the authority expired in 2008.[1] A 2011 Government Accountability Office (GAO) report found that each of the 80 economic development programs at the four departments it reviewed (Departments of Commerce, Housing and Urban Development, Agriculture, and the Small Business Administration) overlapped with at least one of the other programs reviewed.[2]

Multiple administrations have questioned the effectiveness of many of EDA's grant programs. In particular, both the Bush and Obama Administrations proposed to eliminate or drastically reduce EDA's Public Works grant program, which provides small grants with limited impact to localized projects. For example, last year this program funded various small scale infrastructure projects, including sewer, roadway, and utility projects for business incubators and manufacturing centers.

In addition, EDA has been cited by both GAO and the Department of Commerce's Office of Inspector General for inconsistent documentation and lack of transparency in the awards process for these programs.[3,4] Despite these concerns, and the requests from administrations of both political parties, the Congress continues to provide funding for EDA and the Public Works grant program, even though they have failed to authorize the program since its authorization expired in 2008.

The Administration's Government-wide reform and reorganization plan proposed the consolidation of Federal economic assistance resources into a Bureau of Economic Growth at the Department of Commerce.[5] This proposal would consolidate existing economic development programs to provide a central place for grants and technical assistance to communities and entrepreneurs focused on job creation, business growth, and strengthening local economies. The new Bureau would drive economic growth and produce a higher return on taxpayer investments on projects that are transparent and accountable.

The Budget proposes $30 million to conduct an orderly closure of EDA.

Citations

[1] Congressional Budget Office, *Unauthorized Appropriations and Expiring Authorizations*, (January 2017).

[2] Government Accountability Office, *Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear*, GAO-11-477R, (May 2011).

[3] Government Accountability Office, *Documentation of Award Selection Decisions Could Be Improved*, GAO-14-131, (February 2014).

[4] U.S. Department of Commerce, Office of Inspector General, *Economic Development Administration: Financial Assistance Programs' Award Processes Promote Merit-Based Selection Decisions* CFDA Nos. 11.300, 11.303-11.305, and 11.307, Financial Audit Report No. DEN-11580, (December 2000).

[5] *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

ELIMINATION: MANUFACTURING EXTENSION PARTNERSHIP

Department of Commerce

The Budget proposes to eliminate Federal funding for the Manufacturing Extension Partnership (MEP), saving $135 million after accounting for the cost of closing the program. The Administration is seeking to end funding for organizations that duplicate the efforts of other Federal programs, or the non-profit and private sectors. In 2020, the National Institute of Standards and Technology will work to transition MEP centers solely to non-Federal revenue streams, as was intended when the program was first established.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	140	5	-135

Justification

The Federal MEP program subsidizes advisory and consulting services for small and medium-sized manufacturers through a network of State MEP centers. When the program began, Federal funding for a center was limited to no more than six years, to stand up the center, after which the center was intended to transition to entirely non-Federal funding sources. However, many of these MEP centers have been receiving Federal funding for decades, and many of the services provided by MEP centers can be obtained elsewhere. If these services are valuable to recipients, they should be willing to pay for them, negating the need for Federal taxpayer dollars.

For many years critics have labeled the MEP program as "corporate welfare" since it provides direct support to industry,[1,2] and the Congressional Budget Office identified the program as suitable for elimination nearly a decade ago.[3]

Citations

[1] United States Senate, Committee on Government Affairs, *The Advanced Technology Program and other Corporate Subsidies,* Statement of Stephen Moore, Director of Federal Policy, CATO Institute, (June 3, 1997).

[2] Republican Study Committee, *Fiscal Year 2017 Blueprint for a Balanced Budget 2.0*.

[3] Congressional Budget Office, *Budget Options: Volume 2,* (August 2009).

ELIMINATION: NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION GRANTS AND EDUCATION

Department of Commerce

The Budget proposes to eliminate funding for several lower priority and, in some cases, unauthorized, National Oceanic and Atmospheric Administration (NOAA) grant and education programs including: Sea Grant; the National Estuarine Research Reserve System; Coastal Zone Management Grants; the Office of Education; and the Pacific Coastal Salmon Recovery Fund. These eliminations would allow NOAA to better target remaining resources to core missions and services.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	276	0	-276

Justification

The Budget focuses on NOAA's core mission activities, including weather research and prediction, ocean and coastal management and information, and sustainable and competitive fisheries. These grant and education programs generally support State, local, and/or industry interests, and these entities may choose to continue some of this work with their own funding. In addition, these grants often are not optimally targeted, in many instances favoring certain species or geographic areas over others, or distributing funds by formula rather than directing them to programs and projects with the greatest need or potential benefit. For example, these grants have supported activities such as local tourism efforts and rain garden education and installation, both of which are more appropriately funded at the local level. NOAA would continue to serve as a resource, and provide technical assistance as appropriate, on many of the issues funded by these programs. For example, the Budget would continue to provide support for NOAA's Coastal Zone Management and Services program, which makes available science, data, and technical assistance to State, local, and other entities to inform coastal management and development.

ELIMINATION: 21ST CENTURY COMMUNITY LEARNING CENTERS

Department of Education

The Budget proposes to eliminate the 21st Century Community Learning Centers (21st CCLC) program given performance data demonstrates that the program is not achieving its goals. In addition, Federal, State, local, or private funds, including the $16 billion Title I program could support the provision of 21st CCLC activities.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,222	0	-1,222

Justification

The 21st CCLC program, authorized under the Every Student Succeeds Act of 2015, enables communities to establish or expand centers that provide additional student learning opportunities through before- and after-school programs, and summer school programs, aimed at improving student academic outcomes. While research has demonstrated positive findings on the impact of afterschool programs overall, the subset of afterschool programs funded by 21st CCLC are not, on the whole, helping students meet challenging State academic standards. For example, in 2017, only 25 and 19 percent of program participants improved from not proficient to proficient or above on State assessments in reading and mathematics respectively. Additionally, student improvement in academic grades was limited, with States reporting higher math and English grades for less than half of regular program participants. These recent results are consistent with findings of the last rigorous national evaluation of the program, conducted in 2005, which also found the program had limited academic impact.[1] In addition, nearly half of students attend 21st CCLC for fewer than 30 days a year, suggesting that the majority of families with participating students do not use the program for childcare.

These data strongly suggest that the 21st CCLC is not generating the benefits commensurate with an annual investment of more than $1.2 billion in limited Federal education funds. Moreover, the provision of before- and after-school academic enrichment opportunities may be better supported with other Federal, State, local, or private funds, including the $16 billion Title I Grants to Local Educational Agencies program or the Child Care and Development Fund.

Citations

[1] U.S. Department of Education, National Center for Education Evaluation and Regional Assistance, *When Schools Stay Open Late: The National Evaluation of the 21st Century Community Learning Centers Program: Final Report,* (October 2004).

ELIMINATION: COMPREHENSIVE LITERACY DEVELOPMENT GRANTS

Department of Education

The Budget proposes to eliminate the Comprehensive Literacy Development Grants program (formerly known as Striving Readers), given the program has limited impact and duplicates activities that may be supported with other Federal, State, local, and private funds.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	190	0	-190

Justification

The Comprehensive Literacy Development Grants program makes competitive awards to States to improve literacy instruction from birth through grade 12. The program has limited impact and duplicates activities that may be supported by other sources of both Federal and non-Federal funds. For example, the Title I Grants to Local Educational Agencies program provides over $15 billion to more than 14,000 school districts that may be used to support effective, evidence-based reading instruction. By comparison, the last cohort of Striving Readers grants served only six States and just a handful of districts in each State. Moreover, a 2015 study by the Institute of Education Sciences indicated that a majority (six out of 10) of the interventions implemented by the 2006 and 2009 grant cohorts had no discernible effects on reading achievement.[1] States or school districts that want to test or expand the use of evidence-based literacy instruction may seek funding under the Education Innovation and Research program, which provides grant awards for scaling up effective practices that are comparable in size to those available through the Comprehensive Literacy Development Grants program.

Citations

[1] U.S. Department of Education, National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, *Summary of Research Generated by Striving Readers on the Effectiveness of Interventions for Struggling Adolescent Readers*, NCEE 2016-4001, (2015).

ELIMINATION: FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

Department of Education

The Budget proposes to eliminate the Federal Supplemental Educational Opportunity Grant (SEOG) program, given the program is a less targeted way to deliver need-based grant aid than Pell Grants. Eliminating the program would also reduce complexity in Federal student aid.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	840	0	-840

Justification

The SEOG program provides need-based grant aid to eligible undergraduate students to help reduce financial barriers to postsecondary education. Currently, SEOG awards are not optimally allocated based on a student's financial need, despite being a need-based program. Although participating institutions must give priority in awarding SEOG funds to Pell-eligible students, there is no requirement that the size of these awards be tied to the need of the student. As a result, institutions are given the discretion to provide larger SEOG awards to students that do not exhibit the highest need. In fact, Department of Education data show that the average dependent-student SEOG award in award year 2015-2016 increased as student income levels increased. Furthermore, provisions in the SEOG funding allocation formula also distort the targeting of aid. For example, Department data show that about 69 percent of Pell funding goes to students attending public four-year or public two-year institutions, while only 52 percent of SEOG funds go to these institutions. Moreover, the SEOG program is part of a complex array of Federal aid programs that could benefit from better targeting of aid to needy students. This program's authorization expired in 2014.

REDUCTION: FEDERAL TRIO PROGRAMS

Department of Education

The Budget proposes major changes to the Federal TRIO Programs to transition from a set of competitive grant programs into a single State formula grant program that would support activities—including those authorized under Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)—to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary. The Budget would transition these programs, and restructure them, in order to reduce duplication, invest in activities that are most supported by evidence, increase program management efficiencies, and empower States to meet the unique needs of students.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,060	950	-110

Justification

TRIO programs consist of five programs that support services to encourage individuals from disadvantaged backgrounds to enter and complete postsecondary education. These programs are authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA technically expired in 2014.

The evidence of effectiveness varies across TRIO programs. For example, a 2009 evaluation of one TRIO program found positive impacts of the program for key subgroups[2]—including students in rural areas and students who did not expect to earn a bachelor's degree. Furthermore, there is a growing body of evidence suggesting the effectiveness of specific strategies that can be used in "bridge-to-college" programs to improve college access and completion for disadvantaged students. Conversely, there is limited evidence of effectiveness for two other TRIO programs: the McNair and Educational Opportunity Center (EOC) programs. While the goals of McNair and EOC programs are important, McNair is a high-cost program that serves relatively few students. EOC offers "low touch" services that can be provided through other programs like TRIO's Talent Search and Adult Education State Grants. Colleges and Universities can also use institutional resources to support the same objectives included under these two programs. Furthermore, a 2008 Department of Education analysis found that only six percent of participants in McNair, which aims to prepare disadvantaged students for doctoral study, served between 1989 and 1998 had earned doctorates by 2003.[3]

Given these studies, and duplicative activities across TRIO and GEAR UP programs, the Budget would transition the TRIO programs and restructure them into a new State formula grant program that incorporates the authorized activities of both TRIO and GEAR UP programs that have demonstrated the most evidence, while empowering States to meet the unique needs of their students.

Citations

[1] U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, *The Impacts of Regular Upward-Bound on Postsecondary Outcomes 7-9 Years After Scheduled High School Graduation: Final Report*, (2009).

[2] U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, *The Educational and Employment Outcomes of the Ronald E. McNair Postbaccalaureate Achievement Program Alumni*, (2008).

REDUCTION: FEDERAL WORK-STUDY

Department of Education

The Budget proposes to significantly reduce the Federal Work-Study (FWS) program while reforming it to support workforce and career-oriented opportunities for low-income undergraduate students in order to create pathways to high-paying jobs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,130	500	-630

Justification

The FWS program assists needy undergraduate and graduate students in financing postsecondary education costs through part-time employment. However, the program includes outdated provisions in allocating funding and in determining student need that make it inefficient at allocating funds to the neediest students. It is also not well-designed to use the employment as an opportunity to advance students' career and training opportunities. Studies have shown very low rates of students reporting that their FWS jobs are related to their career goals or majors.[1,2]

According to Department data, dependent students with family incomes at or above $30,000 received 66 percent of FWS funds compared to 33 percent of FWS funds going to students with family incomes below $30,000. Independent students, who typically have lower family incomes, received 47 percent of all Pell Grant aid, but only received 18 percent of FWS funds. This program's authorization expired in 2014.

The Budget would reform the program to both improve its targeting and its ability to provide students with career-oriented training. The program would allocate funds to schools based, in part, on enrollment of Pell recipients. Schools could fund individual students through subsidized employment, paid internships, or other designs provided the placements were career or academically relevant. Schools could also fund broader programs that served multiple students that expose students to or build their preparedness for careers.

Citations

[1] Wisconsin HOPE Lab, *What We're Learning: Work-Study Program A Data Update from the Wisconsin HOPE Lab,* Data Brief 16-06, (October 19, 2016).

[2] Scott-Clayton et al. *Should student employment be subsidized? Conditional counterfactuals and the outcomes of work-study participation,* Economics of Education Review, 52, 1–18 (2016).

ELIMINATION: GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS

Department of Education

The Budget proposes to eliminate Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), consistent with the Administration's goal to reduce the Federal role in education, eliminate duplicative programs, and reallocate scarce Federal resources to higher priority programs. Many of the activities supported under GEAR UP can be supported through the Administration's proposal to transition the Federal TRIO Programs into a consolidated State formula grant program that would support activities—including those authorized under GEAR UP—to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	360	0	-360

Justification

GEAR UP provides grants to States to support college preparation and awareness activities to ensure low-income elementary, middle, and secondary students are prepared for and enroll in postsecondary education. The program is authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA technically expired in 2014.

There is limited rigorous evidence that the GEAR UP program is effective, particularly in achieving the program's ultimate objectives of increasing high school graduation and college enrollment rates. For example, although a 2008 evaluation found a positive association between GEAR UP participation and some early outcomes such as increasing students' and parents' knowledge of postsecondary opportunities, and increasing rigorous course-taking, there was no indication of an association with improved grades or school behavior, and the evaluation did not report on high school graduation or college enrollment outcomes.[1]

In addition, many of the activities supported under GEAR UP can be supported through the Elementary and Secondary Education Act Title I grants to States and the Administration's proposal to restructure the Federal TRIO Programs. Under the proposal to transition Federal TRIO programs into a consolidated State formula grant program, the Department of Education would provide funding directly to States to support activities to help low-income and other disadvantaged students progress through the academic pipeline from middle school through postsecondary education. This proposal would shift authority and responsibility from the Federal Government to the States, improve alignment between Federal resources and need; invest in activities that are most supported by evidence, and enable the Department to re-allocate limited staff resources from competition-related activities to areas that are critical to help ensure appropriate and effective use of limited taxpayer resources, such as grant monitoring and oversight, performance improvement, and program evaluation. The Administration believes that restructuring the Federal TRIO programs into a single State formula grant program, including incorporating activities authorized under GEAR UP, would yield significant program management efficiencies and support more effective uses of Federal resources.

Citations

[1] U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, *Early Outcomes of the GEAR UP Program: Final Report,* (2008).

ELIMINATION: IMPACT AID PAYMENTS FOR FEDERAL PROPERTY

Department of Education

The Budget proposes to eliminate Impact Aid Payments for Federal Property. These payments compensate school districts for the presence of Federal property, without regard for the presence of federally-connected students, and therefore do not necessarily support the education of federally-connected students, which is the intent of the Impact Aid program.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	74	0	-74

Justification

The primary purpose of the Impact Aid program is to help pay for the education of federally-connected children, and fund programs that serve federally-connected children. The Payments for Federal Property program compensates school districts for lost property tax revenue due to the presence of Federal lands without regard to whether those districts educate any federally-connected children as a result of the Federal presence. When this authority was established in 1950, its purpose was to provide assistance to local educational agencies (LEAs) in cases where the Federal Government had imposed a substantial and continuing burden by acquiring a considerable portion of real property in the LEA. The law applied only to property acquired since 1938 because, in general, LEAs had been able to adjust to acquisitions that occurred before that time. The Administration believes that the majority of LEAs receiving assistance under this program have now had sufficient time to adjust to the removal of the property from their tax rolls.

ELIMINATION: INTERNATIONAL EDUCATION

Department of Education

The Budget proposes to eliminate the International Education and Foreign Language Studies Domestic and Overseas Programs, which are designed to strengthen the capability and performance of American education in foreign languages and international studies. Other Federal agencies, whose primary missions are national security, implement similar programs and are better equipped to support the objective of these programs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	72	0	-72

Justification

Grants are awarded to institutions of higher education to support centers, programs, and fellowships to increase the number of experts in foreign languages and international studies, meet national needs, and strengthen the teaching and research of foreign languages and international education at all levels. While the Administration recognizes the critical need for our Nation to have a readily available pool of international, regional, and advanced language experts for economic, foreign affairs, and national security purposes, it is unclear that this goal is consistent with the Department of Education's core mission. Other Federal agencies, whose primary missions are national security, implement similar programs and are better equipped to support this critical objective. Therefore, the Budget proposes to eliminate these duplicative programs. These programs are authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA expired in 2014.

ELIMINATION: PROMISE NEIGHBORHOODS

Department of Education

The Budget proposes to eliminate the Promise Neighborhoods program as part of an effort to refocus the Department of Education's investments on formula programs that put decision-making power back in the hands of States and local communities. Additionally, Promise Neighborhood activities and interventions could continue to be supported by other Federal, State, and local resources.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	78	0	-78

Justification

The Promise Neighborhoods program, authorized under the Every Student Succeeds Act of 2015, provides competitive grants that help distressed communities provide students and their families with a continuum of services and support in order to improve academic and developmental outcomes. The Budget proposes to eliminate the Promise Neighborhoods program as part of an effort to refocus the Department of Education's investments on formula programs that put decision-making power back in the hands of States and local communities. In addition, Promise Neighborhood activities and interventions can continue to be supported by other Federal, State, local, and private resources.

ELIMINATION: STATEWIDE LONGITUDINAL DATA SYSTEMS

Department of Education

The Budget proposes to eliminate the Statewide Longitudinal Data Systems (SLDS) program because the program has already successfully completed its mission and is no longer needed to establish Statewide longitudinal data systems.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	32	0	-32

Justification

The SLDS program provides grants and technical assistance to help States design, develop, and implement Statewide longitudinal data systems to efficiently and accurately manage, analyze, disaggregate, and use individual student data. This program has successfully fulfilled its purpose—47 States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and American Samoa have received awards allowing them to set up longitudinal data systems to answer key questions about education. As States shift from establishing data systems to actually using the data, there is no longer any need for a large Federal investment. The program's authorization expired in 2008.

ELIMINATION: STRENGTHENING INSTITUTIONS

Department of Education

The Budget proposes to eliminate funding for the Strengthening Institutions Program (SIP). SIP is authorized by Title III of the Higher Education Act (HEA). Titles III and V of the HEA authorize numerous programs that support Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs). SIP is duplicative of the other Title III and V programs that provide program funding for institutional support activities.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	100	0	-100

Justification

All of the institutional support activities authorized under SIP are also authorized under other HEA Title III and V programs that provide discretionary funding for a wide range of authorized institutional support activities, including strengthening infrastructure and enhancing fiscal stability. Strengthening the quality of educational opportunities in institutions of higher education dedicated to serving low-income and minority students is a critical part of the Administration's efforts to foster more and better opportunities in higher education for communities that are often underserved, as the President asserted in his executive order on HBCUs.

SIP and other Title III and V programs are authorized by the Higher Education Act (HEA), which has not been reauthorized since the 2008 Higher Education Opportunity Act. Authorization of the HEA technically expired in 2014.

ELIMINATION: STUDENT SUPPORT AND ACADEMIC ENRICHMENT GRANTS

Department of Education

The Budget proposes to eliminate the Student Support and Academic Enrichment Grants program. The Administration does not believe limited Federal resources should be allocated to this program given that the program allows the funds to be distributed to all school districts that receive Title I, Part A funds, which makes it likely that award amounts will be too small to have a meaningful impact. The funding is also duplicative of other Federal and non-Federal funding, including the $16 billion Title I Grants to Local Educational Agencies (LEA) program. In addition, school safety can be better supported through more targeted funds such as School Safety National Activities grants.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,170	0	-1,170

Justification

The Student Support and Academic Enrichment Grants program (Title IV) provides funding to school districts for activities that support well-rounded educational opportunities, safe and healthy students, and the effective use of technology. Subgrants can be awarded by formula to all school districts that receive Title I, Part A funds, which at the current funding level of $1.2 billion, would result in award amounts of less than $30,000 for the majority of school districts. The Administration does not believe limited Federal resources should be allocated to a program where many of its grants will likely be too small to have a meaningful impact. Furthermore, the school districts that do receive at least $30,000 must follow funding restrictions that prescribe a minimum amount that must be spent on the program’s different categories of activities, further diluting the program’s impact and removing discretion that is best left to local decision-makers. The activities authorized under this program generally can be supported with funds from other Federal, State, local, and private sources, including similarly flexible funds provided under the $16 billion Title I Grants to LEAs program. While program funds may be used for school safety purposes, funding targeted programs, such as the Department of Education's School Safety National Activities grants, is a more efficient approach for supporting school safety. Further, programs at the Department of Justice and Department of Health and Human Services specifically support key Administration goals that enhance school safety.

ELIMINATION: SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS

Department of Education

The Budget proposes to eliminate Supporting Effective Instruction (SEI) State Grants (Title II State grants), a program that provides formula funds to States to improve the quality and effectiveness of teachers, principals, and other school leaders. SEI grants are poorly targeted and funds are spread too thinly to have a meaningful impact on student outcomes. In addition, there is limited evidence that teacher professional development (PD), a primary activity funded by the program, has led to increases in student achievement.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	2,056	0	-2,056

Justification

The Budget proposes to eliminate the Supporting Effective Instruction (SEI) State Grants program. While the SEI State Grants program authorizes a wide range of activities, in school year 2015-2016, 52 percent of funds were used for PD and 25 percent were used for class-size reduction. A school district that identifies either activity as a key strategy for responding to a comprehensive needs assessment may use Title I, Part A funds for the same purpose. Title I funds also may be used to recruit and retain effective teachers. In addition, PD as currently provided, has shown limited impact on student achievement. For example, a recent evaluation of an intensive elementary school mathematics PD program found that while the PD improved teacher knowledge and led to improvements in teachers' use and quality of explanation in the classroom, there was no difference in student achievement test scores on either the State assessment or on a study-administered math test.[1] Additional Department of Education-funded studies of PD have found similar results.[2,3] While class size reduction has been shown to increase student achievement, school districts used SEI State Grant funds to pay the salaries of an estimated 8,000 teachers in school year 2015-2016, out of a total nationwide teacher workforce of roughly three million teachers. These data suggest that eliminating the program would likely have minimal impact on class sizes or teacher staffing levels. Finally, the Administration is proposing reforms in teacher competitive grant programs to develop and test innovative approaches for improving professional development including allowing teachers to select programs that are tailored to their individual needs. Those programs would have a better a chance of improving the effective use of funds in this area.

Citations

[1] Institute of Education Sciences, *Middle School Mathematics Professional Development Impact Study*, (May 2011).

[2] Institute of Education Sciences, *Elementary School Reading Professional Development Impact Evaluation*, (September 2008).

[3] Institute of Education Sciences, *Does Content-focused Teacher Professional Development Work? Findings from Three Institute of Education Sciences Studies*, (November 2016).

ELIMINATION: TEACHER GRANT PROGRAMS

Department of Education

The Budget proposes to eliminate two competitive grant programs intended to increase the number of effective teachers in K-12 schools: Supporting Effective Educator Development (SEED) and Teacher Quality Partnerships (TPQ). Given fiscal constraints, elimination of these competitive grant programs will allow the Department of Education to provide strong support for State formula programs, which empower States to select services that are best-suited to address local educational needs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Supporting Effective Educator Development	75	0	-75
Teacher Quality Partnership	43	0	-43

Justification

The SEED program provides competitive grants to support professional development for teachers. The TQP program provides competitive grants to partnerships of school districts and higher education institutions to create a variety of effective pathways into teaching and increase the number of teachers effective in improving student outcomes. These two competitive grant programs have supported the development of evidence-based strategies in the past and funding to support evidence-based professional development activities and training for teachers and school leaders will remain available to States through Elementary and Secondary Education Act formula grant funds (e.g., Title I). States are better-positioned than the Federal Government to determine the best strategies to address local teacher workforce needs, and States and other stakeholders may continue to support the efforts of past grantees if they find the strategies to be valuable in addressing their educational challenges. In addition, the Administration is pursuing a new, scalable strategy that will empower educators to select professional development that is tailored to their individual needs. Should rigorous evaluation find this strategy to be effective at increasing student outcomes, the Administration will seek to expand this strategy.

ELIMINATION: TECHNICAL ASSISTANCE PROGRAMS

Department of Education

The Budget proposes to eliminate two Department of Education technical assistance programs, Regional Educational Laboratories (RELs) and Comprehensive Centers, because they are underutilized and do not meet the needs of their intended stakeholders.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Comprehensive Centers	52	0	-52
Regional Education Labs	55	0	-55

Justification

The Budget proposes to eliminate the RELs program and the Comprehensive Centers program, which provide technical assistance in different ways with the goal of improving education and student achievement. Under the RELs program, laboratories conduct applied research and development; provide technical assistance; develop multimedia educational materials and other products; and disseminate information in an effort to help others use knowledge from research and practice to improve education. Comprehensive Centers help increase State capacity to assist districts and schools in meeting student achievement goals.

In a 2015 evaluation of the RELs that included a nationally representative survey, only 29 percent of State administrators, and 26 percent of district administrators, reported that their research and technical assistance needs were met "very well." Less than half of State administrators, and only 18 percent of district administrators, relied on the REL program "to a great extent" or "to a moderate extent." Many of the REL providers are also Comprehensive Center grantees, and the impact of the Comprehensive Centers on outcomes such as student achievement in partner districts is unknown at this time. Outside of the RELs and Comprehensive Centers, States have access to over a billion dollars in Federal funding (through Every Student Succeeds Act formula grants) that can be used to address their unique technical assistance needs.

Citations

[1] National Center for Education Evaluation and Regional Assistance, *Evaluation of the Regional Educational Laboratories, Final Report,* NCEE 2015-4008, (2015).

ELIMINATION: ADVANCED RESEARCH PROJECTS AGENCY - ENERGY

Department of Energy

The Budget proposes to eliminate the Advanced Research Project Agency-Energy (ARPA-E) program, recognizing the private sector's primary role in taking risks to commercialize breakthrough energy technologies with real market potential.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	366	-287	-653

Justification

The Department of Energy (DOE) has four major offices and three separate national laboratories dedicated to applied research to advance new and innovative energy technologies. ARPA-E was first funded in 2009 through the American Reinvestment and Recovery Act as a new, separate office within DOE to support additional research, development, and commercialization of energy technologies, despite DOE's existing applied research programs and laboratories already receiving billions of dollars in funding every year.

It makes little strategic sense that ARPA-E still exists independent of DOE's main applied research programs, especially when the research they fund is similar. This proposed elimination promotes more effective and efficient use of taxpayer funds, reduces duplication within DOE, and positions DOE to incorporate elements of ARPA-E into the existing Applied Energy Offices to support a more integrated energy Research and Development (R&D) strategy. The elimination enables a streamlining of Federal activities and ensures more focus on early-stage R&D, where the Federal role is strongest, and reflects the private sector's role in commercializing technologies. The proposal also aligns with the Budget's strategic emphasis on intradepartmental collaborations within DOE.

Appropriations for ARPA-E were only authorized through 2013 under the America COMPETES Reauthorization Act of 2010 (P.L. 111-358) and ARPA-E has not been reauthorized since then. No new appropriations are requested for ARPA-E in 2020. In addition, the Budget proposes a cancellation of $287 million in unobligated balances, and requests that the remaining unobligated balances be used to manage ARPA-E's portfolio of already-awarded projects through completion, and to execute the elimination of the program with full closure of ARPA-E by the end of 2022.

REDUCTION: APPLIED ENERGY PROGRAMS

Department of Energy

The Budget proposes to reduce funding for the Department of Energy's (DOE) applied energy research and development (R&D) programs focused on nuclear, fossil, renewables, efficiency, and electricity. The proposal would focus Federal activities on early-stage R&D, and reflects an increased reliance on the private sector to fund later-stage R&D, including demonstration, commercialization, and deployment where the private sector has a clear incentive to invest.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	4,687	2,264	-2,423

Note: Funding levels represent programmatic totals for the Office of Nuclear Energy, Office of Energy Efficiency and Renewable Energy, Office of Electricity, and the Fossil Energy Research and Development account. The 2020 Request proposes a $353 million use of prior year balances resulting in a net request of $1,911 million.

Justification

The private sector is best positioned and motivated to evaluate the commercial potential of emerging energy technologies and technology advancements relative to the risks of R&D investment. Private sector-led R&D tends to focus on near-term cost and performance improvements where the certainty of profit generation or the prospect of successful market entry are greatest. The Federal role in energy R&D is strongest at the earlier stages, where the greatest motivation is the generation of new knowledge and the proving of novel scientific or technical concepts. In the past, the applied energy R&D programs tilted heavily toward subsidizing the later-stage development, demonstration, and commercialization of new energy technologies. While progress has been made over the past two years, the Budget continues to refocus these programs on earlier-stage R&D of energy challenges which present a significant degree of scientific or technical uncertainty across a relatively lengthy time span, making it unlikely that industry would invest in significant R&D on its own. The Budget proposes to minimize or eliminate support for at- or near-full scale demonstrations of energy technologies or integrated systems, relying on the private sector to fund the validation of technologies that it deems potentially deployable. In addition, the DOE-funded applied energy National Laboratories would remain open and operational, while refocusing efforts on early-stage R&D.

Within these proposed reductions, the Budget would eliminate the Weatherization Assistance Program and State Energy Program. This would reduce Federal intervention in State-level energy policy and implementation, and would focus funding for the Office of Energy Efficiency and Renewable Energy on limited, early-stage applied energy R&D.

ELIMINATION: DEPARTMENT OF ENERGY LOAN AND LOAN GUARANTEE PROGRAMS

Department of Energy

The Budget proposes to eliminate the Title XVII Innovative Technology Loan Guarantee Program, the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program, and the Tribal Energy Loan Guarantee Program, because the private sector is better positioned to finance the deployment of commercially viable energy and advanced vehicle manufacturing projects. The Loan Programs Office would continue to conduct monitoring of existing loans.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Title XVII Innovative Technologies, net	13	0	-13
Advanced Technology Vehicles	5	0	-5
Tribal Energy	1	0	-1
Cancellations	0	-169	-169
Total Budget Authority	19	-169	-188

Note: The Budget also proposes to cancel $523 million in unobligated emergency designated balances from Title XVII and $4.3 billion in unobligated emergency designated balances from ATVM. There are no scoreable savings for these cancellations.
Note: Title XVII appropriations are offset by fee collections. This table uses the 2020 Budget assumption of $20 million in offsetting fees collected in 2019, an upward revision relative to the $3 million assumed in the 2019 Budget, and used for scoring 2019 Enacted appropriations.

Justification

The Federal role in supporting advanced technologies is strongest in the early stages of research and development. The Government should not be in the business of picking which technologies "win" the commercialization race and displacing private sector investment opportunities. Instead, the Government should recognize the private sector's primary role in taking risks to finance projects in the energy and automobile manufacturing sectors. In addition, the relative lack of recently closed loans to new borrowers in these programs indicates they are ineffective at attracting borrowers with viable projects who are unable to secure private sector financing. Specifically:

Innovative Technologies—Only three loan guarantees have been closed through the Sec. 1703 program since it was authorized in 2005, all related to a single project totaling approximately $8 billion. Efforts to increase the attractiveness of the program to potential borrowers have not yielded increased loan activity. The Budget proposes to cancel all remaining loan volume authority and appropriated credit subsidy. In addition, the Budget proposes to permanently cancel the remaining $523 million in unobligated balances for the Sec. 1705 program that were appropriated under the American Reinvestment and Recovery Act of 2009 (Public Law 111-5). That Act provided $2.5 billion in credit subsidy for a temporary program to support loan guarantees. This authority has expired, and the unobligated balances are no longer available for new loans.

Advance Technology Vehicles—Since its inception in 2007 only five loans have been closed under this authority, and since 2011 no new loans have closed. Efforts to increase the attractiveness of the program to potential borrowers have not yielded increased loan activity. The Budget proposes to cancel all remaining appropriated credit subsidy.

Tribal Energy—Originally authorized in 2005, the program was first appropriated funding in 2017. Rules detailing how the program would be implemented have not been promulgated. However, the program authorization is redundant with loan and loan guarantee programs administered by other agencies with missions to serve Tribal entities. The Budget proposes to eliminate this program and cancel all remaining appropriated credit subsidy.

ELIMINATION: AGENCY FOR HEALTHCARE RESEARCH AND QUALITY

Department of Health and Human Services

The Budget proposes to consolidate the Agency for Healthcare Research and Quality's (AHRQ) activities in a new institute in the National Institutes of Health (NIH), the National Institute for Research on Safety and Quality. This consolidation would reduce duplication and leverage the expertise of both AHRQ and NIH.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	338	0	-338

Note: The 2020 NIH Request includes $256 million to consolidate AHRQ activities.

Justification

AHRQ, which has not been authorized since 2005, has a mandate to enhance the quality, appropriateness, and effectiveness of health services through research and promotion of best practices to improve health systems and outcomes. However, other agencies also conduct health services research and promote best practices that improve delivery of care and enhance patient safety. In particular, NIH invests $1.5 billion in health services research, but it is conducted across Institutes. Consolidating AHRQ's activities in NIH would allow the Department of Health and Human Services to focus resources on the highest priority research in order to improve efficiency, minimize overlap, and increase coordination and effectiveness of health services research. AHRQ's expertise in developing tools to integrate evidence into practice and with disseminating research would complement NIH's investment in health services research. Increased coordination would improve the speed with which clinicians adopt current science and best practices. Though some may argue that consolidating AHRQ would de-emphasize health services research, NIH would prioritize important health services research, including research on patient safety and translational research. The health services research enterprise would benefit from increased coordination and the ability to leverage the combined expertise, tools, and opportunities that AHRQ and NIH can provide.

ELIMINATION: COMMUNITY SERVICES BLOCK GRANT

Department of Health and Human Services

The Budget proposes to eliminate the Community Services Block Grant (CSBG) because it constitutes a small portion of the funding these grantees receive, and funds are not directly tied to performance, which limits incentives for innovation. CSBG also funds some services that are duplicative of services that are funded through other Federal programs, such as emergency food assistance funded through The Emergency Food Assistance Program in the Department of Agriculture, and workforce programs funded through the Departments of Education and Labor.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	725	0	-725

Justification

CSBG is an unauthorized program that funds approximately 1,000 nonprofit organizations, local governments, tribal organizations, and migrant and seasonal farm worker organizations commonly referred to as Community Action Agencies (CAAs). CSBG funding is not well targeted, since funding is allocated to States based only on the historical share of funding States received in 1981. In addition, funding is distributed by a formula that is not directly tied to performance so it is difficult to ensure funds are spent effectively, which also limits incentives for innovation. CAAs also receive funding from a variety of sources other than CSBG, including from other Federal sources.

ELIMINATION: HEALTH WORKFORCE PROGRAMS

Department of Health and Human Services

The Budget proposes to eliminate health professions training programs that use Federal funds to help individuals enter well-compensated professions with no requirement that they practice in underserved areas. The Budget addresses health workforce shortages by proposing to fund health workforce activities that provide scholarships and loan repayments in exchange for service in areas of the United States where there is a shortage of health professionals.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	627	200	-427

Justification

The Budget proposes to eliminate funding for 13 health professions training programs that provide funds to training institutions to improve the quantity, quality, diversity, and/or distribution of the Nation's health workforce. These programs have been in existence for decades and most operate under expired authorizations. These programs help individuals enter well-compensated professions with no requirement that they practice in underserved areas where health professionals are most needed. According to the Bureau of Labor Statistics, the median wage of healthcare practitioners is 72 percent higher than the median wage of all other occupations in the economy.[1] Doctors are more likely than any other profession to be in the top one percent of earners.[2]

There are many Federal programs that support the training of health care professionals. A Government Accountability Office report found that four Federal departments, the Departments of Health and Human Services, Veterans Affairs, Defense, and Education, administered 91 programs that supported postsecondary training or education specifically for direct care health professionals.[3]

The Budget would continue to invest in health care workforce activities that directly place health care providers in areas of the country where they are most needed. For example, the Budget would support the NURSE Corps and proposes to extend funding for the National Health Service Corps. These programs provide scholarships or repay educational loans for health professionals that agree to work in areas experiencing a shortage of health care providers.

The Budget proposes a better way to target Federal investments in the healthcare workforce to address provider shortages. To better target Federal spending on graduate medical education (GME) and increase transparency and accountability, the Budget consolidates GME spending in Medicare, Medicaid, and the Children's Hospital GME Payment Program into a new mandatory GME capped grant program. Funding would be distributed to hospitals that are committed to building a strong medical workforce, and would be targeted to address medically underserved communities and health professional shortages.

Citations

[1] Occupational Outlook Handbook, Bureau of Labor Statistics, https://www.bls.gov/ooh/healthcare/home.htm.

[2] The New York Times, *Among the Wealthiest 1 Percent, Many Variations,* (January 14, 2012).

[3] Government Accountability Office, *Health Care Workforce: Federal Investments in Training and the Availability of Data for Workforce Projections*, GAO-14-510T, (2014).

ELIMINATION: LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

Department of Health and Human Services

The Budget proposes to eliminate the Low Income Home Energy Assistance Program (LIHEAP) in order to reduce the size and scope of the Federal Government, and better target resources within the Department of Health and Human Services' Administration for Children and Families.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	3,690	0	-3,690

Justification

LIHEAP is a Federal program that has been known to have sizeable fraud and abuse, leading to program integrity concerns. Specifically, a 2010 Government Accountability Office study concluded that the program lacked proper oversight, which resulted in a significant number of improper payments.[1] In particular, the report highlighted a number of incidents in which program funds were distributed to deceased or incarcerated individuals. In addition, the report determined that LIHEAP application processors did little to prevent awards from being provided to individuals with fake addresses and fake energy bills. Since the report, States have taken steps to work toward improving the verification of identify and income.

Perhaps more notably, the Budget recognizes the program is no longer a necessity as States have adopted their own policies to protect constituents against energy concerns. Since LIHEAP was created in 1981, many States have enacted so-called "disconnection policies." In fact, all 50 States and the District of Columbia have imposed regulations that prevent utility companies from disconnecting energy needs from their residents under certain circumstances. In total, 15 of those States enforce temperature restrictions related to freezing and/or extreme heat weather. Other States use date-specific criteria. For example, Minnesota utilizes a "Cold Weather Rule," which requires utility companies to provide electricity and gas during the coldest months, from October 15 until April 15.

Citations

[1] Government Accountability Office, Low-Income Home Energy Assistance Program, *Greater Fraud Prevention Controls Are Needed*, GAO-10-621 (June 2010)

REDUCTION: NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH

Department of Health and Human Services

The Budget proposes to fund important research conducted by the National Institute for Occupational Safety and Health (NIOSH), while proposing to eliminate activities that have less of a direct public health impact. Consistent with current law and program operations, the Budget includes mandatory funding for NIOSH to continue to administer the World Trade Center Health Program.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	336	190	-146

Justification

NIOSH was created within the Centers for Disease Control and Prevention (CDC) in 1970 to ensure safe and healthful working conditions for Americans, including mine safety research. NIOSH is primarily a research agency focused on occupational safety and health, with approximately two-thirds of its activities funding intramural research.

The Budget proposes a reduction to NIOSH. At the proposed level, NIOSH would focus on the highest priority occupational safety and health research, including research on mining safety and personal protective technology. Workplace safety in the United States has improved significantly since NIOSH was established in 1970. The total number of non-fatal workplace injuries has decreased from 4.1 million annually in 2003 to 2.7 million annually in 2016.[1] The number of commercial fishing fatalities in the United States has also declined from 2000 to 2015.[2] Injuries have declined as industries have improved their safety practices and embraced improvements in technology, such as improved personal protective equipment and the use of robotics.

Some activities conducted by NIOSH could be more effectively conducted by the private sector. For example, NIOSH collects and quantifies human body size and the shape of various occupational groups to develop equipment designs for worker protection. The private sector also conducts similar research in the development of ergonomic equipment.

The Budget proposes to eliminate the Education and Research Centers (ERCs) within NIOSH. The ERCs were created in the 1970s to develop occupational health and safety training programs in academic institutions. Almost 50 years later, the majority of schools of public health include coursework, and many academic institutions have developed specializations in these areas. The Budget would stop directing Federal funding to support academic salaries, stipends, and tuition and fee reimbursements for occupational health professionals at universities.

Citations

[1] Bureau of Labor Statistics, *Survey of Occupational Injuries and Illnesses (SOII),* https://wwwn.cdc.gov/Niosh-whc/chart/bls-ii/injury.

[2] Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health, *Commercial Fishing Safety*, https://www.cdc.gov/niosh/topics/fishing/nationaloverview.html.

REDUCTION: NATIONAL INSTITUTES OF HEALTH TOPLINE

Department of Health and Human Services

The Budget proposes to reduce funding for the National Institutes of Health (NIH) to better target funding to support the highest priority and most critical biomedical research.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	38,015	33,477	-4,538

Justification

Since 2016, NIH has received more than $108 billion in total funding, including approximately $2 billion in increases in each year for the past three years. In 2020, NIH would receive nearly $34 billion more to improve public health by investing in the highest priority and most critical biomedical research and advancing our knowledge of diseases and cure.

At the proposed level, NIH would continue to support research in the highest priority areas and manage resources more strategically. The Administration believes NIH can improve efficiencies to maximize the return of its investments.

For example, the Budget would support continued implementation of the largest change management effort in NIH's history, to harmonize operational functions that advance scientific innovation. These reforms would ensure all Institutes and Centers operate efficiently and effectively by aligning management with best practices and break down administrative silos through standardization of structures and processes agency-wide.

In addition, NIH would take other steps to increase the impact of its resources. For example, the Budget proposes to decrease the cost of research by capping the percentage of investigator salary that can be paid with grant funds, and by reducing the limit for salaries paid with grant funds from $189,600 to $154,300. Currently, there are NIH grant recipients whose salaries are entirely paid for by the Federal Government, despite being employed by major universities. This policy provides for appropriate compensation for researchers while enabling NIH to redirect savings to support additional research. This and other steps NIH would take would enable available funding to be better targeted toward supporting the highest priority research on diseases that affect human health while making research institutes less reliant on Federal dollars.

For the past two years, NIH has been prohibited by law from reducing grantee administrative costs and shifting these resources to support direct research on high impact areas, such as cancer, Alzheimer's disease, and heart disease. The Congress imposed this prohibition, which limits NIH's ability to maximize its support of direct biomedical research. The Budget proposes to eliminate the current prohibition, which would give NIH the flexibility to support more direct research while encouraging research institutions to improve the efficiency of operations.

In 2020, NIH would continue to support the highest priority biomedical research and accomplish its mission to improve health.

REDUCTION: OFFICE OF THE NATIONAL COORDINATOR FOR HEALTH INFORMATION TECHNOLOGY

Department of Health and Human Services

The Budget proposes to reduce funding for the Office of the National Coordinator for Health IT (ONC) and focus resources on the highest health information technology (IT) priorities, including improving interoperability and reducing information blocking.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	60	43	-17

Justification

ONC is the principal Federal entity charged with coordinating nationwide efforts to implement and use health IT and electronically exchange health information. When ONC was created, a small minority of physicians and hospitals used health IT. Now that the vast majority of physicians and hospitals have adopted electronic health records through Federal incentive payments, ONC must focus on core health IT functions of policy development and coordination and standards and certification activities in order to advance interoperability. The Budget prioritizes implementation of 21st Century Cures Act requirements to improve interoperability, reduce information blocking, and improve usability of health IT, and would eliminate or significantly reduce lower-priority activities, many of which can be performed by other entities. These changes would improve ONC's ability to be an effective coordinator of nationwide health IT activities and increase the Agency's efficiency.

REDUCTION: FEDERAL EMERGENCY MANAGEMENT AGENCY STATE AND LOCAL GRANTS/TRAINING

Department of Homeland Security

The Budget proposes to reduce the Federal Emergency Management Agency's (FEMA) funds that support training and grants to State and local governments by $691 million compared to the 2019 enacted level. These savings are generated by proposed eliminations and reductions, as well as a proposed 25 percent non-Federal cost match for certain grant programs that currently do not require one. Federal resources must be targeted to those activities that provide clear results and that do not supplant State and local responsibilities.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	2,232	1,541	-691

Justification

The Budget proposes to eliminate funding for FEMA's Continuing Training Grants, National Domestic Preparedness Consortium (NDPC), Center for Homeland Defense and Security (CHDS), Pre-Disaster Mitigation (PDM) grant program, and Emergency Food and Shelter Program. These programs are proposed for elimination because they are duplicative of other Federal programs and are primarily State and local responsibilities. Continuing Training Grants, NDPC, and CHDS are proposed for elimination because other grant funds to State and local entities can be used to pay for training activities, they are duplicative of FEMA's Emergency Management Institute and Center for Domestic Preparedness, and they are State and local responsibilities. The PDM grant program is proposed for elimination because activities funded under this program can generally be funded by the National Public Infrastructure Pre-Disaster Mitigation Assistance program authorized by P.L. 115-254. The Emergency Food and Shelter Program is proposed for elimination because it is duplicative of Federal homeless assistance programs administered by the Department of Housing and Urban Development, and because emergency food and shelter is primarily a State and local responsibility.

The Budget further proposes to reduce funding for Emergency Management Performance Grants (EMPG), the State Homeland Security Grant Program (SHSGP), the Urban Area Security Initiative (UASI), Port Security Grant Program, and Transit Security Grant Program (TSGP). The budget proposes a 25 percent non-Federal cost match for grant programs that currently do not require one (SHSGP, UASI, and TSGP) in order to share accountability with State and local partners and to align with other FEMA grant programs. The Budget also proposes reductions to unauthorized programs (Port and Transit Security Grant Programs). Other reductions to State and local grants are proposed in order to ensure adequate funding for core Department of Homeland Security missions and higher priority investments, and encourage grant recipients to begin to incorporate the full cost of preparedness activities into their own budgets. Additionally, the Government Accountability Office has repeatedly recommended that FEMA assess national preparedness to prioritize grant funding.[1,2,3,4] Though FEMA has begun taking steps to assess how their program funding closes capability gaps, there is much more to be done to determine grant results. The Federal Government should not continue to spend billions of dollars on non-competitive grant programs where FEMA is unable to measure outcomes.

In 2017 and 2018, the Congress appropriated more than $3 billion in FEMA Federal Assistance, and is expected to appropriate a similar level for 2019. This generous pipeline of funding, when combined with the $2 billion requested in the Budget, would ensure adequate resources for State and local projects for the foreseeable future. Of the $4.2 billion in awards made since 2015, recipients of FEMA's two largest grant programs - SHSGP and UASI - are currently carrying $2.2 billion in unspent balances, or 52 percent of awarded funds. The Federal Government cannot afford to over-invest in programs that State and local partners are slow to utilize when there are other pressing needs.

Citations

[1] Government Accountability Office, *FEMA Has Taken Steps to Strengthen Grant Management, But Challenges Remain in Assessing Capabilities*, GAO-18-512T, (April 2018).

[2] Government Accountability Office, *Homeland Security Grant Program: Additional Actions Could Further Enhance FEMA's Risk-Based Grant Assessment Model*, GAO-18-354, (September 2018).

[3] Government Accountability Office, *Grants Performance: Justice and FEMA Collect Performance Data for Selected Grants, but Action Needed to Validate FEMA Performance Data*, GAO-13-552, (June 2013).

[4] Government Accountability Office, *National Preparedness: FEMA Has Made Progress in Improving Grant Management and Assessing Capabilities, but Challenges Remain*, GAO-13-456T, (March 2013).

REDUCTION: FLOOD HAZARD MAPPING AND RISK ANALYSIS PROGRAM

Department of Homeland Security

The Budget proposes to reduce the discretionary appropriation for the National Flood Insurance Program's Flood Hazard Mapping Program to instead preserve resources for the Department of Homeland Security's core missions.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	263	100	-163

Justification

The Federal Emergency Management Agency (FEMA) maintains quality flood hazard information and develops Flood Insurance Rate Maps (FIRMs, or flood maps). Flood maps communicate flood risks to communities and residents, inform local floodplain management regulations, help communities set minimum floodplain and building standards, determine who is required to purchase flood insurance, and help FEMA to accurately price flood insurance.

FEMA has mapped 1.13 million stream miles covering 98 percent of the population in the United States. However, maintaining maps is an ongoing, resource-intensive effort. With 65 percent of the mapped miles up-to-date, the mapping cycle requires not just continued financial investment, but also process and technology improvements to increase its efficiency.

The Congress has appropriated more than $600 million over the last three years, which, if combined with the 2020 request, would put FEMA on track to complete required map update by 2021. FEMA also collects offsetting discretionary revenue that contributes to mapping under a different account. FEMA now has the opportunity to assess how maps should be maintained and to evaluate the proper Federal role. Flood hazard mapping is not solely a Federal responsibility. The private sector as well as State and local entities should contribute data and communicate flood risk. The Administration will continue to work to improve efficiency in the flood mapping program, including incentivizing increased State and local government investments in updating flood maps to inform land use decisions and reduce risk.

ELIMINATION: TRANSPORTATION SECURITY ADMINISTRATION LAW ENFORCEMENT GRANTS

Department of Homeland Security

The Budget proposes to eliminate funding that incentivizes State and local law enforcement entities to provide law enforcement at airports by partially reimbursing those entities. This incentive is no longer necessary over 17 years after the September 11, 2001 attacks, as State and local jurisdictions have had plenty of time to adjust and reprioritize resources.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	46	0	-46

Justification

The Transportation Security Administration provides assistance to State and local law enforcement jurisdictions to partially reimburse law enforcement activity at airports. The program was created to encourage law enforcement presence at airports in the wake of the September 11, 2001 attacks, and to lessen the burden on State and local jurisdictions as they refocused law enforcement efforts. In the more than 17 years since those attacks, airport security continues to be a high priority not just for the Federal Government, but also for the State and local communities whose economies benefit from aviation.

The amount of financial support offered by this program has waned in recent years, declining below 50 percent of total State and local law enforcement costs in 2016 and continuing to decline. As such, State and local jurisdictions are supporting much more of the cost of providing law enforcement presence at airports. Discontinuing this program would not place an undue burden on State and local jurisdictions, since they already pay the majority of law enforcement costs.

ELIMINATION: CHOICE NEIGHBORHOODS

Department of Housing and Urban Development

The Budget proposes to eliminate the Choice Neighborhoods (Choice) program, recognizing a greater role for State and local governments and the private sector to address community revitalization needs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	150	0	-150

Justification

Choice provides competitive planning and implementation grants to improve neighborhoods with distressed public and/or federally assisted housing. In addition to providing a direct Federal investment, this program seeks to leverage additional private and public funds.[1] While leveraging private resources is desirable, early reports found that many of the private funds leveraged by grantees were existing commitments and appear as if they would have occurred in the absence of a Choice grant.[2] Furthermore, an early evaluation of the program found that Choice grants infrequently catalyzed additional resources beyond housing finance, such as infrastructure or safety resources needed for neighborhood improvement.[3] The grantees only leveraged additional investments of two to 20 percent of their total grants as a result of the Choice designation.

State and local governments are better positioned to fund locally driven strategies for neighborhood revitalization. In addition, local governments' commitment to policy changes and interagency coordination are critical to achieving the educational and public safety goals associated with the program, and to achieve the necessary scale to impact entire neighborhoods.[3]

Citations

[1] U.S. Department of Housing and Urban Development, *Choice Neighborhoods 2015 Grantee Report*, (January 2016).

[2] U.S. Department of Housing and Urban Development, *Developing Choice Neighborhoods: An Early Look at Implementation in Five Sites*, (September 2013).

[3] U.S. Department of Housing and Urban Development, *Choice Neighborhoods: Baseline Conditions and Early Progress*, (September 2015).

ELIMINATION: COMMUNITY DEVELOPMENT BLOCK GRANT

Department of Housing and Urban Development

The Budget proposes to eliminate funding for the Community Development Block Grant (CDBG) program. The program is not well-targeted to the neediest populations and has not demonstrated a measurable impact on communities.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	3,300	0	-3,300

Justification

CDBG provides flexible formula funds to 1,250 State and local grantees to support a wide range of community and economic development activities (e.g., housing rehabilitation, blight removal, infrastructure and public improvements, and public services). The Federal Government has spent over $150 billion on CDBG since its inception in 1974, but evaluations have been unable to demonstrate program results. The broad purpose and flexible nature of this program allows for a wide range of community activities to be supported, but it is this same flexibility that creates challenges to measuring the program's impact and efficacy in improving communities. The Department of Housing and Urban Development (HUD) Inspector General audits regularly find CDBG grantees did not follow HUD requirements.

The program has also largely remained unchanged since it was last reauthorized in 1994. Studies have shown that the allocation formula poorly targets funds to the areas of greatest need, and many aspects of the program have become outdated.[1] For example, the age of a city's housing stock features prominently in the formula, regardless of its condition, providing more dollars for older, wealthier cities with historic homes than fast-growing cities with similar community development needs. These cities have the fiscal capacity to fund directly or leverage philanthropic dollars for the full range of activities that are currently supported by CDBG, from street paving to improving parks and recreation facilities. Moreover, decreasing appropriations combined with an increasing number of localities qualifying for CDBG allocations has reduced the size of the individual grants over time, further diluting its impact.

The Budget recognizes that State and local governments are better positioned to address local community and economic development needs.

Citations

[1] Housing Policy Debate, *CDBG at 40: Its Record and Potential,* Volume 24, Issue 1, (2014).

REDUCTION: GRANTS TO NATIVE AMERICAN TRIBES AND ALASKA NATIVE VILLAGES

Department of Housing and Urban Development

The Budget proposes to reduce overall Department of Housing and Urban Development (HUD) funding targeted to Native American Tribes and Alaskan Native villages. The Budget proposes $600 million for the Native American Housing Block Grant (NAHBG) program, and redirects the savings to higher priority areas. The Budget also proposes to eliminate the Indian Community Development Block Grant (ICDBG), which is duplicative of other Federal programs and initiatives.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Native American Housing Block Grant	755	600	-155
Indian Community Development Block Grant	65	0	-65
Total Budget Authority	820	600	-220

Justification

NAHBG provides formula grants to Native American Tribes and Alaska Native villages (Tribes) for affordable housing and related activities. The Budget proposes that funding for this unauthorized program be reduced and redirected to programs in higher priority areas, such as national security and public safety. While the program is fulfilling its mission by increasing the stock of affordable housing in Indian Country, improved data collection is necessary to assess grantee performance on efficiency metrics, such as whether grantees are keeping vacancies to a minimum or turning vacant units over quickly. HUD continues to also work with Tribes to better leverage existing grants and private financing to address affordable housing and development needs.

ICDBG provides competitive grants to Tribes for a range of projects, including the construction and rehabilitation of affordable housing, community facilities, and infrastructure. The Budget proposes to eliminate ICDBG as it is unauthorized and duplicates, in part, HUD's larger NAHBG program and other Federal programs.

ELIMINATION: HOME INVESTMENT PARTNERSHIPS PROGRAM

Department of Housing and Urban Development

The Budget proposes to eliminate the HOME Investment Partnerships Program, recognizing a greater role for State and local governments and the private sector in addressing affordable housing needs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,250	0	-1,250

Justification

The HOME Investment Partnerships Program provides flexible formula grants to 600 States and localities to expand the supply of affordable housing for low-income households, yet remains unauthorized since 1994. Despite the program's goals and funding, the challenge of affordable housing has only continued to worsen.

Complex market dynamics, including stagnant incomes and local regulations that create barriers to housing development, all contribute to housing cost burden for households across the country, and the problem cannot be solved by the Federal Government or the subsidization of housing construction alone. Moreover, the current system for funding affordable housing is fragmented with varying rules and regulations that create overlap and inefficiencies, as well as challenges to measuring collective performance.[1] The Administration proposes to devolve affordable housing activities to State and local governments who are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems.

Citations

[1] Government Accountability Office, *Affordable Rental Housing: Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance,* GAO-15-645, (September 2015).

REDUCTION: RENTAL ASSISTANCE PROGRAMS

Department of Housing and Urban Development

The Budget reflects reforms included in the Administration's proposed Making Affordable Housing Work Act, which would reduce costs across the Department of Housing and Urban Development's (HUD) rental assistance programs, as well as incorporate uniform work requirements. The proposed policies include increased local control for grantees and administrative simplification, as well as policies that encourage work and self-sufficiency, including increased tenant rent contributions.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	42,635	37,929	-4,706

Justification

HUD's rental assistance programs (Housing Choice Vouchers, Public Housing, Project-Based Rental Assistance, and Housing for the Elderly and Persons with Disabilities) provide housing subsidies for about 4.7 million very low-income households. These rental assistance programs generally comprise about 80 percent of HUD's total budget. Due to market rent inflation, program costs increase by about three percent every year simply to assist roughly the same number of households. Given current fiscal constraints, this growth is not sustainable.

In April 2018, the Administration proposed the Making Affordable Housing Work Act (MAHWA), which would fundamentally reform HUD's rental assistance programs. These reforms include increasing tenant rent contributions and minimum rents; in the first significant change to tenant rent structures since 1981, MAHWA would increase the amount of rent paid by tenants from 30 percent of adjusted income to 35 percent of gross income for all work-able households, but would mitigate this increase for the elderly and persons with disabilities. The reforms would also reduce administrative and regulatory burdens by reducing the frequency of income recertification, and allowing communities to design programs and tenant rent requirements that address local needs. For those tenants who, in certain circumstances, are unable to pay their rents, MAHWA also includes a hardship exemption. These reforms would reduce Federal costs and put the programs on a more sustainable fiscal path, as well as promote self-sufficiency and provide an incentive for tenants to increase their earnings.

In addition to re-proposing MAHWA, the Budget further promotes self-sufficiency by proposing a requirement for non-elderly and non-disabled tenants to work a minimum of 20 hours per week, or engage in other qualified work activities.

In addition to the proposed rent reforms, the Budget would reduce the overall Federal footprint of housing assistance. While continuing to assist current residents, the Budget proposes to decrease the Public Housing portfolio through locally determined options, including strategically releasing certain housing assets to local control. In this effort, the Federal Government recognizes the need for greater contributions from State and local governments and the private sector to help address affordable housing needs for low-income families.

ELIMINATION: SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY PROGRAM ACCOUNT

Department of Housing and Urban Development

The Budget proposes to eliminate funding for small grant programs that are duplicative or overlap with other Federal, State, and local efforts. The Budget also recognizes a greater role for State and local governments, and the private sector, in addressing community development and affordable housing needs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	54	0	-54

Justification

The Budget proposes to eliminate the programs in the Self-Help and Assisted Homeownership Opportunity Program (SHOP) account, including SHOP, Capacity Building for Community Development and Affordable Housing program (Section 4), and the rural capacity building program. These programs represent a small fraction of the funds provided by other Federal, State, local, and private entities to support housing and community development activities. The non-profit organizations that receive these grants should have the capacity to substitute funding with more flexible funding from the private sector and philanthropy. For example:

SHOP—SHOP is a competitive grant program that provides funds to non-profit organizations to assist low-income homebuyers willing to contribute "sweat equity" toward the construction of their homes. This unauthorized program expired in 2001, and the Budget proposes redirecting its funding to other, higher priority activities.

Section 4—Section 4 funding was last authorized in 1996, and the program is effectively an earmark for three organizations. The rural capacity building program is also unauthorized. The Department of Housing and Urban Development has adopted a more integrated and efficient approach to technical assistance and strengthening grantees in recent years, and will align these programs' activities with those efforts, as appropriate.

ELIMINATION: ABANDONED MINE LAND GRANTS

Department of the Interior

The Budget proposes to eliminate funding introduced in 2016 for grants to Appalachian States for economic development projects in conjunction with coal abandoned mine land (AML) reclamation. These grants exceed the mission of the Office of Surface Mining Reclamation and Enforcement (OSMRE) and overlap with existing mandatory funds to reclaim abandoned coal mines.

Funding Summary

(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	115	0	-115

Justification

The discretionary AML grant program was developed by the Congress in response to the prior administration's mandatory proposal to disburse $1 billion from the unappropriated balance of the AML Fund to expedite the cleanup and redevelopment of eligible lands and waters affected by historic coal mining practices, and thus promote economic development. The Congress appropriated $90 million in 2016 discretionary funding for these activities in three Appalachian States (Kentucky, West Virginia, and Pennsylvania) and has increased funding and eligible recipients in subsequent years. These grants are not central to OSMRE's mission of coal AML reclamation and overlap with existing mandatory funds to reclaim abandoned coal mines. The Administration intends to help coal country by streamlining permit approvals and eliminating unnecessary regulations, such as lifting the moratorium on coal leasing on public lands, rolling back the Clean Power Plan, and helping to nullify the Stream Protection Rule.

ELIMINATION: CENTENNIAL CHALLENGE FUND

Department of the Interior

The Budget proposes to eliminate discretionary funding for the Centennial Challenge Fund at the National Park Service (NPS) because mandatory resources are available to support the program. The Fund provides Federal resources to match donations for NPS projects and has primarily been used to fund infrastructure projects. The Budget also offsets the need for the Fund by proposing new mandatory resources for NPS deferred maintenance projects through the Public Lands Infrastructure Fund.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	20	0	-20

Justification

The Budget proposes to eliminate discretionary resources for the Centennial Challenge Fund because it is expected to receive millions in mandatory funds from sales of the Senior Pass in 2020. The majority of Centennial Challenge Funds have been used to help pay for infrastructure improvement projects; thus, the Budget's proposed multi-billion dollar Public Lands Infrastructure Fund would reduce the need for this program. Given limited discretionary resources, eliminating this program would allow NPS to focus on other higher-priority activities, such as park operations.

Citations

[1] National Park Service Centennial Act (P.L. 114-289).

ELIMINATION: HERITAGE PARTNERSHIP PROGRAM

Department of the Interior

Through the Heritage Partnership Program, the Congress established 49 National Heritage Areas to commemorate, conserve, and promote areas that include important natural, scenic, historic, cultural, and recreational resources. The Budget proposes to eliminate funding for the Heritage Partnership Program, which is partially authorized and is secondary to the primary mission of the National Park Service (NPS). This program provides financial and technical assistance to congressionally designated National Heritage Areas, which are managed by non-Federal organizations to promote the conservation of natural, historic, scenic, and cultural resources. The Budget includes a request for minimal resources to close-out and transition the program to the State, local, or private entities that manage the Areas.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	20	0	-20

Justification

National Heritage Areas are not part of the National Park System, and the lands are not federally owned and managed. The lands within heritage areas tend to remain in State, local, or private ownership. Thus, these grants to State and local entities are not a Federal responsibility. National Heritage Area managers should use the national designation to facilitate more sustainable funding opportunities from local and private beneficiaries. As noted in a Government Accountability Office report, there is no systematic process for designating Heritage Partnership Areas or determining their effectiveness.[1] The proposed funding elimination would also allow NPS to focus resources on core park and program operations, such as visitor services.

Citations

[1] Barry T. Hill, Director, Natural Resources and Environment, U.S. General Accounting Office, *National Park Service: A More Systematic Process for Establishing National Heritage Areas and Actions to Improve Their Accountability Are Needed*, testimony before the Committee on Energy and Natural Resources, U.S. Senate, GAO-04-593T, (March 30, 2004).

ELIMINATION: INDIAN GUARANTEED LOAN PROGRAM

Department of the Interior

The Budget proposes to eliminate new loan subsidy funding for the Indian Guaranteed Loan Program as it largely duplicates other Federal loan programs that serve Indian Country.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	11	1	-10

Justification

The Indian Guaranteed Loan Program supports Indian Country by guaranteeing and insuring loans to Indian Tribes, tribal members and Indian-owned businesses. The Budget proposes to eliminate funding for new loan subsidies but maintain funding for the Program to manage its existing loan portfolio. The Indian Guaranteed Loan Program largely duplicates existing Federal loan guarantee programs that support Indian Country, such as those operated by the Small Business Administration. In addition, the Department of the Interior's Office of the Inspector General[1] found that the program has internal control weaknesses, which have not been fully resolved. Furthermore, eliminating funding for new loan subsidies would support the President's reform plan: *Delivering Government Solutions in the 21st Century,*[2] which proposed to, where feasible, centralize small business loan and loan guarantee programs under the Small Business Administration.

Citations

[1] U.S. Department of the Interior, Office of Inspector General, *Stronger Internal Controls Needed Over Indian Affairs Loan Guarantee Program*, 2016-CR-036 (November 2017).

[2] *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

ELIMINATION: NATIONAL WILDLIFE REFUGE FUND

Department of the Interior

The Budget proposes to eliminate discretionary funding for the National Wildlife Refuge Fund. This Fund was intended to compensate communities for lost tax revenue from Federal land acquisitions, but fails to take into account the economic benefits refuges provide to communities. In addition, communities receive these payments with "no strings attached."

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	13	0	-13

Justification

Though the National Wildlife Refuge Fund was intended to compensate communities for lost tax revenue from Federal land acquisitions, evidence shows that refuges often generate tax revenue for communities—in excess of what was lost—by increasing property values and creating tourism opportunities for the American public to connect with nature. A 2013 study found that National Wildlife Refuges generated an estimated $2.4 billion in sales for local economies, supported over 35,000 jobs, and resulted in over $340 million in tax revenues at the local, State, and Federal level from recreational spending.[1] A study by North Carolina State University in 2012 found that property values surrounding refuges are higher than equivalent property values elsewhere.[2] In addition, approximately $8 million per year in mandatory appropriations is provided to communities from the National Wildlife Refuge Fund.

Citations

[1] U.S. Fish and Wildlife Service, *Banking on Nature: the Economic Benefits to Local Communities of National Wildlife Refuge Visitation*, (October 2013).

[2] North Carolina State University Center for Environmental and Resource Economic Policy, *Amenity Values of Proximity to National Wildlife Refuges*, (April 2012).

REDUCTION: COPS HIRING PROGRAM

Department of Justice

The Budget proposes to reduce resources for the COPS Hiring Program in order to reallocate funding to higher priority Federal law enforcement programs that lead efforts to address gangs, violent crime, and the opioid epidemic in communities across the Nation.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	228	99	-129

Justification

In 1994, the Clinton Administration began administering the COPS Hiring Program, which was initially designed as a six year program that would enable State and local law enforcement agencies to hire or redeploy 100,000 officers for community policing efforts. The program continues today by subsidizing routine functions of local police departments by funding a portion of entry-level salaries and benefits for newly hired or rehired police officers. These resources are spread thin and are not well targeted to achieve public safety outcomes. For example, the majority of awards fund only one to two positions per law enforcement agency. Further, the COPS Hiring Program is duplicative of other grants administered by DOJ, including the Byrne Justice Assistance Grants.

Reallocating resources from COPS Hiring to Federal law enforcement allows the Department of Justice (DOJ) to focus on high priority Federal investigations that target criminals posing the greatest threat to society. The Budget provides $14.9 billion to Federal law enforcement agencies, including the Federal Bureau of Investigation; the Drug Enforcement Administration; the United States Marshals Service; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; and the Organized Crime and Drug Enforcement Task Forces, which work in concert with State and local law enforcement partners. This funding allows DOJ to respond to national security crises; investigate violent- and drug-related crime; and apprehend, detain, and prosecute offenders.

REDUCTION: PRISON CONSTRUCTION FUNDING

Department of Justice

The Budget proposes to cancel $505 million in construction funding reserved for the Bureau of Prison's (BOP) planned Letcher County, KY facility in order to reallocate funding to other national priorities, including maintaining Federal law enforcement capacity, improving national security, and enforcing immigration laws. Given the declining prison population has reduced capacity demands, new construction is more costly than purchasing existing unused facilities, prison construction has not been shown to spur local economic growth, and complications associated with the Letcher County site have contributed to increased costs and significant delays, the Budget does not support the construction of this prison.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	0	-505	-505

Justification

The BOP Buildings and Facilities account includes the funds associated with land and building acquisition, new prison construction, and land payments for the Federal Transfer Center in Oklahoma City, as well as funds associated with the renovation of Bureau-owned buildings and structures.

Between 2006 and 2017, the Congress appropriated approximately $510 million in new prison construction funds to BOP for the construction of a new facility in Letcher County, KY. The facility would expand system-wide capacity by 960 high security beds and 356 minimum-security beds. While BOP initially estimated construction of the facility would take approximately 60 months, a series of complications related to land acquisition and topography has resulted in significant delays. To date, BOP has obligated just $3 million or 0.6 percent of the $510 million appropriated. The Budget proposes to cancel $505 million from these reserved funds.

From a budget and policy perspective, several compelling factors weigh against construction of the Letcher County facility:

Population Trends—While the project was initially designed to reduce overcrowding, a nearly 16 percent decline in the prison population since 2013 has resulted in system-wide reductions in crowding. Crowding at high security facilities in particular has dropped from 54 percent to just 25 percent.

Cost Effectiveness of Construction—BOP accommodates population increases using a combination of contract confinement, facility purchase, and facility construction. Historically, the construction of a facility has been the least cost-effective means of securing additional space. On average, construction of a new facility costs approximately $370 million, while the Letcher County facility is projected to cost $510 million, or 38 percent more. In contrast, BOP purchased AUSP Thomson in 2012 for just $165 million. Upon activation, Thomson is expected to provide between 1,600 and 2,500 additional beds, yielding a maximum cost of $100,000 per bed compared to $386,000 per bed at Letcher.

Economic Impact—Although the Letcher facility has been touted as an economic boon for the region, jobs at the new facility will not necessarily be filled by people already living in the community. Due to the unique challenges of activation, new prisons typically first employ existing, experienced correctional officers who relocate from elsewhere in the system. Further, research has suggested that the strict qualifications for Federal law enforcement related to education and professional experience may preclude many local residents from being able to take advantage of these positions. Therefore, prison construction largely does not provide economic growth in rural counties, and in fact, may impede it.[1,2,3,4]

Project Complications—Letcher County's unique topography has proven to be a complication for the project. As the proposed site is situated on the former site of a mountaintop coal mine, the unique challenges related to access, utilities, and environmental impact have contributed to increased costs and significant delays. The agency continues to struggle to acquire land from the multiple landowners currently in possession of the property.

Citations

[1] Congressional Research Service, *Economic Impacts of Prison Growth*, R41177, (2010).

[2] Hooks et al. *Revisiting the Impact of Prison Building on Job Growth: Education, Incarceration, and County-Level Employment*, 1976-2004, Social Science Quarterly, (2010).

[3] Besser and Hanson, *The Development of Last Resort: The Impact of New State Prisons on Small Town Economies,* Journal of the Community Development Society, (2004).

[4] Perdue and Sanchagrin, *Imprisoning Appalachia: The Socio-Economic Impacts of Prison Development*, Journal of Appalachian Studies, pp. 210-223, (2016).

ELIMINATION: STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

Department of Justice

The Budget proposes to eliminate the State Criminal Alien Assistance Program (SCAAP) from the Office of Justice Programs within the Department of Justice. SCAAP, which reimburses State, local, and tribal governments for prior year costs associated with incarcerating certain illegal criminal aliens, is unauthorized and poorly targeted. The Administration proposes to instead invest in border enforcement and border security initiatives that would more effectively address the public safety threats posed by criminal aliens.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	244	0	-244

Justification

This program represents a general revenue transfer to States that neither focuses resources on immigration enforcement nor fully reimburses their detention costs. In 2017, the reimbursement rate was about 24 cents on the dollar, with just four States—California, Florida, New York, and Texas—receiving over two-thirds of available funds. Further, the program has no performance metrics or programmatic requirements associated with the funds to improve public safety. The program does not require recipients to use SCAAP awards solely for the purpose of addressing the cost of detaining criminal aliens in State, local, and tribal detention facilities. Further, the program does not require States to cooperate with Federal immigration detainer requests, and therefore cannot be leveraged to maximize public safety benefits.

REDUCTION: BUREAU OF INTERNATIONAL LABOR AFFAIRS

Department of Labor

The Budget proposes to eliminate the Department of Labor's international labor grants, instead focusing the International Labor Affairs Bureau (ILAB) on ensuring that U.S. trade agreements are fair for American workers.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	86	19	-67

Justification

Despite its role in ensuring that U.S. trade agreements are fair for American workers, ILAB spends almost 70 percent of its budget on grants to promote worker protection overseas. For example, funds have been used for union organizing activities in Colombia. Many grants are awarded noncompetitively to the International Labor Organization, a United Nations (UN) agency, even though the U.S. already contributes substantial funding to the UN. There have been few impact evaluations of ILAB projects, and those that have been completed show limited effects. For instance, the completed child labor impact evaluations show that education projects had limited effects on withdrawing and preventing children from participating in child labor.[1] The Budget would eliminate these grants, downsize staff accordingly, and focus ILAB on ensuring that American workers are competing on a level playing field with other countries.

Citations

[1] Government Accountability Office, *International Labor Grants: DOL's Use of Financial and Performance Monitoring Tools Needs to be Strengthened*, GAO-14-832, (September 2014).

ELIMINATION: INDIAN AND NATIVE AMERICAN PROGRAM

Department of Labor

The Indian and Native American Program (INAP) duplicates services that are funded through the Department of Labor's core Workforce Innovation and Opportunity Act (WIOA) job training formula grants. The Budget proposes to eliminate INAP, an unproven program that has never been rigorously evaluated. As an alternative, the Budget would create a Native American set-aside in the WIOA Adult formula grant program as exists in the WIOA Youth program, integrating Native American training efforts into the core workforce system instead of supporting parallel efforts.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	55	0	-55

Justification

INAP seeks to help low-income and unemployed Native Americans, Native Alaskans, and Native Hawaiians obtain the skills necessary to compete in the economy. The program runs competitions through which it gives grants to Indian Tribes, tribal organizations, and other Indian-controlled organizations to provide a wide range of training and support services. Performance results are comparable to the outcomes of Native American participants in the WIOA Adult program, but the INAP program is a more expensive intervention, which calls into question its cost effectiveness. In addition, the program has never been rigorously evaluated, so it is unclear whether program participants would have had the same employment outcomes in the absence of the program. Further, there is very little turnover in grantees. The grantee cohort has remained almost exactly the same over the past decade, leading to a situation where grantees are not pushed to improve their performance. The Budget proposes to eliminate standalone funding for this unproven program, instead creating a Native adult set-aside within the WIOA Adult program in order to bring the provision of workforce services to Native American adults into the core workforce system. This elimination represents a first step toward the job training consolidation proposal presented in the Administration's Government-wide reorganization plan, *Delivering Government Solutions in the 21st Century*.[1]

Citations

[1] *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

REDUCTION: JOB CORPS

Department of Labor

The Budget proposes to reform Job Corps by closing low-performing centers, piloting new approaches to service delivery, enabling States to become center operators, and focusing the program on youth most likely to benefit from the intervention. The Budget also proposes to end the U.S. Department of Agriculture's (USDA) role in the program, given that workforce development is not a core part of the Agency's mission.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,719	1,016	-703

Justification

Job Corps provides training and educational services to approximately 50,000 disadvantaged youth (ages 16-24) at 123 primarily residential centers nationwide. The program has historically struggled with numerous issues, including safety and security, uneven center performance, and a lack of innovation. A randomized control trial of the program conducted from 1993-2006 found no overall long-term employment or earnings impacts associated with program participation, though it did find positive long-term earnings impacts for the 20-24 year old cohort.[1] At $35,000 per participant, the program is also extremely costly. Moreover, many Job Corps centers have failed to provide safe environments for their students and staff, and this Administration has closed two centers due to violence. Recent Inspector General reports have cast further doubt on the program's effectiveness, with one finding that Job Corps contractors could not demonstrate that their services lead to student placement in jobs and another finding serious failings in the program's efforts to maintain the safety and security of its students and staff.[2,3]

The Budget proposes aggressive steps to improve Job Corps for the youth it serves by closing centers that chronically do a poor job educating and preparing students for jobs, focusing the program on the older youth for whom it is more effective, improving center safety, and making other changes to sharpen program quality and efficiency. As part of this effort, the Budget is proposing to end USDA's role in the program. Providing workforce development services to disadvantaged youth is not the USDA's core mission or competency, and its 25 centers are disproportionately represented at the bottom of the performance rankings. The Department of Labor (DOL) would also continue taking administrative steps to improve the quality of the services delivered through the Job Corps program. In particular, DOL would expand several recently-initiated pilots to test new models for operating Job Corps centers. The Budget would enable States to take a leading role in operating centers, better integrating Job Corps with the broader State-run workforce development system.

Citations

[1] Schochet, et al. *National Job Corps Study: Findings Using Administrative Earnings Record Data*, (2003).

[2] U.S. Department of Labor, Office of Inspector General, *Job Corps Could Not Demonstrate Beneficial Job Training Outcomes*, (2018).

[3] U.S. Department of Labor, Office of Inspector General, *Review of Job Corps Center Safety and Security*, (2017).

ELIMINATION: MIGRANT AND SEASONAL FARMWORKER TRAINING

Department of Labor

The Budget proposes to eliminate the Migrant and Seasonal Farmworker Training program (also known as the National Farmworker Jobs Program). The program is duplicative in that it creates a parallel training system for migrant and seasonal farmworkers, despite the fact that these individuals are eligible to receive services through the core Workforce Innovation and Opportunity Act (WIOA) formula programs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	89	0	-89

Justification

The Migrant and Seasonal Farmworker Training program provides grants to 52 organizations to provide training, employment, and other services to migrant farmworkers, with the goal of increasing their employment and earnings. The program also awards housing assistance grants to 11 organizations. Grantees include a mix of for-profit corporations, non-profits, and State agencies. While the program reports favorable performance results in terms of the share of participants entering employment, the program has not been rigorously evaluated so it is unclear whether these outcomes would have happened in the absence of the program. Those participants who currently receive training and employment services are eligible for similar services through the core WIOA Titles I and III formula programs. In addition, while grants are competitively awarded, there is inadequate competition and very little grantee turnover. For example, all 52 grantees receiving employment and training grants in 2017 had also been awarded grants in the previous competition, even though their performance was mixed. This program elimination represents a first step toward the job training consolidation proposal presented in the Administration's Government-wide reorganization plan, *Delivering Government Solutions in the 21st Century*.[1]

Citations

[1] *Delivering Government Solutions in the 21st Century: Reform Plan and Reorganization Recommendations*, (June 2018).

ELIMINATION: OSHA TRAINING GRANTS

Department of Labor

The Budget proposes to eliminate the Occupational Safety and Health Administration's (OSHA) Susan Harwood training grants, which are unnecessary and unproven.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	11	0	-11

Justification

OSHA's Harwood Training Grant program was established in 1978 to provide one- to five-year competitive grants to non-profit organizations to develop and conduct occupational safety and health training programs. OSHA has no evidence that the program is effective, and measures the program's performance in terms of the number of individuals trained, rather than improvements in workplace safety and health. In addition, the training activities funded by these grants could still occur absent the Federal subsidy. The Budget proposes to provide resources for OSHA's compliance assistance activities, including free on-site safety and health consultations for small businesses; cooperative programs to help employers identify and address hazards; and assistance to help employers and workers improve the safety of their workplaces. Training and outreach programs delivered directly by the agency can provide information more efficiently. Additionally, numerous training and information resources are available on OSHA's website.

ELIMINATION: SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

Department of Labor

The Budget proposes to eliminate the Senior Community Service Employment Program (SCSEP). SCSEP is duplicative of the Workforce Innovation and Opportunity Act (WIOA) job training formula grants, and is ineffective in achieving its goal of transitioning seniors into unsubsidized employment.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	400	0	-400

Justification

SCSEP distributes grants to States and public and private non-profit organizations to provide part-time work experience in community service activities to unemployed low-income persons aged 55 and over.

While the program provides some income support to about 60,000 individuals each year, it fails to meet its other major statutory goals of fostering economic self-sufficiency and moving low-income seniors into unsubsidized employment. SCSEP has a goal of transitioning half of participants into unsubsidized employment within the first quarter after exiting the program, but has struggled to achieve even this modest goal, doing so in only one of the most recent seven program years.[1] In addition, these placement rates exclude the nearly one half of program participants who do not complete the program. At more than $7,300 per participant, SCSEP is not a cost-effective mechanism to facilitate community service among older adults. Further, the Inspector General recently found that the program's largest grantee intentionally misused more than $4 million of program funds on items such as personal travel, Netflix subscriptions, and nearly $800 thousand in expenses for the former Board of Directors' Chairman and other former senior executives.[2] The goal of supporting the self-sufficiency and employment of older workers can continue to be addressed through the WIOA formula grants.

Citations

[1] Department of Labor, *Senior Community Service Employment Program: Nationwide Quarterly Progress Reports*, 2010–2016, ETA 5140, www.doleta.gov/Seniors/html_docs/GranteePerf.cfm.

[2] Department of Labor, Office of the Inspector General, *Experience Works, Inc. Misused More Than $4 Million In SCSEP Grant Funds*, 2018, 26-18-002-03-360, https://www.oig.dol.gov/public/reports/oa/2018/26-18-002-03-360.pdf.

ELIMINATION: EARMARKED APPROPRIATIONS FOR NON-PROFIT ORGANIZATIONS

Department of State and U.S. Agency for International Development

The Budget continues to support the elimination of earmarked appropriations for the East-West Center (EWC) and The Asia Foundation (TAF). Both EWC and TAF serve niche missions that duplicate other Federal programs as well as non-profit and private sector organizations. These non-profit organizations could continue to leverage private sector contributions and Federal grant funding to sustain their programs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
The Asia Foundation	17	0	-17
East-West Center	17	0	-17

Justification

EWC is a quasi-governmental organization established by the Congress in 1960, and TAF is a private, non-governmental organization founded in 1954. Even though these organizations remain authorized, it is highly unusual for private organizations to receive a direct appropriation with no direct leadership from the Executive Branch to provide oversight. The Administration continues to support ending dedicated funding for organizations that may effectively serve niche missions, but which are not critical to the conduct of U.S. foreign policy and which duplicate the efforts of other Federal programs or the non-profit and private sectors. By continuing to support this change EWC and TAF will be incentivized to compete for Federal funding, which will improve efficiency while minimizing the potential for duplication. Due to their non-profit status, elimination of earmarked Federal funding will not terminate these organizations, and they remain eligible for Federal grant funding and private sector contributions.

ELIMINATION: ECONOMIC AND DEVELOPMENT ASSISTANCE ACCOUNTS

Department of State and U.S. Agency for International Development

The Budget proposes to consolidate, realign, and reduce economic and development assistance across budget accounts, countries, and sectors to better advance U.S. interests, target the challenges of a new era of great power competition, support reliable strategic and diplomatic partners and allies, and ensure efficiency, effectiveness, and accountability to the U.S. taxpayer. The Budget proposes to eliminate the Development Assistance (DA) and Assistance for Europe, Eurasia and Central Asia (AEECA) accounts, and to fund selected programs previously covered by these accounts through the new consolidated Economic Support and Development Fund (ESDF), improving flexibility and enabling a more balanced consideration of how these programs support U.S. interests. The ESDF focuses foreign assistance in regions and on sectors that advance national security and protect the American people, promote U.S. prosperity and economic opportunities, and advance American interests and values around the world.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Development Assistance	3,000	0	-3,000
Assistance for Europe, Eurasia and Central Asia	760	0	-760

Justification

Eliminating DA and AEECA as separate accounts would streamline economic and development assistance, and improve the efficiency and flexibility of allocating assistance across countries and sectors through the single ESDF account. It would allow the Department of State (State) and U.S. Agency for International Development (USAID) to treat regions, sectors, and countries on an equivalent basis, avoiding the sometimes suboptimal allocations that result from directed funding. Just a few years ago, the Congress agreed to merge the AEECA account into the Economic Support Fund for similar reasons: a separate regional account with similar authorities is not necessary and can make re-allocations across countries and regions to adjust to emerging opportunities and changing needs on the ground less flexible and efficient.

This consolidation would also allow State and USAID to better assess, prioritize, and target development-related activities in the context of broader U.S. strategic objectives and partnerships around the world, ensuring that foreign assistance goes where it can most successfully advance U.S. foreign policy goals. Reflecting this new and more strategic approach, the Budget realigns economic and development assistance to core programs with proven impact that protect the American people, promote U.S. prosperity, and advance American interests and values in the current geopolitical environment of great power competition. It emphasizes supporting allies and partners while sharing assistance burdens more fairly; countering strategic competitors; providing a clear alternative to state-directed investment; leveraging the private sector to advance U.S. economic opportunities; and graduating developing countries from foreign aid by advancing their self-reliance.

The Budget recognizes that it's *how* the U.S. spends its foreign aid, and not *how much,* that is most important for advancing our goals and demonstrating the value of the U.S. model of leadership abroad. It focuses resources on friendly countries that are reliable strategic and diplomatic partners, while also setting the expectation that other donors need to step up and do more to support economic growth and development globally. The Budget would allocate assistance in a more targeted and effective manner, where and how it's needed, while ensuring that aid programs incorporate strong accountability and improved processes to track data and apply evidence of what works. Such programs are best able to build the capacity and capability of developing countries to drive their own economic growth and reduce their need for traditional assistance. To further build the self-reliance of developing countries and to advance U.S. economic opportunities, the Budget also proposes to strengthen private-sector investment environments and leverage the new Development Finance Corporation to support U.S. businesses while advancing private-sector-led development and national security partnerships.

REDUCTION: EDUCATIONAL AND CULTURAL EXCHANGES

Department of State and U.S. Agency for International Development

The Budget proposes to significantly reduce Federal funding for the Department of State's Educational and Cultural Exchange Programs, including the Bureau of Educational and Cultural Affairs (ECA). Federal support for educational and cultural exchanges would be focused on efficient and effective programs that help build networks of leaders abroad to promote a more free and prosperous world. Program resources for people-to-people exchanges would support strategic foreign policy objectives that benefit Americans.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	701	310	-391

Justification

When originally authorized in the Mutual Educational and Cultural Exchange Act of 1961, educational and cultural exchanges were an important means of exposing foreign citizens to U.S. culture, and U.S. citizens to foreign cultures. The State Department currently manages over 85 separate academic, professional, and cultural exchange programs—double the number that existed in 2004. Reducing the number of exchange programs to a core few would allow the State Department to focus its management and oversight resources on those programs that have demonstrated results.

The Administration has recognized the need to control spending and proposes to focus on a more limited set of exchange programs that most directly target U.S. Government (USG) strategic needs, both in terms of the people recruited and the places from which they're recruited. Yet the Congress has continued to appropriate over $600 million annually to support the large number of academic, professional, and cultural exchange programs at the Department of State. In addition, globalization and privately-financed expansion of people-to-people exchanges, academic study opportunities, and international visitors have fundamentally changed the landscape since federally funded exchange programs were authorized over 50 years ago. For example, of the more than 1 million international students that came to the U.S. in the 2017-2018 academic year, less than one percent[1] of the funding was provided by USG exchange programs.

The large number of different exchange programs also dilutes their overall impact, and creates major challenges to effective program management. The State Department's Office of Inspector General (OIG) recently audited 12 cooperative agreements between the Agency and its largest implementing organization, totaling $403 million in awards and $265 million in expenses. The OIG found that the Department of State performed inadequate oversight, and that the implementing organization did not always comply with the terms and conditions of the agreements, such as lacking documentation supporting many claimed expenses.[2]

Citations

[1] Institute of International Education, Primary Source of Funding from the 2018 *Open Doors Report*.

[2] Office of Inspector General, U.S. Department of State, *Audit of the Administration of Selected Cooperative Agreements Awarded to the Institute of International Education by the Bureau of Educational and Cultural Affairs*, AUD-CGI-18-15, (February 2018).

REDUCTION: INTERNATIONAL ORGANIZATION CONTRIBUTIONS

Department of State and U.S. Agency for International Development

The Budget proposes to end or reduce funding for international programs and organizations whose missions do not substantially advance U.S. foreign policy interests, or for which the funding burden is not fairly shared among members. Funding for these organizations is currently provided in two accounts: dues and other assessed support are provided through Contributions to International Organizations (CIO), and additional voluntary contributions are provided through International Organizations and Programs (IOP). No funding for the IOP account is requested in the Budget.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Contributions to International Organizations	1,360	1,014	-346
International Organizations and Programs	364	0	-364
Total Budget Authority	1,724	1,014	-710

Justification

The Budget requests $1,014 million for contributions to the United Nations (UN), technical agencies, and other international organizations. It would fully fund international organizations critical to our national security, but makes cuts or reductions to other organizations and programs whose results are unclear or whose work does not directly affect our national security interests. The United States will continue to pursue greater accountability, identify efficiencies, and work to have equitable cost-sharing among other members.

The Budget request continues to signal our enduring commitment to greater accountability and transparency of international organizations and shared responsibility among their members. The United States is just one of 193 countries in the UN but pays for 22 percent of the regular budget, more than any other member state. Some of the UN's programs, such as its Regional Economic Commissions, provide unclear results or accomplishments, or as in the case of some of its human rights mandates, do not advance U.S. national interests or are biased or critical of the United States or close U.S. allies, such as Israel.

In reviewing U.S. membership in international organizations, in 2017 the Department of State notified the United Nations Educational and Cultural Organization (UNESCO) of its decision to withdraw from the organization. This decision reflected U.S. concerns with the need for fundamental reform in the organization and continuing anti-Israel bias at UNESCO. Since then, the United States has also announced its withdrawal from the UN Human Rights Council, in part because some of the UN's human rights mandates do not advance U.S. national interests or are biased or critical of the United States or close U.S. allies. In October, the United States filed notice that it would withdraw from the Universal Postal Union (UPU) if sufficient reforms are not made. Currently UPU postal rates-setting favors certain countries at the expense of the United States, unfairly disadvantaging American companies and creating economic distortions.

To the extent the United States decides to pursue continued funding for any of the programs or organizations previously supported via the IOP account, the Budget assumes that it would do so in 2020 through the Economic Support and Development Fund and other foreign assistance accounts.

ELIMINATION: P.L. 480 TITLE II FOOD AID

Department of State and U.S. Agency for International Development

The Budget proposes to eliminate the P.L. 480 Title II food aid program (Title II) in order to focus on the highest priority, most efficient and effective foreign assistance, and eliminate inefficient, slow, and high-cost programs. The foreign assistance request retains sufficient funding for emergency food assistance in the new, consolidated International Humanitarian Assistance (IHA) account, which, like its predecessor—the International Disaster Assistance (IDA) account—can provide food aid through the most effective means for each crisis and can provide U.S. food commodities where they are the most appropriate emergency response.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,716	0	-1,716

Justification

Title II provides emergency and development food aid, primarily through the purchase and shipment of U.S. commodities. The Budget focuses humanitarian and development assistance on the highest priorities, and proposes to eliminate duplicative and inefficient programs. Providing emergency food aid through IHA will have at least the same flexibilities as IDA (see the Budget *Appendix* for additional detail on IHA). IDA allows more appropriate and, on average, more cost effective assistance than Title II food aid. Unlike Title II, IDA has demonstrated the flexibility to adjust to conflict and other situations (such as the Syria crisis) where affected people may be displaced multiple times. Procuring food near crises can save up to two months or more on delivery time, and can significantly reduce the costs of food aid. Other tools such as cash vouchers, where appropriate, also help support local economies shaken by humanitarian crises, which can lower overall needs. Given limited resources, it is important to focus funding on the most efficient assistance mechanisms. In this case, IDA has allowed—as IHA will allow—the choice of the right tool at the right time and maximizes the reach of U.S. assistance.

Disproportionate share of global food aid—The United States is the largest provider of emergency food aid, typically accounting for a third or more of all contributions. As the United States refocuses assistance to the highest priority areas, the Budget calls upon other donors to do their fair share.

Slower and more costly—Title II takes an average of four to six months to deliver food aid, which means that food may need to be moved before it is certain that it is needed (such as anticipating whether and how severe a drought may be) or shipments may arrive too late. Like IDA, using IHA could significantly shorten the delivery time. In some disasters, IDA has allowed food to arrive within days, not months. While in certain cases Title II can be prepositioned to save some time, the additional storage, handling, and delivery costs mean that U.S. taxpayers are paying even more compared to the costs of IHA or IDA.

Less efficient than other foreign assistance—The 2018 Farm Bill requires that at least $365 million of annual Title II appropriations must be used for high-cost and inefficient development food aid programs. While the Farm Bill includes some changes in the development food aid requirements that reduce some of the long-standing inefficiencies, there are other less costly and more efficient mechanisms to provide development assistance. Eliminating these programs would align with the approach taken toward other foreign assistance programs, ensuring that funding can be focused on the highest priorities, on efficiency, and on effectiveness. The U.S. Agency for International Development would continue to fund longer-term food security and nutrition programs through the Economic Support and Development Fund and the Global Health Programs.

REDUCTION: PEACEKEEPING

Department of State and U.S. Agency for International Development

The Budget would support a United States contribution for United Nations (UN) peacekeeping missions at or below the statutory cap of 25 percent within the Contributions to International Peacekeeping Activities (CIPA) account. The U.S. would continue to work with the UN to constrain peacekeeping costs, eliminate missions as conditions warrant, and achieve greater operational and management efficiencies.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Total Budget Authority	1,551	1,136	-415

Justification

With over 90,000 personnel and an annual budget of nearly $7 billion, UN peacekeeping is a powerful tool to address challenges to international peace and security. However, peacekeeping missions alone cannot achieve lasting peace nor are they the appropriate response in all instances and must be part of a larger strategic context that includes political solutions to these protracted conflicts. Furthermore, continued reform is needed to create not only more efficient, effective, and accountable peacekeeping operations but to ensure that each mission's mandate reflects the realities on the ground and is supported by the necessary political will and structures to achieve its objectives.

The Budget request of $1.1 billion for U.S. contributions to UN peacekeeping activities supports a United States contribution at or below the statutory cap of 25 percent for UN peacekeeping missions. At an assessed rate of 27.9 percent, the United States pays more than its fair share of the cost, particularly when the other four permanent UN Security Council members with veto power have an assessed rate between 3 and 15 percent of the total. The Budget continues to reinforce the expectation that the UN should reduce costs by reevaluating the design and implementation of peacekeeping missions and sharing the funding burden more fairly among members. The United States will continue to work with the Secretary General and members of the Security Council to increase mission effectiveness and reduce the overall peacekeeping budget.

REDUCTION: CAPITAL INVESTMENT GRANTS (NEW STARTS)

Department of Transportation

The Budget proposes to reduce funding for the Capital Investment Grant program, which provides Federal funding for local transit projects. The Administration believes this program should be targeted to the most impactful projects. Therefore, while the Budget includes $500 million for new projects, it does not prematurely allocate these resources to specific projects. The Department of Transportation will award funding to projects that best align with the Administration's priorities, such as higher local share and greater private investment.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	2,553	1,505	-1,048

Justification

Capital Investment Grants support the construction of new or extension to fixed guideway transit systems with primarily localized benefits, such as commuter rail, light rail, streetcars and bus rapid transit. It is authorized through 2020 in the FAST Act, the current surface transportation authorization bill.

The Budget proposes $1.5 billion, which includes $1 billion for existing signed full funding grant agreements and $500 million for new projects to enter into new agreements. The Budget proposes a reduced funding level for new projects to enter the Capital Investment Grant program. The Administration proposes to target this funding to the projects that provide the most regionally significant transportation benefits; do not rely heavily on Federal assistance and have substantial, committed State and local funding contributions; and that utilize innovative delivery mechanisms, such as public private partnerships.

REDUCTION: ESSENTIAL AIR SERVICE

Department of Transportation

The Budget proposes to reform the Essential Air Service (EAS) by reducing discretionary funding and limiting the per-passenger subsidies for communities that are relatively close to larger airports.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	175	125	-50

Justification

EAS is an outdated program, designed 40 years ago to be a temporary program, to mitigate potential impacts from airline deregulation. Many EAS flights are not full and have high per-passenger subsidy costs. The average 2017 per-passenger subsidy for EAS communities in the Continental United States was $128, with a high of $536. Previous piecemeal efforts to reform the EAS program have failed. In constant 2016 dollars, EAS spending has increased 600 percent since 1996, and 132 percent since 2008. The average cost per community in the continental United States in 2017 was $2.7 million. Several EAS communities are close to other airports and have fewer than 10 average daily enplanements, with many communities repeatedly receiving waivers if they did not meet the enplanement and subsidy cap requirements.

The Administration believes it is essential to reform the EAS program to finally bring spiraling costs under control, while ensuring that truly remote communities receive air service. The Budget includes a modest legislative reform proposal to ensure that Federal funds are efficiently targeted at the communities most in need. These reforms limit EAS eligibility to communities receiving subsidized service in 2020; increase the subsidy cap from $200 to $250 per passenger for communities located within 210 miles of a large or medium hub airport; and eliminate the subsidy waiver for this requirement.

REDUCTION: GRANTS TO AMTRAK

Department of Transportation

The Budget proposes to restructure Amtrak's Long Distance network, phasing decision-making and cost responsibilities to States. The proposal would promote a market-based, passenger-focused intercity passenger rail network that better meets the transportation demands of the American public. The Budget proposal would mark the end of the Federal Government fully subsidizing Amtrak's Long Distance routes, after a multi-year transition period.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Amtrak NEC	650	325	-325
Amtrak National Network	1,292	611	-681

Justification

Amtrak's Long Distance routes suffer from poor on-time performance; account for only 4.5 million of Amtrak's nearly 32 million annual passengers; and incur annual operating losses of more than $500 million. In particular, in 2018 the Sunset Limited Long Distance Route served 97,100 passengers, but generated a $35.1 million operating loss, resulting in a $361 Federal subsidy per passenger. Other Long Distance Routes, including the Southwest Chief, Cardinal, and Crescent, have thus far required subsidy of $172, $160, and $143 respectively per passenger. Furthermore, only 12 percent of Long Distance passengers are riding endpoint to endpoint, with most passengers traveling to and from intermediate markets, typically less than 500 miles apart.

The Long Distance network has not changed from its original iteration 40 years ago. It does not provide efficient services in areas where passenger rail is a competitive form of transportation and inadequately serves low population areas through which they travel with infrequent and inconvenient service. The Budget proposes that Federal operating support for Long Distance routes would now be provided through the Restoration and Enhancement (R&E) Grant program, not Amtrak's annual grant, and then phased out entirely. In 2020, the Department of Transportation, Amtrak, states, and affected local governments will collaborate to rationalize the Long Distance network to more efficiently serve modern market needs as a series of shorter-distance, high-performing corridor services where passenger rail as a transportation options makes sense. Low population areas along the routes will be better served by other modes of transportation, like intercity buses.

States are encouraged to apply with Amtrak for R&E funding in 2020 so they can begin to make informed decisions about their routes and the elements they value to continue operating in the future. Grants will phase down over four years, with Federal funds covering 100 percent of operating costs in year one, 80 percent in year two, 60 percent in year three, and 40 percent in year four. While the Budget would reduce subsidy to Amtrak's National Network, funding is still proposed for remaining capital costs on the long distance network and provides sufficient funding to cover these costs. Over time, Federal support for Amtrak would be significantly reduced as Amtrak is able to right-size its network and States play a larger role, as they do now for State-supported and Northeast Corridor services.

The Budget also proposes $325 million for continued investments in Northeast Corridor, to improve reliability and performance of the corridor. This request is equal to the 2017 enacted level, and the Budget encourages Amtrak to increase efficiencies across all asset lines.

REDUCTION: RAILROAD SAFETY USER FEE

Department of Transportation

Railroads benefit directly and indirectly from the Federal Government's efforts to ensure high safety standards through the Federal Railroad Administration's rail safety inspectors and activities, and it is appropriate for railroads, like other regulated industries, to partially fund Federal safety efforts.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Fees	0	-50	-50

Justification

The Budget proposes to reinstate the Railroad Safety User Fee, which was originally authorized by the Congress in 1990 and implemented by the Federal Railroad Administration between 1991 and 1995. However, the Congress repealed the provision for this fee in September 1995. Reinstatement of this user fee would support the Federal Government's cost for rail safety inspectors and rail safety activities, and would help balance costs funded by taxpayers and those borne by the railroad operators that benefit directly and indirectly from the program. This model is not unique in the Department of Transportation; for instance, the Pipeline and Hazardous Materials Safety Administration partially offsets its safety regulation activities with fees on oil and gas pipeline operators.

REDUCTION: COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

Department of the Treasury

The Budget proposes to eliminate funding for the Community Development Financial Institutions (CDFI) Fund's grant programs, but requests $14 million for oversight of existing commitments and administration of the CDFI Fund's other programs. The Budget also proposes to cancel $25 million in anticipated carryover balances for the Bank Enterprise Award program. The CDFI industry has matured, and these institutions should have access to private capital needed to build capacity, extend credit, and provide financial services to the communities they serve.

Funding Summary

(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
CDFI Fund Administration	27	14	-13
CDFI Fund Awards	223	0	-223
Cancellation of 2019 BEA Balances	0	-25	-25
Total Budget Authority	250	-11	-261

Justification

Created in 1994, but currently unauthorized, the CDFI Fund provides grants, loans, and tax credits to a national network of CDFIs to expand the availability of credit, investment capital, and financial services for underserved people and communities. Today, there are over 1,100 Treasury-certified CDFIs—including loan funds, community development banks, credit unions, and venture capital funds—active in all 50 States and the District of Columbia. The Budget proposes to eliminate funding for the Fund's four discretionary grant and direct loan programs targeted at this now mature industry. However, it would maintain funding for administrative expenses to support ongoing CDFI Fund program activities and would extend the CDFI Bond Guarantee Program, which offers CDFIs low-cost, long-term financing and requires no credit subsidy.

ELIMINATION: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Department of the Treasury

The Budget does not propose funding for the International Fund for Agricultural Development (IFAD), which supports agricultural development in poor countries. Agricultural development funding by the multilateral development banks (MDBs) dwarfs IFAD, while the U.S. Agency for International Development (USAID) bilateral food security programs focus related funding in areas of particular interest to the United States.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	30	0	-30

Justification

IFAD is a United Nations specialized agency that provides agricultural programs focused mainly on remote rural areas of poor countries. In 2020, IFAD is seeking the second year of funding for the three-year IFAD-11 replenishment of donor funds, and, as in 2019, the 2020 Budget includes no request.

The United States will further focus its food security funding on USAID bilateral programs for agricultural development and food security. USAID programs are specifically designed to have significant impacts on malnutrition and poverty, include stringent outcome measures of performance, and are aligned with U.S. strategic priorities. USAID programs also have a major focus on increasing resilience of vulnerable populations and addressing the root causes of recurrent food crises in countries that receive significant U.S. humanitarian assistance.

In addition to bilateral funding, the United States Government and other donors support the same type of agricultural investments in poor countries through other mechanisms, and in particular through MDBs. MDB annual funding for agricultural development is several billion dollars. To the extent that there are lessons learned from IFAD, MDBs can be encouraged to employ them in their program selection and implementation.

REDUCTION: SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM

Department of the Treasury

The Budget proposes to reduce funding for the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) commensurate with the wind-down of TARP programs.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	23	18	-5

Justification

The Emergency Economic Stabilization Act of 2008 (P.L. 110-343) created SIGTARP and tasked the office with conducting, supervising, and coordinating audits and investigations of the purchase, management, and sale of assets by the Secretary of the Treasury under TARP. The Congress aligned the sunset of SIGTARP with the length of time that TARP funds or commitments are outstanding. Treasury estimates all programs will substantially close by 2023, at which time the last payments under the Home Affordable Modification Program are expected to occur. SIGTARP has commenced sunset planning and will retain access to mandatory funding provided in previous years that will help the office manage an orderly wind-down of its operations.

This funding reduction reflects that less than one percent of Treasury's TARP investments remain outstanding, over 95 percent of Housing Finance Agency Hardest Hit Funds have been disbursed, and the application periods for the Federal Housing Administration Refinance program and Making Home Affordable initiative have ended. Further, the Office of Financial Stability (OFS), the Treasury office administering TARP, rapidly wound down upon the closure of most TARP programs and is close to a steady-state of staff sufficient to complete its reporting and oversight responsibilities.

REDUCTION: CATEGORICAL GRANTS

Environmental Protection Agency

The Environmental Protection Agency (EPA) provides categorical grants to help fund State environmental program offices and activities. Many States have been delegated authority to implement and enforce Federal environmental laws including the Clean Air Act, Clean Water Act, and Safe Drinking Water Act. The Budget proposes to reduce many of these grants and eliminate others to better focus and prioritize environmental activities on core functions required by Federal environmental laws. The Budget also continues to propose a new categorical grant to provide States additional flexibility in how they meet their mandatory Federal statutory environmental requirements.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,077	580	-497

Justification

EPA categorical grant funding is intended to help States meet Federal environmental law requirements and standards. The Budget proposes to eliminate or substantially reduce Federal investment in State environmental activities that go beyond EPA's statutory requirements. States could adjust to reduced funding levels by reducing or eliminating additional activities not required under Federal law, prioritizing programs, and seeking other funding sources. The Budget also continues to propose a new categorical grant (Multipurpose Grants) to respond to State requests for additional flexibility in how they can spend categorical grants. These Multipurpose Grants would be available for any delegated mandatory statutory duty to help avoid the creation of unfunded mandates.

REDUCTION: ENERGY STAR AND VOLUNTARY CLIMATE PROGRAMS

Environmental Protection Agency

The Budget proposes to authorize the Environmental Protection Agency (EPA) to administer the ENERGY STAR program through the collection of user fees, which will have participating entities directly pay for the services and benefits that the program provides. The Budget also proposes to eliminate funding for several voluntary partnership programs related to energy and climate change, transferring the management of the programs to the private or nonprofit sectors.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	66	0	-66

Justification

ENERGY STAR is a longstanding voluntary certification program that aims to help businesses and individuals save money and protect the environment through improved energy efficiency. After the program was founded in 1992, and since reauthorized by the Energy Policy Act of 2005, EPA has administered the program using annual discretionary appropriations with support from the Department of Energy.

The Budget proposes to authorize the EPA to administer the ENERGY STAR program through the collection of user fees, including an advanced appropriation to operate the program in advance of collections. Fee collection would begin after EPA undertakes a rulemaking process to determine which products would be covered by fees, the level of each fee, and to ensure that a fee system would not discourage manufacturers from participating in the program or result in a loss of environmental benefits. By administering the voluntary program through the collection of user fees, entities participating in ENERGY STAR would directly pay for the services and benefits that the program provides.

The Budget also proposes to eliminate funding for several smaller voluntary partnership programs related to energy and climate change. These programs are not essential to EPA's core mission and can be implemented by the private sector.

REDUCTION: GEOGRAPHIC PROGRAMS

Environmental Protection Agency

Geographic Programs fund a variety of ecosystem protection activities within specific watersheds, including the Great Lakes, Chesapeake Bay, Puget Sound, and others. These activities are primarily local efforts and the responsibility for coordinating and funding these efforts generally belongs with States and local partnerships.

Funding Summary

(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	457	37	-420

Justification

The Budget would maintain limited funding for the Great Lakes Restoration Initiative and the Chesapeake Bay program to fund critical basin-wide monitoring and build capacity at the State and local level to conduct this monitoring. These efforts present a uniquely Federal role due to the need for continuous long-term monitoring in these complex watersheds and the current lack of capacity for non-Federal groups to take on this role. Eliminating funding for the remaining Geographic Programs would refocus the Environmental Protection Agency on core national work. These programs perform local ecosystem protection and restoration activities, which are best handled by local and State entities. State and local groups are engaged and capable of taking on management of clean-up and restoration of these water bodies.

REDUCTION: RESEARCH AND DEVELOPMENT

Environmental Protection Agency

The Budget proposes to reconfigure and restructure the Environmental Protection Agency's (EPA) activities in research and development to focus on research objectives that support statutory requirements. Extramural Science to Achieve Results (STAR) grants would not receive funding.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	478	259	-219

Justification

Research and Development (R&D) at EPA provides the scientific foundation for credible decision-making to safeguard human health and ecosystems from environmental pollutants.

As EPA shifts its programmatic resources to focus on core Agency responsibilities, the scientific R&D activities would also be prioritized. At the proposed funding levels for the Office of Research and Development, the Agency would prioritize intramural research activities that are either related to statutory requirements or that support basic and early stage R&D activities in the environmental and human health sciences.

Extramural R&D activities, in the form of research grants to non-Federal entities such as universities, are not required to meet EPA's statutory obligations and therefore would not be funded. In addition, similar research can be funded and conducted by non-Federal entities without EPA support. For example, EPA's Science to Achieve Results (STAR) grants are considered extramural research and would not be funded in FY 2020.

EPA would continue to perform important environmental research to develop scientific and technological solutions that would improve air and water quality, such as developing methods to detect potentially harmful levels of chemicals like per- and polyfluoroalkyl substances (PFAS) in drinking and wastewaters. Additionally, EPA will carry out lead exposure modeling to help protect the health of vulnerable populations (including children) and will develop risk assessments to inform EPA decisions at Superfund, brownfield, and hazardous waste sites.

ELIMINATION: OFFICE OF STEM ENGAGEMENT

National Aeronautics and Space Administration

The Budget proposes to terminate the National Aeronautics and Space Administration's (NASA) Office of STEM Engagement, and prioritize NASA funding toward supporting an innovative and sustainable program of exploration with commercial and international partners. The discontinuation of NASA's education grant programs is unlikely to have a significant impact on overall research and STEM capacity building that would continue to be supported through other means.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	110	0	-110

Justification

The Office of STEM Engagement provides grants to colleges and universities as well as informal education institutions such as museums and science centers. The Budget proposes the termination of the office, redirecting those funds to NASA's core mission of exploration. Elements of NASA's education program, such as the Experimental Program to Stimulate Competitive Research (EPSCoR), are also conducted at—and funded by—other agencies. The discontinuation of NASA's education grant programs is unlikely to have a significant impact on the Nation’s overall STEM research and capacity building, which would continue to be supported through other means.

The Budget continues to support STEM-related activities such as internships and robotics competitions in other parts of NASA that are more closely linked to NASA's mission.

REDUCTION: SPACE LAUNCH SYSTEM ROCKET

National Aeronautics and Space Administration

NASA is developing two versions of the Space Launch System (SLS) rocket – a version called Block 1 and an upgraded version called Block 1B - to launch astronauts to deep space in the mid-2020s. The program is facing significant cost, schedule, and management challenges resulting in billion dollar cost overruns and multiple-year delays. The Budget fully funds the Block 1 SLS and Orion crew capsule at levels necessary to support the earliest technically achievable launch dates. The Administration proposes deferring funding for the Block 1B upgrade, and instead focuses the program on completion of the initial version of the SLS and supporting a reliable SLS and Orion annual flight cadence. The lunar program, including the Lunar Gateway and lunar landers will be launched on competitively-procured commercial launch vehicles, complementing the crew transportation flights on the SLS. This approach will speed up the timeline for lunar surface exploration and increase the sustainability of the program.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	198	0	-198

Justification

The Space Launch System rocket is a core component of NASA's exploration program but has repeatedly been cited by the Government Accountability Office and NASA's Inspector General for poor performance. Specifically, they have noted a failure to use reliable cost and schedule estimates or use best practices for funds control. The Administration proposes to focus efforts on successfully completing the first SLS rocket and preparing it for its first flight before engaging on a costly multi-year Block 1B upgrade program that is not needed for lunar exploration over the next decade. The current SLS is planned to launch once per year and will be costly to operate. Competitively procuring commercial launch vehicles to carry cargo as a complement to crewed SLS launches will speed up lunar exploration plans and save money in FY 2020 and future years that will be critical for supporting exploration activities on the lunar surface in a sustainable manner.

ELIMINATION: TWO EARTH SCIENCE MISSIONS

National Aeronautics and Space Administration

The Budget proposes to terminate two National Aeronautics and Space Administration Earth science missions: the Plankton, Aerosol, Cloud, ocean Ecosystem (PACE) mission, and the Climate Absolute Radiance and Refractivity Observatory (CLARREO) Pathfinder. Given current data availability, spending almost a billion additional dollars to demonstrate enhanced capabilities for ocean and climate monitoring is not a priority in the current fiscal environment.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	179	0	-179

Justification

The PACE mission would provide data on oceans and aerosols (particles in the atmosphere). The CLARREO Pathfinder would demonstrate a technique for making more accurate climate measurements, but there are no plans for a follow-on mission that would use the technique once it is demonstrated. Current satellites provide essential data for ocean and climate monitoring. While the PACE mission and CLARREO Pathfinder would provide additional capabilities over existing satellites, funding enhancements (estimated to cost a total of almost one billion dollars) in these areas is not a priority in the current fiscal environment. The Budget continues to support a robust Earth-observing program, including one that sustains existing ocean and climate remote-sensing capabilities.

ELIMINATION: WFIRST SPACE TELESCOPE

National Aeronautics and Space Administration

The Budget proposes to terminate the Wide Field Infrared Survey Telescope (WFIRST). Given delays and cost growth with the James Webb Space Telescope (Webb), which is still under development, the Administration is not ready to proceed with another multi-billion-dollar space telescope.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	312	0	-312

Justification

WFIRST was originally envisioned as a less-than-$2 billion space telescope. Now it is estimated to cost $3.2-$3.9 billion. It is not prudent to develop another large space telescope while the National Aeronautics and Space Administration is still working on the Webb telescope, which has grown to $9.6 billion in lifecycle costs. The Budget proposes to terminate WFIRST and focus on the completion of Webb, which is now planned for launch in 2021. In addition, funding both Webb and WFIRST would require redirecting funding from other programs, disrupting the balance of the overall science portfolio.

ELIMINATION: CHEMICAL SAFETY BOARD

Other Independent Agencies

The Budget proposes to eliminate the U.S. Chemical Safety and Hazard Investigation Board (CSB), consistent with the Administration's efforts to eliminate agencies and programs that are largely duplicative of efforts carried out by other agencies.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	12	10	-2

Justification

CSB is an independent agency authorized by the Clean Air Act Amendments of 1990, whose mission is to investigate accidents at chemical facilities to determine the conditions or circumstances that led to the accident. The Congress intended CSB to be an investigative arm that is wholly independent of the rulemaking, inspection, and enforcement authorities of its partner agencies in making recommendations to prevent similar accidents from occurring in the future. While CSB has done some useful work on its investigations, its overlap with other agency investigative authorities has often generated friction. Previous management sought to focus CSB's recommendations on the need for greater regulation of industry, which frustrated both regulators and industry. The pressure to tie investigations to management priorities culminated in whistleblower complaints that led to a critical report issued in 2015 by the Environmental Protection Agency Office of the Inspector General[1] and was the subject of hearings and recommendations from the U.S. House of Representatives Oversight and Government Reform Committee.[2,3] CSB's new leadership is making progress on rectifying the previous management challenges, but due to the relative duplicative nature of its work, and the Administration's focus on streamlining functions across the Federal Government, the Budget continues to recommend eliminating the Agency.

Citations

1 U.S. Environmental Protection Agency, Office of Inspector General, *FY 2015 U.S. Chemical Safety and Hazard Investigation Board Management Challenges, 16-N-0018, (October 2015).*

2 Government Publishing Office*, Whistleblower Reprisal and Management Failures at the U.S. Chemical Safety Board: Hearing before the House Committee on Oversight and Government Reform,* Serial No. 113-120, (June 2014). https://www.govinfo.gov/content/pkg/CHRG-113hhrg88827/html/CHRG-113hhrg88827.htm.

3 Chaffetz et al. *Letter to President Obama requesting that he exercise his statutory authority to remove U.S. Chemical Safety Board Chairman Dr. Rafael Moure-Eraso as well as CSB General Counsel Richard Loeb and Managing Director Daniel Horowitz*, (March 2015).

ELIMINATION: CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Other Independent Agencies

The Budget proposes to eliminate the Corporation for National and Community Service (CNCS) and provide funding for the orderly shutdown of the Agency. Funding community service and subsidizing the operation of nonprofit organizations is outside the proper role of the Federal Government. To the extent these activities have value, they should be supported by the nonprofit and private sectors and not with Federal subsidies provided through the complex Federal grant structure run by CNCS.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	1,083	117	-966

Justification

CNCS is a grant-making agency that funds service opportunities, promotes volunteering, and helps nonprofit organizations engage volunteers. Members funded through CNCS grants typically receive a living allowance and education award of nearly $6,000 for their service. Further, many of CNCS's programs struggle to measure and demonstrate their impact, and the Agency has struggled to effectively implement complex program requirements, facing significant management and oversight challenges. GAO and the CNCS Inspector General have documented numerous instances of improper uses of AmeriCorps and VISTA funds by grantees, including using grant funds for campaign and lobbying activities and failing to conduct required criminal history background checks.

Funding community service and subsidizing the operation of non-profit organizations is outside the proper role of the Federal Government. Over 60 million Americans perform volunteer activities in their communities each year, absent subsidies from the Federal Government, and would likely continue to do so after CNCS is eliminated.[1] Programs currently funded by CNCS that demonstrate value should be able to compete successfully for funding from individual donors and the nonprofit and private sectors.

Citations

[1] U.S. Department of Labor, Bureau of Labor Statistics: *Volunteering in the United States – 2015*, USDL-16-0363, (February 2016).

[2] Office of Inspector General, *Corporation for National and Community Service: Management Challenges for Fiscal Year 2017*, (December 2016).

[3] Government Accountability Office, *Monitoring Efforts by Corporation for National and Community Service Could Be Improved*, GAO-17-90, (March 2017).

[4] Government Accountability Office, *Corporation for National and Community Service Needs to Develop a System That Supports Grant Monitoring*, GAO-17-267, (August 2017).

ELIMINATION: CORPORATION FOR PUBLIC BROADCASTING

Other Independent Agencies

The Budget proposes to eliminate Federal funding for the Corporation for Public Broadcasting (CPB) over a two year period. CPB grants represent a small share of the total funding for the Public Broadcasting Service (PBS) and National Public Radio (NPR), which primarily rely on private donations to fund their operations. To conduct an orderly transition away from Federal funding, the Budget requests $30 million in 2020 and $30 million in 2021, which would include funding for personnel costs of $20 million; rental costs of $30 million; and other costs totaling $10 million.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	465	30	-435

Justification

CPB provides grants to qualified public television and radio stations to be used at their discretion for purposes related to program production or acquisition, as well as for general operations. CPB also supports the production and acquisition of radio and television programs for national distribution. CPB funding comprises about 15 percent of the total amount spent on public broadcasting, with the remainder coming from non-Federal sources, with many large stations raising an even greater share. This private fundraising has proven durable, negating the need for continued Federal subsidies. Services such as PBS and NPR, which receive funding from CPB, could make up the shortfall by increasing revenues from corporate sponsors, foundations, and members. In addition, alternatives to PBS and NPR programming have grown substantially since CPB was first established in 1967, greatly reducing the need for publicly funded programming options.

ELIMINATION: D.C. TUITION ASSISTANCE GRANTS

Other Independent Agencies

The Budget proposes to eliminate the unauthorized Federal Payment for Resident Tuition Support (D.C. Tuition Assistance Grants). D.C. residents may avail themselves of the many other Federal programs available to all Americans.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	40	0	-40

Justification

The D.C. College Access Act of 1999 was last reauthorized in 2008, and has been unauthorized since 2012. The Budget proposes to eliminate the Federal Payments supporting Tuition Assistance Grants. While this program has helped many D.C. residents afford college, the financial position of the D.C. government has significantly improved since 1999 providing D.C. with flexibility to allocate local funds to support its residents. Reducing the cost of college for "in-state" students is typically a state function. If, given their size, D.C. decides to pursue this type of policy through grants rather than through its own university system it would be more appropriately funded by local tax revenues. There are many Federal programs available to all Americans - including D.C. residents - that help ensure continued college access.

ELIMINATION: INSTITUTE OF MUSEUM AND LIBRARY SERVICES

Other Independent Agencies

The Budget proposes to eliminate the Institute of Museum and Library Services (IMLS), which provides funding to museums and libraries across the country through formula and competitive grant awards. IMLS's funding supplements local, State, and private funds, which provide the vast majority of funding to museums and libraries.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	242	23	-219

Justification

IMLS provides funding to museums and libraries across the country through formula and competitive grant awards. IMLS provides $161 million in formula funds to State Library Administrative Agencies, and administers several smaller competitive grant programs for libraries and museums that fund activities such as scholarships for librarian training and digital resources to support educational, employment, and other training opportunities. IMLS's funding supplements local, State, and private funds, which provide the vast majority of funding to museums and libraries. Furthermore, given that IMLS primarily supports discrete, short-term projects as opposed to operation-sustaining funds, it is unlikely the elimination of IMLS would result in the closure of a significant number of libraries and museums.

ELIMINATION: INTERNATIONAL DEVELOPMENT FOUNDATIONS

Other Independent Agencies

The Budget proposes to consolidate small grants functions and assistance aimed at reaching poor and remote communities that is currently carried out by the African Development Foundation (ADF) and the Inter-American Foundation (IAF) into the U.S. Agency for International Development (USAID) in order to streamline functions across Government. The Budget proposes funding for one-time close-out costs for ADF and IAF, while also requesting new funding for grantmaking and select personnel though USAID (not included in the Funding Summary below).

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
African Development Foundation	30	5	-25
Inter-American Foundation	22	3	-19

Justification

ADF and IAF were first authorized over 30 years ago, but have both operated without an authorization since 1987. In light of limited U.S. foreign assistance resources, and in recognition of the panoply of international affairs agencies operating today, the Budget proposes consolidating ADF and IAF's functions into USAID, as the U.S. Government's primary development agency. These agencies pursue niche missions that result in duplication of overhead and programmatic functions with USAID. Consolidation into USAID would capitalize on the existing expertise, capacity, and tools that ADF and IAF provide, including their regional and market segment emphases, while offering these programs a platform that would bring organizational efficiencies and better align them with USAID's development programs, U.S. foreign policy objectives, and the National Security Strategy. The consolidation would continue to address congressional interest in small grant programs in Africa, Latin America, and the Caribbean, and also serve to elevate the small grants function as a development and diplomacy tool. While the Foundations have some unique expertise, standalone agencies with high fixed costs that do not leverage the capacity of bigger agencies are not cost effective. Consolidation would eliminate some redundancies and overhead, as well as streamline the number of agencies undertaking development work.

ELIMINATION: LEGAL SERVICES CORPORATION

Other Independent Agencies

The Budget proposes to end the one-size-fits-all model of providing legal services through a single Federal grant program, the Legal Services Corporation (LSC). This proposed elimination would put more control in the hands of State and local governments that better understand the needs of their communities.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	415	18	-397

Justification

Established in the Legal Services Corporation Act of 1974, LSC is an independent 501(c)(3) nonprofit corporation that awards funding to legal services providers to promote civil legal assistance to low-income persons. The program supports mostly family law and housing matters, including evictions and foreclosures. This proposed elimination would encourage nonprofit organizations, businesses, law firms, and religious institutions to develop new models for providing legal aid, such as pro bono work, law school clinics, and innovative technologies. The proposal would also put more control in the hands of State and local governments that better understand the needs of their communities.

Further, LSC is not subject to the same accountability measures as other agencies, such as the Antideficiency Act and certain public reporting requirements, leading to potential areas of vulnerability in how Federal funds are ultimately disbursed.

LSC's own Office of the Inspector General (OIG) has identified several instances of waste, fraud, and abuse involving grant recipients. In the October 2017 Semiannual Report to the Congress, the OIG reported a number of unallowable expenses incurred by grantees, including $17,896 in unjustified expenditures for floral arrangements, musical entertainment, and cake orders made as part of efforts to recruit private attorneys; multiple cases of unreasonable travel reimbursements for mileage between offices and personal residences; and unlawful bonuses derived from LSC funds for one grantee's chief operating officer.[1]

The OIG later in 2017 revealed allegations that employees from one grantee—including three members of the board of directors of a nonprofit entity—had participated in lobbying activities in violation of Federal regulations. This same nonprofit entity contracted with a registered lobbyist, who shared office space with the LSC grantee.[2]

LSC's indefinite appropriation authorization expired in 1980.

Citations

[1] Legal Services Corporation, Office of the Inspector General, *Semiannual Report to Congress, October 1, 2016 - March 31, 2017* (2017).

[2] Legal Services Corporation, Office of the Inspector General, *Semiannual Report to Congress, April 1, 2017 - September 30, 2017* (2017).

ELIMINATION: NATIONAL ENDOWMENT FOR THE ARTS

Other Independent Agencies

The Budget proposes to begin shutting down the National Endowment for the Arts (NEA) in 2020. Activities funded by NEA are not considered core Federal responsibilities, and make up only a small fraction of the billions spent each year by arts nonprofit organizations.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	155	29	-126

Justification

The Budget proposes to begin shutting down NEA in 2020 and would provide sufficient funding for orderly termination of all operations over two years. The Administration does not consider NEA activities to be core Federal responsibilities.

Funding provided by NEA continues to be a small fraction of the support provided by public and private sources for the arts in the United States and primarily funds projects with localized benefits. An *Open the Books* Oversight Report[1] found that NEA, the National Endowment for the Humanities, and the Institute for Museum and Library Services had provided grants in 2016 to over 70 nonprofit organizations that have asset bases larger than $1 billion. Giving to the arts by individuals, foundations, and corporations grew 7.0 percent to $17.07 billion in 2015—representing 4.6 percent of all charitable giving and the fourth consecutive year of growth.[2] Additionally, technology has broadened the reach of support for the arts. For example, one internet platform, Kickstarter, reported that it connected donors and artists to fund over $300 million arts-related projects.[3] The Administration believes audiences and aficionados are better than the Government at deciding what art is good or important.

Citations

[1] *OpenTheBooks Oversight Report: National Foundation on the Arts and Humanities, (2017).*

[2] Americans for the Arts, *Arts Fact: Private Giving to Arts, Culture & Humanities: 2005 – 2015*, (February 2017).

[3] Katherine Boyle, *Yes, Kickstarter raises more money for artists than the NEA. Here's why that's not really surprising*, Washington Post Wonkblog (July 7, 2013)

ELIMINATION: NATIONAL ENDOWMENT FOR THE HUMANITIES

Other Independent Agencies

The Budget proposes to begin shutting down the National Endowment for the Humanities (NEH) in 2020. Activities funded by NEH are not considered core Federal responsibilities and make up only a small fraction of the money spent for humanities research each year by nonprofit organizations.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	155	38	-117

Justification

The Budget proposes to begin shutting down NEH in 2020, given there are non-Federal sources of funding for humanities and the Administration does not consider the activities within this agency to be core Federal responsibilities. Non-Federal funding for humanities in the United States comes from individual private donations, academic institutions, corporations, and foundations.

Funding provided by NEH continues to be a small fraction of the support provided by public and private sources for the humanities in the United States and it primarily supports projects with localized benefits. An *Open the Books* Oversight Report[1] found that NEH, the National Endowment for the Arts, and the Institute for Museum and Library Services had provided grants in 2016 to over 70 nonprofit organizations that have asset bases larger than $1 billion.

Expenditures in academic research for the humanities in 2016 were approximately $435 million.[2]

Citations

[1] OpenTheBooks Oversight Report: *National Foundation on the Arts and Humanities, (2017).*

[2] American Academy of Arts & Sciences, *Research and Development Expenditures at Colleges and Universities*, https://www.humanitiesindicators.org/content/indicatordoc.aspx?i=86

ELIMINATION: NEIGHBORHOOD REINVESTMENT CORPORATION

Other Independent Agencies

The Budget proposes to end Federal support for the Neighborhood Reinvestment Corporation (NRC), commonly known as NeighborWorks America, a statutorily chartered non-profit that receives the vast majority of its funding from Federal funds. A strong return on these funds has not been documented.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	152	27	-125

Justification

NRC supports a network of local housing and community development organizations through grants, managerial oversight, and training. NRC's services, such as grantmaking for housing counseling services, training for community development practitioners, and technical assistance for select local nonprofits, are duplicative of those offered by other nonprofit organizations, State and local governments, and Federal entities. Further, NRC has been unable to document with evaluative rigor that its Federal funding leads to higher performance or better outcomes compared to the work of similar organizations. NRC's performance measurement system is largely a collection of output indicators rather than strong housing and community development outcomes. The production that members of the NRC network achieve comes largely from financial sources other than NRC.[1] Further, NRC has been unable to produce rigorous statistical evidence to link the provision of NRC's funding and technical support with improved outcomes.

The last year that NRC had an authorization for appropriations was 1994.

Citations

[1] NeighborWorks, *Community Report*, *http://www.neighborworks.org/About-Us/Community-Report*, (retrieved May 8, 2017).

ELIMINATION: REGIONAL COMMISSIONS

Other Independent Agencies

The Budget proposes to eliminate the Delta Regional Authority (DRA), the Denali Commission, and the Northern Border Regional Commission (NBRC), providing funding only for the orderly closure of the agencies. The Budget would restore control over community and economic development efforts to State and local governments, and private entities.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Delta Regional Authority	25	3	-22
Denali Commission	17	7	-10
Northern Border Regional Commission	20	1	-19

Justification

DRA, the Denali Commission, and NBRC are independent agencies that award Federal grants for regional development by funding infrastructure projects, workforce and economic development activities, and local capacity building efforts.

The Budget proposes to eliminate these commissions to reduce Federal spending and streamline the Federal Government's role, while encouraging States and localities to partner with the private sector to develop locally-tailored solutions to community problems. The majority of these regional commissions' activities are duplicative of other Federal programs, and their funding is set aside for special geographical designations rather than applied across the country based on objective criteria indicating local areas' levels of distress. For example, the rationale for a unique and additional Federal subsidy to Alaska is difficult to justify given that the State of Alaska's oil revenues allow it to pay an annual dividend ($1,884 in 2017) to each of its residents.[1] Finally, the commissions' effectiveness at improving overall economic conditions in these areas remains unproven.

Citations

[1] State of Alaska Department of Revenue, Permanent Fund Dividend Division. Summary of Dividend Applications & Payments. https://pfd.alaska.gov/Division-Info/Summary-of-Applications-and-Payments. Retrieved February 7, 2019.

REDUCTION: U.S. AGENCY FOR GLOBAL MEDIA

Other Independent Agencies

The Budget proposes to significantly reduce Federal funding for the U.S. Agency for Global Media's (USAGM) international broadcasting programs. Federal support for media programs will be refocused to improve efficiencies in program delivery, reduce duplication, strengthen grants management, and continue to modernize its research methodology. USAGM's shift to digital platforms has contributed to a significant increase in audience, yet its strategy needs to strengthen the link between this expanded reach and the agency's primary goals to inform, engage, and connect people around the world in support of freedom and democracy.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	808	628	-180

Justification

As stated in the President's National Security Strategy, legacy delivery platforms for communicating U.S. messages overseas need to be reexamined, and more cost-effective and efficient ways to deliver and evaluate content consistent with U.S. national security interests must be considered. The Budget reduction would focus USAGM (previously the Broadcasting Board of Governors or BBG) programs on a more limited set of activities and priorities.

The President's National Security Strategy also determined that information statecraft and public diplomacy programs by the U.S. Government have been tepid, fragmented, and not fully effective in countering the exploitation of information by U.S. rivals. The Administration does not support continued appropriation by the Congress of amounts far in excess of the Administration's request for information statecraft efforts whose effectiveness is unknown and that are not coordinated within and across Federal agencies.

Significant recently enacted reforms to the management structure of the USAGM offer promise to tailor and innovate U.S. media efforts. While activation of these reforms is still in progress, the Budget anticipates that an empowered Chief Executive Officer can improve the effectiveness and efficiency of the agency and its programs. Reforms, including in areas of basic oversight of broadcasting grantees and contract management, have been repeatedly called for in reports of the Office of Inspector General[1,2] for USAGM. More work needs to be done by USAGM leadership to demonstrate progress in these and other areas.

Citations

[1] Office of Inspector General, *Inspector General Statement on the U.S. Agency for Global Media's Major Management and Performance Challenges Fiscal Year 2018*, OIG-EX-19-02.

[2] Office of Inspector General, *Inspector General Statement on the Broadcasting Board of Governor's Major Management and Performance Challenges Fiscal Year 2017*, OIG-EX-18-03.

REDUCTION: U.S INSTITUTE OF PEACE

Other Independent Agencies

The Budget proposes to reduce Federal funding for the United States Institute of Peace (USIP), given its status as an independent nonprofit organization outside the Federal Government. The Budget assumes that USIP, like any other foreign assistance implementer, would have to compete for more of its funding through interagency agreements with other Federal agencies, rather than rely on a direct appropriation as its primary funding source.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	39	19	-20

Justification

The Congress created USIP as an independent, non-profit corporation in 1984, but USIP's authorization for appropriations expired in 2015. The Administration is continuing its efforts to streamline functions across the Federal Government, particularly those that duplicate the efforts of other Federal programs or the non-profit and private sectors. Consistent with this goal, the Budget request for USIP would support the Institute's core operations and maintenance funding in 2020 but reduce USIP's reliance on a direct appropriation, given the unusual nature of a private organization receiving a dedicated appropriation without direct leadership from the Executive Branch. Instead, USIP would need to compete for funding for program work through increased interagency agreements with other Federal Government agencies, which over a five-year average have provided funding for approximately one-third of USIP's total annual operations budget. The Budget assumes that USIP would work closely with the Department of State, U.S. Agency for International Development, and the Department of Defense to leverage USIP's independence and flexibility to help those agencies accomplish their missions. This would be achieved through additional reimbursable agreements where USIP can serve as the program partner, while continuing to streamline USIP's operations and identifying opportunities for financial savings.

ELIMINATION: U.S. TRADE AND DEVELOPMENT AGENCY

Other Independent Agencies

The Budget proposes to eliminate funding for the U.S. Trade and Development Agency (TDA), given its mission is more appropriately served by the private sector. The Administration's request of $12 million will allow TDA to conduct an orderly closeout of the Agency beginning in 2020, which includes sufficient funding for personnel, rent, program, and other closeout costs. No additional funding would be needed in 2021 and beyond.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	80	12	-68

Justification

TDA's dual mission is to support U.S. exports and jobs, while advancing infrastructure development in developing and middle-income countries. Its main programmatic focus is to support U.S. private sector participation in infrastructure projects in middle-income countries. However, many of these projects would likely proceed without TDA support and could thus be supported by the private sector without Government involvement. While the Administration wants U.S. businesses to invest in emerging markets to grow their businesses and create American jobs, these businesses have incentive to invest and should rely on private sector financing. In general, the United States should not provide taxpayer subsidies except in rare situations, such as when limited support is needed to offset inappropriate subsidies that disadvantage U.S. businesses. Other U.S. agencies will continue to effectively promote American exports, support American businesses overseas, and facilitate international infrastructure development. These include the U.S. Export-Import Bank, the U.S. Department of Commerce, the U.S. International Development Finance Corporation, and the U.S. Agency for International Development.

ELIMINATION: WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Other Independent Agencies

The Budget proposes to eliminate the direct Federal appropriation for the Woodrow Wilson International Center for Scholars (the Center). The mission of the Center is to be a non-partisan policy forum and independent research institute (also known as a think tank) for tackling global issues and to serve as the official living memorial for President Woodrow Wilson. Federal appropriations represent approximately one-third of total funding for the Center, which primarily relies on private donations for operations. Of the 1,835 think tanks in the United States, just a small handful receive a direct Federal appropriation. Direct funding of this kind is both unusual and unnecessary to sustain a think tank.

Funding Summary
(In millions of dollars)

	2019 Enacted	2020 Request	2020 Change from 2019
Budget Authority	12	8	-4

Justification

As a living memorial, the Center works to achieve its mission by serving as a non-partisan policy forum, conducting independent research, and providing open dialogue to inform the policy community. This is achieved, in part, by hosting over 120 fellows from around the world each year who, along with staff, conduct research on policy issues confronting the United States, host public meetings and events, and undertake a wide range of outreach activities.

The Budget proposes to start phasing out the Center's Federal appropriation in 2020. The Center's Federal appropriation provides roughly one-third of its total annual funding, which indicates that it could continue to function in a somewhat more limited manner if the appropriation were eliminated. According to a University of Pennsylvania study, there are 1,835 think tanks in the United States.[1] Of these, just a small handful receive a direct Federal appropriation, one of which is the Wilson Center.

The elimination of the Center's Federal appropriation would result in the Center relying on contracts and grants from public and non-public sources to support its continued operations, just like the roughly 400 other think tanks which operate in Washington, D.C. The Administration believes that Federal support for think tanks is most appropriately managed by individual agencies so that grants and contracts with these institutions are aligned with agency priorities. To conduct an orderly closeout of Federally-funded operations, the Budget requests $8.2 million in 2020.

Citations

[1] James G McGann, *2017 Global Go To Think Tank Index Report,* (2018).

MANDATORY REFORMS

CONDUCT SPECTRUM AUCTIONS BELOW SIX GIGAHERTZ

Multi-Agency

The Budget proposes to extend the Federal Communications Commission's (FCC) authority to conduct auctions.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-300	-300	0	0	0	0	0	0	0	-6,000	-600	-6,600

Justification

The Spectrum Pipeline Act of 2015 ("Act") requires the auction of 30 MHz of spectrum below 6 GHz by 2024, and extends the FCC's auction authority allowing for such auctions. Based on ongoing research authorized through the Act, the Administration anticipates that additional spectrum assignments will be made available for auction. As a result, the Budget proposes to extend the FCC's authority to conduct auctions to make any additional spectrum identified available for commercial use. Auction proceeds are expected to exceed $6 billion through 2029.

In addition, following successful completion of the National Oceanic and Atmospheric Administration Spectrum Pipeline Plan, the Budget proposes that the FCC exercise auction authority to assign spectrum frequencies between 1675-1680 megahertz for wireless broadband use subject to sharing arrangements with Federal weather satellites. The proposal is expected to raise $600 million in receipts over 10 years.

ELIMINATE ALLOCATIONS TO THE HOUSING TRUST FUND AND CAPITAL MAGNET FUND

Multi-Agency

The Budget proposes to eliminate funding for the Housing Trust Fund and Capital Magnet Fund, two programs that provide Federal funding for affordable low-income housing. The Budget recognizes a greater role for State and local governments and the private sector in addressing affordable housing needs.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-128	-145	-220	-293	-348	-367	-379	-398	-401	-404	-1,134	-3,083

Justification

The Housing Trust Fund, managed by the Department of Housing and Urban Development, provides grants to States to increase and preserve the supply of affordable housing primarily for extremely low-income families. The Capital Magnet Fund, managed by the Department of the Treasury's Community Development Financial Institutions (CDFI) Fund, provides grants to CDFIs and nonprofit housing organizations that are leveraged to finance affordable housing and related economic development activities. Originally established by the Housing and Economic Recovery Act of 2008 with dedicated funding from Fannie Mae and Freddie Mac assessments, a total of $1 billion has been allocated to the funds since 2016.

Housing for low-income families is currently funded by multiple funding sources, including Federal, State, and local governments, as well as the private and nonprofit sectors. The result is a fragmented system with varying rules and regulations that create overlap and inefficiencies, as well as challenges to measuring collective performance.[1] The Budget would devolve some affordable housing activities to State and local governments who are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems.

Citations

[1] Government Accountability Office, *Affordable Rental Housing: Assistance Is Provided by Federal, State, and Local Programs, but There Is Incomplete Information on Collective Performance,* GAO-15-645, (September 2015).

EMPOWERING STATES AND CONSUMERS TO REFORM HEALTHCARE
Multi-Agency

The Administration is committed to empowering States and consumers to reform healthcare. The Budget supports a two-part approach to move away from Obamacare, starting with enactment of legislation modeled closely after the Graham-Cassidy-Heller-Johnson (GCHJ) bill as soon as possible. The second part of the Budget proposal includes additional reforms to address unsustainable healthcare spending trends and builds upon the GCHJ bill to make the system more efficient. This includes proposals to align the growth rates for the Market-Based Health Care Grant Program and Medicaid per capita cap and block grant with the Consumer Price Index (CPI-U). The Budget acknowledges the importance of ensuring protections for individuals with pre-existing conditions and States would be required to include such plans in their applications for these grants. Specifically, States would be required to allocate at least 10 percent of their grant funding to ensure protections for high-cost individuals, including those with pre-existing conditions. States would have the flexibility to design an approach that best allows them to meet this goal.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	4,429	13,585	-27,222	-40,458	-56,812	-74,709	-86,302	-107,476	-129,664	-153,945	-106,478	-658,574

Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.

Justification

Under the Affordable Care Act (ACA) healthcare spending has increased significantly, particularly for taxpayers who don't qualify for Obamacare subsidies. The ACA took control away from the States and created a one-size-fits-all Federal program that provides more than what individuals may need or want. In addition, the ACA's Medicaid expansion has cost significantly more than expected. For example, in 2015, Actuaries from the Centers for Medicare and Medicaid Services increased their estimates of Federal spending for the average Medicaid expansion enrollee in that year by 50 percent.[1] Overall, the cost per newly insured individual is far more than was expected. To address these failures, the Budget supports a two-part approach to move away from Obamacare that couples a slightly modified GCHJ bill with additional reforms to help set Federal healthcare spending on a sustainable fiscal path that will lead to higher value spending.

The first of this two-part approach is to enact GCHJ as soon as possible, with a modification to delay elimination of the Prevention and Public Health Fund (PPHF) until 2021. The Market-Based Health Care Grant Program in the GCHJ bill would provide more equitable and sustainable funding to States to develop affordable healthcare options. The block grant program would promote structural reforms to improve the functioning of the healthcare market through greater choice and competition, with States and consumers in charge rather than the Washington bureaucracy. The Budget would allow States to use the block grant for a variety of approaches in order to help their residents, including those with high cost medical needs and former Medicaid expansion enrollees, afford quality health-care services. This part of the two-part proposal is estimated to cost approximately $115.2 billion from 2020-2029.

Current growth in Medicaid spending is unsustainable, outpacing gross domestic product and national health spending and accounting for an increasing share of Federal and State budgets.[2] The current open-ended structure of Federal Medicaid funding encourages States to shift costs to the Federal Government and does not encourage States to focus on preventing waste, fraud, and abuse. At the State level, Medicaid crowds out important State priorities such as investments in education, public safety, and infrastructure. Medicaid's outdated rules are restrictive and complex, tying States' hands and preventing States from designing innovative approaches that address the specific needs of their populations. This is why the Administration is committed to the comprehensive Medicaid reform in the GCHJ bill. This reform includes the repeal of the Obamacare Medicaid expansion and modernization of Medicaid financing. It will give States the choice between a per capita cap and a block grant with the goal of empowering States to design individual, State-based solutions that prioritize Medicaid dollars for the most vulnerable.

National healthcare spending trends are unsustainable in the long term. The second part of the proposal in the Budget aims to reverse these trends and includes additional reforms to build upon the GCHJ bill to make the system more efficient, including proposals to align the Market-Based Health Care Grant Program, Medicaid per capita cap and block grant growth rates with the Consumer Price Index (CPI-U), a metric more in line with historical pre-Obamacare Medicaid per enrollee spending growth that will lead to sustainable long-term spending. This proposal would also provide implementation funding to support States' efforts to implement their new programs.

Citations

[1] Department of Health and Human Services, Centers for Medicare & Medicaid Services, *Office of the Actuary: 2015 Actuarial Report on the Financial Outlook for Medicaid*, (2015).

[2] National Association of State Budget Officers, *Fiscal Survey of the States*, (Fall 2018).

REFORM FEDERAL DISABILITY PROGRAMS AND IMPROVE PAYMENT INTEGRITY

Multi-Agency

The Budget reaffirms the commitment to reform Federal disability programs to promote greater labor force participation (LFP) of adults and youth with disabilities, address inequities in the system, close loopholes that make the programs susceptible to fraud, and reduce unnecessary administrative burdens. In addition, the Budget includes payment integrity measures related to Social Security to strengthen the program.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Improve Supplemental Security Income (SSI) youth transition to work..................	-5	-26	-8	-39	-158	-292	-432	-580	-742	-839	-236	-3,121
Test new approaches to increase labor force participation..........................	100	100	100	100	100	-2,480	-5,073	-9,094	-13,636	-17,769	500	-47,552
Reduce 12 month retroactive Disability Insurance benefits to six months........................	-316	-568	-741	-940	-1,044	-1,133	-1,214	-1,285	-1,352	-1,409	-3,609	-10,002
Create a maximum benefit structure for SSI disabled children in multirecipient families.................................	-784	-800	-865	-821	-782	-867	-888	-907	-997	-885	-4,052	-8,596
Offset overlapping unemployment and disability payments..............................	0	-76	-200	-241	-264	-272	-293	-306	-315	-321	-781	-2,288
Eliminate Workers Compensation Reverse Offsets..................................	0	0	-21	-22	-23	-25	-26	-28	-30	-32	-66	-207
Change the representative fee and approval process............	0	3	15	25	28	21	24	22	21	22	71	181
Simplify administration of the SSI program.........................	0	-382	-98	-69	-46	-34	-23	-11	2	13	-595	-648
Allow Government-wide use of CBP entry/exit data to prevent improper payments..............................	0	0	-1	-5	-11	-18	-27	-35	-43	-41	-17	-181
Authorize Social Security Administration to use all collection tools to recover funds in certain scenarios.......	0	-2	-3	-4	-5	-5	-6	-6	-7	-8	-14	-46
Hold fraud facilitators liable for overpayments.......................	0	0	-1	-2	-2	-1	-1	-1	0	-2	-5	-10
Increase overpayment collection threshold for Old Age, Survivors, and Disability Insurance..............................	-12	-77	-100	-110	-135	-161	-181	-237	-254	-251	-434	-1,518
Exclude SSA debts from discharge in bankruptcy.........	-4	-12	-20	-24	-29	-32	-34	-37	-39	-43	-89	-274
Improve collection of pension information from States and localities................................	18	28	24	-474	-1,135	-1,614	-1,735	-1,645	-1,547	-1,429	-1,539	-9,509
Total......................................	-1,003	-1,812	-1,919	-2,626	-3,506	-6,913	-9,909	-14,150	-18,939	-22,994	-10,866	-83,771

Note: In addition to the 10-year savings of $83,771 million shown above, the "Expand Mandatory Electronic Filing of W-2s" proposal is described separately in this volume under "Improve Tax Administration," for a total 10-year savings of $84,090 million in Reform Federal Disability Programs and Improve Payment Integrity proposals.

Justification

Improve Supplemental Security Insurance (SSI) youth transition to work—The SSI transition-age (ages 14 to 25) youth population, despite their disabilities, should have equal opportunities as they become adults to work and achieve self-sufficiency. Unfortunately, a majority of each new generation of SSI youth move directly onto the adult SSI program at age 18 and the 40 percent who do not remain on SSI have lives marked by low labor force participation and persistent poverty. To combat this problem and promote greater self-sufficiency for transition-age youth, the Budget would implement several areas of reform to the SSI program. First, the Budget would better identify medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development by instituting initial disability reviews at age 6 and 12 and increasing the frequency and effectiveness of continuing disability reviews (CDRs). Second, the Budget would improve SSI youth work incentives by disregarding all earned income and eliminating income reporting requirements through age 20, providing a higher disregard of earnings with a gradual phase-down for SSI recipients between ages 21 and 25, and eliminating school enrollment reporting requirements. In addition, the Budget would improve access to vocational rehabilitation services for SSI transition-age youth by allowing SSA to make referrals to these services.

Test new approaches to increase labor force participation—The Budget proposes to evaluate creative and effective ways to promote greater labor force participation of people with disabilities by expanding demonstration authority that allows SSA to test new program rules and require mandatory participation by program applicants and beneficiaries. Applicants and beneficiaries have a wide range of conditions and experiences; mandatory participation is required in order to accurately assess how program changes might affect different groups of people. Potential uses of this broader evaluation authority include testing "time limited benefits" for beneficiaries for a period when they would be more likely to return to work and requiring applicants to engage in job seeking activities before their application is considered. An expert panel will identify specific changes to program rules, informed by successful demonstration results and other evidence.

Reduce 12 month retroactive DI benefits to six months—New disability insurance (DI) beneficiaries are eligible for up to 12 months of benefits before the date of their application, depending upon the date they became disabled. This proposal would reduce retroactivity for disabled workers, which is the same policy already in effect for individuals receiving retirement benefits. This proposal would not modify retroactivity for Medicare eligibility.

Create a sliding scale for multi-recipient SSI families—Currently, multi-recipient SSI families are eligible to receive an equal full benefit amount for each SSI child recipient. However, economies of scale in some types of consumption such as housing reduce per capita living expenses, so that two children generally do not need twice the income as one child. Federal poverty guidelines and other means-tested benefits take into account these efficiencies. The Budget proposes to create a sliding scale family maximum for SSI disability benefits that considers the number of additional family recipients, keeping the maximum benefit for one recipient the same, but reducing the maximum amount for all eligible children and parents in the same family for each additional recipient.

Offset overlapping unemployment and disability payments—The Budget proposes to close a loophole that allows individuals to receive unemployment insurance (UI) and DI for the same period of joblessness. UI is intended to compensate individuals for short-term bouts of unemployment while they look to return to work while DI is intended to compensate individuals who cannot return to work on a long-term basis due to a disability. The proposal would offset the DI benefit to account for concurrent receipt of UI benefits.

Eliminate Workers' Compensation (WC) reverse offset—The Budget proposes to eliminate reverse offsets in 15 States where WC benefits are offset instead of DI benefits. Currently, in most States, the combination of benefits from WC and DI is limited to 80 percent of the recipient's earnings before they were disabled. If necessary, DI benefits are usually offset to meet the limit. However, 15 States currently reduce the benefit from WC rather than DI in order to achieve the 80 percent limit, creating an unjustified inequity across States. This option would eliminate the reverse offsets in these States.

Change the representative fee and approval process—This proposal relieves SSA of responsibility for fee approval, withholding, and payment functions; however, it would not affect SSA's ability to prescribe who may and may not represent claimants. This proposal would streamline and decrease SSA's operations and hearings workloads, allowing employees to focus on adjudicating more cases and completing other high priority workloads, thereby better serving the public.

Simplify administration of the SSI program—The Budget proposes changes to simplify the SSI program by incentivizing support from recipients' family and friends, reducing the Social Security Administration's

(SSA) administrative burden, and streamlining requirements for applicants. SSI benefits are reduced by the amount of food and shelter or in-kind support and maintenance a beneficiary receives. The policy is burdensome to administer and is a leading source of SSI improper payments. The Budget proposes to replace the complex calculation of in-kind support and maintenance with a flat rate reduction for adults living with other adults to capture economies of scale. The Budget also proposes to eliminate dedicated accounts for past-due benefits and eliminate the administratively burdensome consideration whether a couple is holding themselves out as married.

Allow State Hearing Officers to Hold Disability Hearings—This proposal would allow State disability hearing officers to conduct hearings resulting from disability cessation determinations issued by a Federal component. This would allow additional flexibility for SSA to manage workloads at a national level, while preserving the individual's right to an evidentiary hearing.

Eliminate Travel Reimbursement for Claimants' Representatives—This proposal would eliminate reimbursement for claimant representatives' travel expenses incurred when traveling to reconsideration interviews or proceedings before administrative law judges. This would simplify program administration, decrease costs, and streamline SSA's operations and hearings workloads.

Modernize the Commissioner's Collection of Medical Evidence—This proposal would allow SSA to receive the medical evidence more quickly it needs to determine initial and continuing entitlement to disability benefits by allowing custodians to release medical records to SSA without the signed authorization of the person applying for or receiving disability benefits.

In addition, the Budget includes proposals to improve payment integrity, including:

Provide Additional Debt Collection Authority for SSA Civil Monetary Penalties (CMP) and Assessments—This proposal would assist SSA with ensuring the integrity of its programs and increase SSA recoveries by establishing statutory authority for the SSA to use the same debt collection tools available for recovery of delinquent overpayments toward recovery of delinquent CMP and assessments.

Allow Government-Wide Use of Custom and Border Protection (CBP) Entry/Exit Data to Prevent Improper Payments—The Budget proposes the use of CBP Entry/Exit data to prevent improper Old Age, Survivors, and Disability Insurance (OASDI) and SSI payments. Generally, U.S. citizens can receive benefits regardless of residence. Non-citizens may be subject to additional residence requirements depending on the country of residence and benefit type. However, an SSI beneficiary who is outside the United States for 30 consecutive days is not eligible for benefits for that month.

Authorize SSA to Use All Collection Tools to Recover Funds in Certain Scenarios—The Budget proposes allowing SSA a broader range of collection tools when someone improperly receives a benefit after the beneficiary has died. Currently, if a spouse cashes a benefit payment (or does not return a directly deposited benefit) for an individual who has died and the spouse is also not receiving benefits on that individual's record, SSA has more limited collection tools available than would be the case if the spouse also receives benefits on the deceased individual's earning record. The Budget proposal would end this disparate treatment of similar types of improper payments.

Hold Fraud Facilitators Liable for Overpayments—The Budget proposes holding fraud facilitators liable for over-payments by allowing SSA to recover the overpayment from a third party if the third party was responsible for making fraudulent statements or providing false evidence that allowed the beneficiary to receive payments that should not have been paid.

Increase the Overpayment Collection Threshold for OASDI—The Budget would change the minimum monthly withholding amount for recovery of Social Security benefit overpayments to reflect the increase in the average monthly benefit since the Agency established the current minimum of $10 in 1960. By changing this amount from $10 to 10 percent of the monthly benefit payable, SSA would recover overpayments more quickly and better fulfill its stewardship obligations to the combined Social Security Trust Funds.

Use Death Master File to Prevent Improper Payments—This proposal would authorize SSA to share its full file of death information—including State-reported death data—with Federal law enforcement agencies, and with the Department of the Treasury's Do Not Pay Business Center for use in preventing improper payments. SSA receives death information from many sources, including family members, funeral homes, financial institutions, and the States. Current law limits the purposes for which SSA can share death information it receives from the States, and does not provide SSA authority to share State death data with Federal law enforcement agencies or Treasury's Do Not Pay Business Center. This proposal would ensure that Federal law enforcement and Treasury's Do Not Pay Business Center have access to all death information in SSA's records.

Exclude SSA Debts from Discharge in Bankruptcy—Debts due to an overpayment of Social Security benefits are generally dischargeable in bankruptcy. The Budget includes a proposal to exclude such debts from discharge in bankruptcy, except when it would result in an undue hardship. This proposal would help ensure program integrity by increasing the amount of overpayments SSA recovers.

Improve Collection of Pension Information from States and Localities—The Budget proposes a data collection approach designed to provide seed money to the States for them to develop systems that will enable them to report pension payment information to SSA. The proposal would improve reporting for non-covered pensions by including up to $70 million for administrative expenses, $50 million of which would be available to the States, to develop a mechanism so that the Social Security Administration can enforce the current law offsets for the Windfall Elimination Provision and Government Pension Offset, which are a major source of improper payments.

REFORM MEDICAL LIABILITY

Multi-Agency

The Budget proposes to reform medical liability beginning in 2020. The reforms are expected to reduce healthcare costs and health insurance premiums by reducing medical liability insurance premiums and defensive medicine practices. Under this proposal, Federal health program costs would decrease (including in Medicare, Medicaid, and the Federal Employee Health Benefits Program) and taxable income and payroll tax receipts would increase.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-141	-478	-1,300	-2,111	-2,806	-3,887	-4,716	-5,061	-5,495	-5,516	-6,836	-31,511

Justification

The current medical liability system does not work for patients or providers, nor does it promote high quality, evidence-based care. Providers practice with a threat of potentially frivolous lawsuits, and injured patients often do not receive just compensation for their injuries. The Budget proposes to reform medical liability and reduce defensive medicine beginning in 2020 by implementing a set of provisions to reduce the number of high dollar awards, limit liability, reduce provider burden, promote evidence-based practices, and strengthen the physician-patient relationship. Specifically, the Budget proposal includes: a cap on non-economic damage awards of $250,000 (increasing with inflation over time); a three-year statute of limitations; allowing courts to modify attorney's fee arrangements; allowing evidence of a claimant's payments from other sources (e.g., workers' compensation, auto insurance) to be introduced at trial; creating a safe harbor for clinicians following evidence-based clinical practice guidelines; and authorizing the Secretary to provide guidance to States to create expert panels and administrative health care tribunals to review medical liability cases.

ELIMINATE FOOD FOR PROGRESS FOOD AID PROGRAM

Department of Agriculture

The Budget proposes to eliminate the Food for Progress (FFPr) program because development expertise is concentrated in other agencies, most notably the U.S. Agency for International Development (USAID), which can administer development programs at a much lower cost than FFPr. The FFPr program provides for the donation of U.S. commodities to developing countries. U.S. agricultural commodities donated to recipient countries are sold in the local or third-country markets generally at a significant loss to U.S. taxpayers and the cash proceeds of those sales are used to fund programs that aim to improve agricultural productivity in the recipient county.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-166	-166	-166	-166	-166	-166	-166	-166	-166	-166	-830	-1,660

Justification

International development programs are better aligned with the USAID mission and expertise. The USAID mission highlights international development and humanitarian responses while the U.S. Department of Agriculture (USDA) mission highlights domestic agricultural production. In line with its mission, USAID seeks to use food aid to address humanitarian objectives, while USDA uses U.S. food aid programs to subsidize American farmers.

According to a 2011 Government Accountability Office report, FFPr monetizes food aid shipments, i.e., it ships and sells U.S. commodities abroad -- generally at a loss of 42 percent and uses the proceeds to fund development programs.[1] That is, when USDA buys and delivers a dollar of U.S. food abroad and then sells it to raise proceeds for its development programs, the receipts typically average only 58 cents, for a loss to U.S. taxpayers of 42 cents.

The amount of U.S. commodities purchased by FFPr is a negligible portion of U.S. agricultural production and exports. There are other more effective ways that USDA can support U.S. farmers using its expertise in agriculture, while USAID can use its expertise to most effectively prioritize and implement international development and humanitarian assistance programs. In addition to USAID's central role in humanitarian assistance, USAID administers and directly funds the main bilateral longer-term international agricultural development and food security program for the U.S. Government.

Citations

[1] Government Accountability Office, International Food Assistance, *Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts*, GAO-11-636, (June 2011).

ESTABLISH AGRICULTURAL MARKETING SERVICE USER FEE

Department of Agriculture

The Administration proposes establishing an Agricultural Marketing Service (AMS) user fee to cover the full costs of the Agency's oversight of Marketing Orders and Agreements.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-100	-200

Justification

Marketing Orders and Agreements are initiated by industry to help provide stable markets, and are tailored to the specific industry's needs. For example, Marketing Orders and Agreements for fruits, vegetables, and other specialty crops help control supply and ensure that produce on the market maintains high-quality standards. AMS is authorized only to provide oversight of Marketing Orders and Agreements. AMS oversight responsibilities range from reviewing applications for new orders and holding hearings on proposals, to publishing Federal Register notices establishing new agreements. The industries that substantially benefit from Marketing Orders and Agreements should pay for the oversight of these programs.

ESTABLISH ANIMAL AND PLANT HEALTH INSPECTION SERVICE USER FEE

Department of Agriculture

The Budget proposes establishing three new Animal and Plant Health Inspection Service (APHIS) user fees to offset costs related to 1) enforcement of the Animal Welfare Act; 2) regulation of biotechnology derived products; and 3) regulation of veterinary biologics products. The fees would cover costs related to licenses, registration, and authorization for regulated entities.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-22	-22	-23	-23	-24	-24	-24	-25	-25	-26	-114	-238

Justification

Under the authority of the Animal Welfare Act (AWA), APHIS conducts activities designed to ensure the humane care and treatment of certain animals bred for commercial sale, used in research, transported commercially or exhibited to the public. These activities include licensing, registering, and inspecting certain establishments to ensure compliance with the AWA. APHIS would charge entities for the costs associated with licensing and registration.

Under the authority of the Plant Protection Act, APHIS regulates the importation, interstate movement, and field-testing of organisms derived through biotechnology that may pose a plant pest risk. After careful review, APHIS may issue a permit or notification to allow entities to conduct these specific activities, and conduct the necessary oversight to ensure compliance. APHIS would charge an application fee from entities seeking authorization for the introduction of biotechnology derived products.

Under the authority of the Virus-Serum-Toxin Act, APHIS regulates veterinary biologics (vaccines, bacteria, antisera, diagnostic kits, and other products of biological origin) to ensure that those products produced in or imported into the United States are not "worthless, contaminated, dangerous, or harmful." APHIS' licensing activities allow manufacturers to market their products. APHIS would charge a licensing fee to manufacturers of veterinary biologics.

ESTABLISH FOOD SAFETY AND INSPECTION SERVICE USER FEE

Department of Agriculture

The Budget proposes establishing a Food Safety and Inspection Service (FSIS) user fee to cover the costs of all domestic inspection activity, import re-inspection, and most of the central operations costs for Federal, State, and international inspection programs for meat, poultry, and eggs.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law	0	-660	-660	-660	-660	-660	-660	-660	-660	-660	-2,640	-5,940

Justification

FSIS inspections benefit the meat, poultry, and egg industries. FSIS personnel are continuously present for all egg processing and domestic slaughter operations, inspect each livestock and poultry carcass, and inspect operations at meat and poultry processing establishments at least once per shift. The inspections cover microbiological and chemical testing, as well as cleanliness and cosmetic product defects. The proposed user fee would recover the costs of inspections, but would not apply to Federal functions such as investigation, enforcement, risk analysis, and emergency response. The Administration estimates this fee would increase the cost of meat, poultry, and eggs for consumers by less than one cent per pound.

ESTABLISH PACKERS AND STOCKYARDS PROGRAM USER FEE

Department of Agriculture

The Budget proposes establishing a Packers and Stockyards Program User Fee to recover costs for the licensing of livestock market agencies, dealers, stockyards, packers, and swine contractors.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25	-125	-250

Justification

The proposed fee would cover costs of the Packers and Stockyards Program, which benefits the livestock, meat, and poultry industries by promoting fair business practices and competitive market environments. Taxpayers should not be required to subsidize a benefit that is targeted to industry.

IMPROVE CHILD NUTRITION PROGRAM INTEGRITY

Department of Agriculture

The Budget proposes administrative improvements to the National School Lunch (NSLP) and School Breakfast (SBP) Programs to strengthen program integrity through increased verification of household applications, and ensure that free meal benefits are better targeted to children from low-income households by closing a participation loophole in the Community Eligibility Provision (CEP).

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-19	-124	-155	-188	-193	-198	-203	-208	-213	-218	-679	-1,719

Justification

The NSLP and SBP provide nutritious meals to more than 35 million children every school day. Children from low-income households are eligible to receive meals at low or no cost based on their participation in other means-tested assistance programs like the Supplemental Nutrition Assistance Program (SNAP) or based on self-reported information about their household income and circumstances provided to their child's school. The Budget includes two proposals that will help ensure that children receiving free meals are indeed eligible for them.

The Budget would require local educational agencies to verify the information reported on 8 percent of household applications, which is a modest increase from the current maximum of 3 percent. This will strengthen the integrity of the benefit eligibility certification process at all levels and help reduce payment error in the NSLP and SBP. The Budget would also limit participation in the Community Eligibility Provision to only those schools where 40 percent or more their enrolled students are categorically or automatically eligible for free meals. This will close the loophole that allows local educational agencies to combine entire districts or groups of otherwise ineligible schools with high-poverty schools to serve meals at no charge to all students, better targeting free meal benefits to children in need of assistance.

REFORM COMMODITY PURCHASES UNDER SECTION 32

Department of Agriculture

The Budget includes a suite of proposals to increase transparency within the Section 32 program, while at the same time guaranteeing that the Department of Agriculture (USDA) will have future funding available to fully meet the needs of the school lunch program and other USDA domestic food assistance programs, and adequate funding for surplus commodity purchases and Department of Commerce (DOC) fishery activities. The Budget proposes to fund these programs directly and permanently from the U.S. Treasury instead of relying on a portion of U.S. customs receipts.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-411	-432	-454	-476	-499	-523	-547	-571	-596	-621	-2,272	-5,130

Justification

Since 1935, 30 percent of all U.S. Customs receipts have been transferred to USDA every year and used to fund a range of programs. Over the decades, large balances have built up due to the fluctuation in receipts and the Congress has periodically capped and rescinded these funds to offset spending in other areas. This complicated process is not consistent with contemporary Federal budgeting practices, and is not transparent to the public. This proposal would increase transparency by providing mandatory appropriations in lieu of customs receipts, thereby reducing the variability from fluctuating receipts and providing funding for all of programmatic needs. In addition, the proposal would eliminate the likelihood that large unobligated balances could accrue and be rescinded over time.

The Budget proposes mandatory funding for the Agricultural Marketing Service (AMS), the Food and Nutrition Service (FNS), and the Department of Commerce that would be available without further appropriation and for the same purposes as previous receipt-funded activities. Specifically, the proposal provides AMS with an historical average spending level for commodity purchases, adjusted annually for inflation and FNS a permanent mandatory appropriation of approximately $13.7 billion in 2020. This initial level is equal to the amount that would have otherwise been made available by transfer from AMS, includes the cost associated with commodity purchase activities traditionally carried out under Section 32, and will be adjusted annually based upon the Consumer Price Index (CPI-U). The Department of Commerce would be provided $158 million for fisheries activities in 2020, equal to the level of funding that would otherwise have been provided by Section 32, and inflated annually in future years.

REFORM THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Department of Agriculture

The Budget proposes commonsense work requirements for the Supplemental Nutrition Assistance Program (SNAP) that would require all able-bodied adult participants to find or train for employment and work toward self-sufficiency. The Budget would also create a new approach to nutrition assistance that combines traditional SNAP benefits with U.S. Department of Agriculture Foods provided directly to households. This cost-effective approach supports American agriculture, prevents certain types of program abuse, provides opportunities for innovative state partnerships with the private sector, and ensures the nutritional value of the benefits provided. The Budget continues to target SNAP benefits to the neediest households and promote efficiency and integrity in program operations. Combined, these reforms will maintain our commitment to ensuring Americans in need of assistance have access to a nutritious diet while significantly reducing the cost to taxpayers.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-17,401	-19,734	-21,348	-21,934	-22,533	-23,095	-23,659	-23,504	-23,364	-23,209	-102,950	-219,781

Justification

SNAP currently provides low-income households with electronic benefits they can use to buy groceries at authorized retailers. As a primary component of the social safety net, SNAP has grown significantly in the past decade. As expected, SNAP participation grew to historic levels during the recession. However, despite significant economic improvement and a strong job market, too many people are missing the opportunity to move from dependence to self-sufficiency.

The Budget proposes to strengthen the SNAP work requirements by requiring that all able-bodied adult participants between the ages of 18 and 65 engage in at least 20 hours or more of employment, employment-related training, or community service in order to receive benefits. This will help more people get off the sidelines of this booming economy and onto the path toward self-sufficiency.

The Budget also retains the America's Harvest Box proposal which combines traditional SNAP benefits with nutritious and 100 percent American grown food provided directly to households. Under the proposal, households receiving $90 or more per month in SNAP benefits will receive a portion of their benefits in the form of a USDA Foods package, which would include items such as shelf-stable milk, ready to eat cereals, pasta, peanut butter, beans, canned fruit, vegetables, and meat, poultry or fish. The remainder of their benefit would go on the SNAP Electronic Benefit Transfer (EBT) card for use at approved grocery retailers. This cost-effective approach will generate significant savings to taxpayers with no loss in food benefits to participants. It will also improve the nutritional value of the benefit provided and reduce the potential for EBT fraud. States will have substantial flexibility in designing the food box delivery system through existing infrastructure, and will expand opportunities for public or private partnerships for benefit delivery.

The Budget continues proposals to preserve the benefits for those most in need by closing eligibility loopholes and limiting categorical eligibility to participants receiving cash benefits from the Temporary Assistance to Needy Families program or Suplemental Security Insurance and updating income and benefit calculations. The proposal would motivate States to maximize SNAP administrative efficiencies and improve program integrity through State accountability and data sharing.

REFORMS TO AGRICULTURAL SUBSIDIES, PAYMENTS, AND OTHER PROGRAMS

Department of Agriculture

The recently passed Farm Bill reauthorized and in some cases expanded farm safety net programs. The Office of Management and Budget estimates that these programs will increase the deficit by $6 billion over the next five years. While net farm income has been decreasing from historic highs over the past few years, farm income is now stabilizing and gross farm income is increasing. This points to the importance of targeting farm subsidies to the farmers who have fewer options to manage risk through the private sector. The Budget proposes to maintain a strong safety-net for farmers while achieving savings by: eliminating subsidies to higher income farmers; reducing overly generous crop insurance subsidies to producers and companies; and eliminating some programs that have no Federal purpose. The Budget proposes to limit benefits to producers that have an Adjusted Gross Income (AGI) of $500,000 or less as applied to crop and dairy programs, crop insurance, and conservation payments. The proposal would also reduce premium subsidies for crop insurance from an average subsidy rate of 62 percent to 48 percent; reduce payments made to private sector insurance companies; eliminate the mandatory 508(h) process that subsidizes the development of new crop insurance products; tighten commodity payment limits; eliminate the Economic Adjustment Assistance Program for upland cotton users and the Livestock Forage Program; and better target conservation funding to the most sensitive agricultural land.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Limit Eligibility for Agricultural Commodity Payments to $500,000 Adjusted Gross Income (AGI)........................	-63	-117	-132	-124	-114	-126	-154	-148	-164	-164	-550	-1,306
Streamline Conservation Programs..............................	-210	-412	-617	-838	-1,040	-1,081	-1,131	-1,181	-1,181	-1,181	-3,117	-8,872
Eliminate Lower Priority Farm Bill Programs........................	-54	-86	-97	-99	-100	-100	-100	-100	-100	-100	-436	-936
Tighten Commodity Payment Limits and Close Loopholes..............................	-149	-143	-141	-137	-135	-132	-130	-128	-127	-126	-705	-1,348
Eliminate Livestock Forage Program................................	-680	-778	-769	-759	-758	-791	-815	-817	-827	-825	-3,744	-7,819
Eliminate the Crop Insurance 508(h) Program....................	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-60	-120
Limit Eligibility for Crop Insurance Subsidies to $500,000 AGI.......................	0	-62	-69	-69	-68	-69	-68	-69	-78	-89	-268	-641
Reduce Crop Insurance Premium Subsidies................	0	-2,253	-2,321	-2,507	-2,488	-2,497	-2,482	-2,504	-2,522	-2,542	-9,569	-22,116
Cap Crop Insurance Companies' Underwriting Gains....................................	0	0	0	-417	-428	-423	-419	-421	-418	-422	-845	-2,948
Total......................................	-1,168	-3,863	-4,158	-4,962	-5,143	-5,231	-5,311	-5,380	-5,429	-5,461	-19,294	-46,106

Justification

The Budget proposes to eliminate premium subsidies, commodity payments, and conservation program eligibility for farmers with Adjusted Gross Incomes over $500,000. It is hard to justify to taxpayers why the Government should provide assistance to farmers with incomes over half a million dollars. Doing so undermines the credibility and purpose of farm programs. In 2013 (a year of record-high farm income), only 2.1 percent of farmers had AGIs in excess of this amount.

The Budget proposes to tighten payment limits for farmers and eliminate payment limit loopholes. There is no need for any one producer to receive more than $125,000 in commodity support payments per year ($250,000 for married couples), or for peanut producers, who already benefit from higher price supports than most producers,[1] to get special treatment so they are eligible for $250,000 in payments ($500,000 for married couples) if they produce other crops.

The Budget proposes to limit crop insurance premium subsidies. The subsidy the Government currently provides farmers averages 62 percent of their crop insurance premiums. The premium reduction proposal would bring the average premium subsidy down to a more reasonable 48 percent. According to the Government Accountability Office, data shows that the impact on a farmer's average per-acre production costs would be limited to between 1 and 2 percent depending on the crop. Moreover, row crops such as corn, cotton, wheat and soybeans, make up the majority of the liability in the crop insurance program, and those farmers are also eligible for commodity payments. In addition, the Budget proposes to reduce subsidies to crop insurance companies by setting a 12 percent cap in law for underwriting gains, which is considered a reasonable rate of return for the industry.

The Budget also proposes to eliminate reimbursements and automatic implementation for 508(h) crop insurance product development. Few products for large crops that are pending development and the Farm Bill often directs the development of commodity specific products when there is a gap. In addition, RMA can still develop products internally. Moreover, the 2014 Farm Bill authorized buy-up coverage for the Non-Insured Assistance Program (NAP), which is for crops that are not covered by crop insurance. For those reasons, the Budget proposes to eliminate of the reimbursements to the private sector for the development of new crop insurance products and also proposes to make the approval of new products under 508(h) at the discretion of the Federal Crop Insurance Corporation Board rather than mandatory.

The Budget proposes to maximize the efficient use of conservation program funding by prioritizing funding for those programs that have shown positive outcomes and eliminating funding for those programs with limited outcomes. A 2016 Department of Agriculture Office of Inspector General report found that over 30 percent of Conservation Stewardship Program (CSP) contracts reviewed as part of an audit contained errors or inconsistencies. The errors were due to "ineligible participants receiving CSP contracts and eligible participants receiving excessive program payments."[2] These indicators demonstrate that CSP funding is not always spent in the taxpayers' best interest. In addition, the Budget also proposes a modest reduction of $40 million to the Agricultural Conservation Easement Program. The Budget's proposed reduction would address restoration work while continuing to enroll priority easement acres.

The Federal Government should not be singling out select commodities such as cotton for special assistance, particularly with a poorly designed Economic Adjustment Assistance for Upland Cotton Users program where the purpose is unclear.[3] In addition, the Federal Government should not be providing mandatory feed assistance for livestock when producers can purchase subsidized pasture, rangeland, forage insurance to protect against feed losses from drought.

Citations

[1] Congressional Research Service, *Farm Safety-Net Payments Under the 2014 Farm Bill: Comparisons by Program Crop*, Report R44914, (August 2017).

[2] U.S. Department of Agriculture, Office of Inspector General, *Controls Over the Conservation Stewardship Program*, Audit Report 10601-0001-32, (September 2016).

[3] U.S. Department of Agriculture, Office of Inspector General, *Economic Adjustment Assistance to Users of Upland Cotton*, Audit Report 03601-0002-22, (July 2014).

LEASE SHARED SECONDARY LICENSES

Department of Commerce

To promote efficient use of the electromagnetic spectrum, the Administration proposes to authorize the Department of Commerce to negotiate leases with private entities that would expand their access to Federal spectrum. This authority will complement ongoing efforts to make Federal spectrum available for commercial uses through auctions conducted by the Federal Communications Commission.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-40	-35	-35	-60	-65	-70	-70	-80	-80	-85	-235	-620

Justification

Under this proposal, the National Telecommunications and Information Administration (NTIA) would be granted authority to lease access to Federal spectrum for commercial use on a non-interference basis, with Federal primary users. Working with other Federal agencies, NTIA would negotiate sharing arrangements on behalf of the Federal Government and would seek to increase the efficiency of spectrum when possible without causing harmful interference to Federal users authorized to operate in the negotiated bands. In addition to Federal spectrum auctions, leases will provide another option for maximizing the economic value of this scarce spectrum resource. Significant resources will be required by NTIA and other Federal agencies to negotiate and manage these spectrum leases. The cost of administering the program would be offset by a $50 million transfer from the Spectrum Relocation Fund derived from a portion of the lease revenue. Therefore, the proposal is conservatively estimated to generate approximately $600 million in net deficit reduction for taxpayers.

CREATE SINGLE INCOME-DRIVEN STUDENT LOAN REPAYMENT PLAN

Department of Education

The Budget proposes to simplify student loan repayment by consolidating multiple Income-Driven Repayment (IDR) plans into a single plan. This proposal reduces inefficiencies in the student loan program and, for undergraduate borrowers, reduces the time until loans are forgiven. To further improve and simplify loan repayment, the Budget proposes to auto-enroll in IDR severely delinquent borrowers and to institute a process for borrowers to consent to share income data for multiple years. To facilitate these improvements the Budget proposes to streamline the Department of Education's ability to verify applicants' income data held by the Internal Revenue Service.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Reform and Improve the terms of Income-Driven Repayment for Student Loans..................	-1,343	-3,077	-4,725	-6,324	-7,643	-8,643	-9,129	-9,999	-10,511	-11,274	-23,112	-72,668
Use Combined Adjusted Gross Income to Calculate Loan Payments for Married Filing Separately............................	-95	-170	-255	-326	-400	-445	-457	-505	-538	-580	-1,246	-3,771
Eliminate Standard Repayment Cap....................	-1,857	-3,232	-4,376	-5,220	-5,840	-6,227	-6,411	-6,563	-6,568	-6,422	-20,525	-52,716
Total......................................	-3,295	-6,479	-9,356	-11,870	-13,883	-15,315	-15,997	-17,067	-17,617	-18,276	-44,883	-129,155

Justification

In recent years, IDR plans, which offer student borrowers the option of making affordable monthly payments based on factors such as income and family size, have grown in popularity. However, the numerous IDR plans currently offered to borrowers overly complicate choosing and enrolling in the right plan. To simplify student loan repayment, the Budget proposes a single IDR plan that provides a pathway to debt relief for struggling borrowers. All new borrowers would pay 12.5 percent of their discretionary income. For borrowers with undergraduate student debt only, any balance remaining after 15 years of repayment would be forgiven. For borrowers with any graduate debt, any balance remaining after 30 years of repayment would be forgiven. To support this ambitious proposal, the Budget proposes a package of targeted reforms to reduce significant inefficiencies in the program. The Single IDR plan would remove the standard repayment cap to guarantee that high-income, high-balance borrowers pay an equitable share before their remaining balances are forgiven. Severely delinquent borrowers would be auto-enrolled in the Single IDR plan. In addition, the proposed plan would calculate payments for married borrowers filing separately using their combined household Adjusted Gross Income.

ELIMINATE ACCOUNT MAINTENANCE FEE PAYMENTS TO GUARANTY AGENCIES

Department of Education

The Budget proposes to eliminate unnecessary fee payments to guaranty agencies.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-501	0	0	0	0	0	0	0	0	0	-501	-501

Justification

Despite dwindling business activities since the move to direct student lending, guaranty agencies from the legacy Federal Family Education Loan (FFEL) Program continue to receive account maintenance fees. Given the significantly pared back services provided by guaranty agencies, and their ability to generate significant fee income through debt collection activities, the Budget proposes to discontinue these payments.

ELIMINATE PUBLIC SERVICE LOAN FORGIVENESS

Department of Education

The Budget proposes to eliminate the Public Service Loan Forgiveness (PSLF) program and focus assistance on needy undergraduate student borrowers from all professions.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-1,459	-2,842	-4,015	-4,975	-5,688	-6,226	-6,477	-6,819	-7,231	-7,281	-18,979	-53,013

Justification

To support the proposal for a single Income-Driven Repayment (IDR) plan, the Budget proposes a package of targeted student loan reforms and program eliminations, including the elimination of PSLF. PSLF unfairly favors some career choices over others and is complicated for borrowers to navigate. This package would simplify repayment for all new undergraduate borrowers regardless of occupation and create a pathway for expedited debt forgiveness after 15 years of payments instead of after 20 years under current law. PSLF is part of a complex array of Federal aid programs that could benefit from the simplification of aid to needy students. The Budget continues to fully fund Pell Grants to help low-income students afford college, and expands Pell eligibility to high-quality short-term programs, enabling students to obtain the skills they need for today's workforce more quickly than the traditional two or four-year degree.

ELIMINATE SUBSIDIZED STUDENT LOANS

Department of Education

The Budget proposes to eliminate inefficient interest subsidies for certain undergraduate loans and focus resources on more effective forms of support for needy undergraduate students.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-659	-2,094	-2,471	-2,660	-2,726	-2,709	-2,768	-2,769	-2,724	-2,767	-10,610	-24,347

Justification

To support the proposal for a single Income-Driven Repayment (IDR) plan, the Budget proposes a package of targeted reforms and program eliminations, including the elimination of subsidized loans. Under current law, the Government pays interest on subsidized loans for eligible low- and middle-income undergraduates while the student is in school or deferment. While the in-school interest subsidy has not been rigorously evaluated, lessons from behavioral economics indicate that the subsidy is less likely to increase postsecondary enrollment, due to the complexity of the interest rate benefit, than straightforward need-based grants to students. The subsidy is also poorly targeted as it is provided to borrowers with low pre-enrollment income but does not consider the income of borrowers during repayment. Borrowers with unaffordable debt burdens relative to their income during repayment can manage their debt through income-driven repayment and ultimately receive forgiveness. Subsidized loans are part of a complex array of Federal aid programs that could benefit from the simplification of aid to needy students.

REDUCE IMPROPER PAYMENTS IN PELL GRANTS

Department of Education

The Budget includes proposals to reduce the risk of improper payments in the Pell Grant program, which will help improve the long-term fiscal strength of the program. The Budget proposes legislative actions that would improve data accuracy and enhance controls to prevent fraudulent activity.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-10	-21	-22	-22	-22	-23	-23	-24	-24	-24	-97	-215

Justification

One of the primary causes of improper payments in the Pell Grant program is failure to verify financial data.[1] As of August 2017, sixty-three percent of Pell Grant-eligible applicants choose to transfer tax data from the Internal Revenue Service (IRS) to their FAFSA using the IRS Data Retrieval Tool.[2] To further improve the accuracy of FAFSA data, the Budget proposes to except the Department of Education (ED) from restrictions of Section 6103 of the Internal Revenue Code (26 U.S.C. 6103) to authorize the IRS to disclose tax return information directly to ED for the purpose of administering certain programs authorized by Title IV of the Higher Education Act of 1965. This exception would simplify and improve the accuracy of FAFSA filing by prepopulating certain fields. This exception would also allow borrowers to more easily recertify their income to stay enrolled in Income Driven Repayment (IDR) plans.

The Budget also proposes to bar someone from receiving another Pell Grant if they have been awarded three consecutive Pell Grants without earning any credits. This will prevent the fraudulent practice of people going from school to school, enrolling long enough to receive a reimbursement but not pursuing any credits.

Citations

[1] Department of Education, *FY 2018 Agency Financial Report,* (November 2018).

[2] U.S. Government, *Payment Accuracy: Federal Pell Grant Program*, https://paymentaccuracy.gov.

DIVEST THE POWER MARKETING ADMINISTRATIONS' TRANSMISSION ASSETS

Department of Energy

The Budget proposes to sell the transmission assets of the Department of Energy's Power Marketing Administrations (PMAs), which include Southwestern Power Administration (SWPA), Western Area Power Administration (WAPA), and Bonneville Power Administration (BPA). The private sector is best suited to own and operate electricity transmission assets. Eliminating or reducing the Federal Government's role in owning and operating transmission assets and increasing the private sector's role encourages a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Divest WAPA Transmission Assets....................................	0	-847	0	0	0	0	0	0	0	0	-847	-847
Divest SWPA Transmission Assets....................................	0	-16	0	0	0	0	0	0	0	0	-16	-16
Divest BPA Transmission Assets....................................	0	-2,334	-396	-414	-432	-395	-427	-438	-448	-459	-3,576	-5,743
Total.......................................	0	-3,197	-396	-414	-432	-395	-427	-438	-448	-459	-4,439	-6,606

Justification

The Budget proposes to sell the electricity transmission assets currently owned by the Southwestern Power Administration, the Western Area Power Administration, and the Bonneville Power Administration. Divestiture of Federal assets can encourage private capital investment in the Nation's infrastructure and relieve long-term pressure on the deficit related to future capital investments. The vast majority of the Nation's electricity infrastructure is owned and operated by for-profit investor owned utilities. Ownership of transmission assets is best carried out by the private sector where there are appropriate market and regulatory incentives.

REFORM THE LAWS GOVERNING HOW THE POWER MARKETING ADMINISTRATIONS ESTABLISH POWER RATES

Department of Energy

The Budget proposes to change the statutory requirement that the Power Marketing Administrations' (PMAs) power rates be limited to recovering costs to a structure that considers appropriate market incentives. A market based approach for establishing rates for power sales from Federal dams encourages a more efficient allocation of economic resources.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-247	-253	-259	-266	-274	-283	-291	-298	-304	-268	-1,299	-2,743

Justification

The Power Marketing Administrations sell wholesale electricity generated at multipurpose dams owned and operated by the Army Corps of Engineers and the Bureau of Reclamation. Current law requires the PMAs to generate revenues by establishing rates charged to utility customers to recover all costs, including annual operating and maintenance costs and the taxpayers' investment in the power portions of dams and in transmission lines, and permits the PMAs to defer repayment of prior capital investment by the taxpayers. By contrast, the vast majority of the Nation's electricity needs are met through for-profit investor owned utilities, which are subject to State and/or Federal regulatory oversight in the establishment of rates. Eliminating the requirement that PMA rates be limited to a cost-based structure and requiring instead that these rates be based on consideration of appropriate market incentives, including whether they are just and reasonable, would encourage a more efficient allocation of economic resources and could result in faster recoupment of taxpayer investments.

REPEAL BORROWING AUTHORITY FOR WESTERN AREA POWER ADMINISTRATION

Department of Energy

The Budget proposes to repeal Western Area Power Administration's (WAPA) authority to borrow up to $3.25 billion in emergency funds authorized by the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the purpose of constructing and/or funding projects within WAPA's service territory that deliver, or facilitate the delivery of, power generated by renewable energy resources. Repealing this authority encourages a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-550	-615	455	-5	425	-225	225	-225	225	-225	-290	-515

Justification

The vast majority of the Nation's electricity needs are met through for-profit investor-owned utilities. Investments in transmission assets are best carried out by the private sector where there are appropriate market and regulatory incentives. Federal financing of transmission assets places unnecessary risk on taxpayers and results in an inefficient allocation of economic resources. In addition, activities under the Recovery Act, which was enacted in response to the 2009 Great Recession, are no longer needed. Since its inception, the program has made less than $300 million in total loans to three transmission projects. As of fiscal year-end 2018, the program held less than $100 million in outstanding loan balances owed to the Department of the Treasury.

ELIMINATE THE SOCIAL SERVICES BLOCK GRANT

Department of Health and Human Services

The Budget proposes to eliminate the Social Services Block Grant (SSBG) because it lacks strong performance measures, is not well targeted, and is not a core function of the Federal Government. States do not have to demonstrate that they are using funds effectively in order to continue receiving funding. In addition, SSBG funds services that are also funded through other Federal programs, such as early childhood education services funded through Head Start and child welfare services funded by Title IV-E programs.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-1,360	-1,632	-1,700	-1,700	-1,700	-1,700	-1,700	-1,700	-1,700	-1,700	-8,092	-16,592

Justification

SSBG is a permanently authorized program, which funds a wide variety of services. Examples of services include child care, child and adult protective services, foster care, and special services for the disabled. Overall, there are 29 broad service categories within SSBG (including "other"). However, better targeted State and Federal programs currently fund most of these services. SSBG lacks strong performance metrics and the means to hold States accountable for spending SSBG funds effectively.

INTRODUCE A NEW MINIMUM REQUIRED CONTRIBUTION FOR PREMIUM TAX CREDITS

Department of Health and Human Services

The Budget proposes a new minimum required contribution percent for subsidized individuals enrolled in health plans on the Exchange. While the premium tax credits (PTC) would continue to be calculated based on the required contribution percent of an individual's income and the second lowest cost silver plan, an individual's PTC would be reduced when they buy a less expensive plan so that they are required to spend a minimum percentage of their income on any health plan. This minimum required contribution would range from one to five percent on a linear scale for individuals between 100 to 400 percent of the Federal poverty level. Individuals could still buy down to a lower cost plan where available, but would no longer have access to free plans on the Exchange.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-230	-115	0	0	0	0	0	0	0	0	-345	-345

Justification

Under current law there are a number of subsidized individuals who are able to obtain a "free" health insurance plan by taking their subsidy that is calculated based on the second lowest cost silver plan and purchasing a lower cost silver or bronze plan. With healthcare costs continuing to rise and taxpayers bearing the bulk of the increases for subsidized individuals in the Exchanges, all individuals receiving subsidized coverage should contribute a portion of their health insurance premium.

MEDICAID: ADDRESS WASTEFUL SPENDING, FRAUD, AND ABUSE

Department of Health and Human Services

The Budget seeks new authorities to address Medicaid program integrity challenges identified by the Department of Health and Human Services (HHS) Office of Inspector General (OIG) and the Government Accountability Office (GAO). These proposals would empower the Federal and State governments to be partners in greater fiscal responsibility, preserving and protecting the Medicaid program for Americans who truly need it.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-700	-835	-1,189	-1,259	-1,329	-1,399	-7,979	-8,049	-8,099	-8,169	-5,312	-39,007

Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.

Justification

The last several years have seen a rapid increase in Federal Medicaid spending driven by several factors, including Medicaid expansion, from $265 billion in 2013 to an estimated $426 billion in 2020. With this historic growth comes a growing and urgent responsibility to ensure sound stewardship and oversight of Medicaid program resources. States and the Federal Government share responsibility for ensuring Medicaid integrity and developing, implementing, and improving program safeguards necessary to ensure proper and appropriate use of both Federal and State dollars. The Budget seeks to empower both States and the Federal Government to take action to address major risks to Medicaid program integrity identified by OIG and GAO related to beneficiary eligibility determinations, financing, and personal care services.

Beneficiary Eligibility Determinations

States are responsible for making correct eligibility determinations to prevent misuse of taxpayer dollars and to ensure resources are available for the truly vulnerable. However, recent audits identified instances of States enrolling individuals in Medicaid who do not meet eligibility requirements. For example, the HHS OIG found that three States received nearly $4.4 billion in overpayments, due to States enrolling ineligible or potentially ineligible beneficiaries in their Medicaid programs.[1] While current laws and regulations prevent HHS from recovering these overpayments from States, the Budget would give HHS authority to collect overpayments from States that spend Federal resources on ineligible Medicaid beneficiaries.

Further, the Budget would give States additional tools to focus Medicaid on the truly vulnerable. States conduct eligibility redeterminations to account for changes in an individual's circumstances, such as income changes, but current regulations prevent States from assessing eligibility more than once a year for most beneficiaries. The Budget proposes to revise existing regulations to allow States the flexibility to conduct more frequent eligibility reviews to preserve and protect the program for those most in need.

Financing

The Budget would increase accountability in how States finance their Medicaid programs. States may make supplemental payments to providers so long as fee-for-service Medicaid rates to certain facilities result in aggregate provider payments that are lower than what Medicare would have paid for comparable services. GAO has raised concerns about the transparency and oversight of supplemental payments, citing a lack of timely information to determine whether payments meet statutory requirements, and instances of payments to hospitals that greatly exceeded costs.[2] To improve fiscal integrity and transparency in Medicaid payment policy, the Budget assumes a new policy to improve timely and complete data collection on Medicaid supplemental payments, including the financing of such payments, and proposes to limit reimbursement to

Government providers to no more than the cost of providing services to Medicaid beneficiaries. In addition, the Budget addresses an emerging Medicaid financing scheme in which a provider changes its ownership designation as a privately-owned facility to a government-owned facility, while the former private owner continues to operate the facility, to inappropriately shift costs to the Federal Government.

In addition, the Budget includes proposals to address duplicative or wasteful spending. For example, the Budget proposes to continue the Medicaid Disproportionate Share (DSH) hospital allotment reductions since the new Market-Based Health Care Block Grants proposed in the Budget provide States with resources to maintain coverage for those previously covered by Obamacare. The Budget would also restructure the current DSH hospital allotment formula, to ensure that hospitals are only compensated for costs for Medicaid eligible individuals not covered by other payers, such as Medicare or private insurance.

Personal Care Services

The Budget also includes proposals to address the drivers of Medicaid fraud identified by the HHS OIG. Many elderly and disabled Medicaid beneficiaries rely on personal care services (PCS) to get care in their communities and maintain independence; however, according to the HHS OIG, fraud involving PCS attendants and agencies continues to grow, accounting for 45 percent of Medicaid Fraud Control Unit convictions in 2017.[3] The Budget proposes to require states to implement claims edits to automatically deny unusual PCS payments such as duplicative services, services provided by unqualified providers, or services provided to those no longer eligible for Medicaid, as recommended by the HHS OIG.[4,5] The Budget also proposes to require States to assign unique identifiers to personal care service attendants to reduce fraud and abuse among personal care service attendants to track their activities and verify claims. Finally, the Budget proposes to extend States' authority to investigate and prosecute abuse or neglect in home-and community-based settings.

Citations

[1] Department of Health and Human Services, Office of Inspector General, Reports: A-09-16-02023, (2018), A-09-17-02002, (2018), A-02-15-01015, (2018), A-04-16-08047, (2017), and A-04-15-08044 (2017).

[2] Government Accountability Office, Reports: GAO-16-108 (2016) and GAO-15-322 (2015).

[3] Department of Health and Human Services, *Office of Inspector General, Medicaid Fraud Control Units Fiscal Year 2017 Annual Report*, OEI-09-18-00180, (2018).

[4] Department of Health and Human Services, *Office of Inspector General, Personal Care Services: Trends, Vulnerabilities, and Recommendations*, OIG-12-12-01, (2012).

[5] Department of Health and Human Services, *Office of Inspector General, Payments Made in Error for Personal Care Services During Institutional Stays*, OEI-07-06-00620, (2008).

MEDICAID: DRUG PRICING AND PAYMENT IMPROVEMENTS

Department of Health and Human Services

The Budget calls for removing the cap on Medicaid manufacturer drug rebates, to ensure rebates reflect all price increases for a drug. In addition, the Budget includes new demonstration authority allowing States to test innovative approaches for Medicaid prescription drug coverage. The Budget also includes a package of proposals to enhance program integrity and reduce State and Federal costs in the Medicaid Drug Rebate Program.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-136	-146	-167	-182	-187	-197	-203	-213	-223	-233	-818	-1,887

Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.

Justification

All State Medicaid programs currently cover prescriptions drugs, as an optional benefit, through the Medicaid Drug Rebate Program. Under the Rebate Program, States are required to cover any prescription drug offered by manufacturers who have entered into statutorily defined rebate agreements with the Department of Health and Human Services (HHS). This decades old structure provides State Medicaid programs with very limited tools to control total drug spending, and per capita Medicaid spending on prescription drugs increased by an average of 7.5 percent per year from 2013 through 2016 (reflecting total Federal and State spending net of rebates).

One factor contributing to the increase in Medicaid drug spending is a statutory cap on manufacturer drug rebates at 100 percent of a drug's average manufacturer price. Once this cap is reached, drug manufacturers can increase a drug's price without increasing the associated Medicaid rebate, allowing manufacturers to set excessive prices outside of Medicaid. Eliminating this cap will ensure manufacturers pay rebates covering all price increases for a drug. To test further options for modernizing Medicaid drug coverage and financing, the Budget calls for new statutory demonstration authority allowing up to 5 state Medicaid programs to test a closed formulary under which they negotiate prices directly with manufacturers. The proposal includes exempting prices negotiated under the demonstration from Best Price reporting, facilitating price negotiation between states and manufacturers. Participating States will be required to develop an appeals process for beneficiaries to access drugs outside the formulary based on medical necessity.

The Budget also closes loopholes manufacturers use to avoid paying their full rebate obligations, and other changes to reduce Medicaid drug costs for States and taxpayers. Among these proposals, the Budget closes a gap in HHS enforcement authority, enabling HHS to impose fines when manufacturers misclassify drugs for Medicaid drug rebate purposes, and eliminates a loophole allowing manufacturers to lower their rebate obligations on an original drug when they introduce an authorized generic. In addition, the Budget revises Medicaid's Federal Upper Limit (FUL) to reflect only true generic drug prices, ensuring it is not improperly inflated.

MEDICAID: OTHER REFORMS

Department of Health and Human Services

In addition to the Medicaid program flexibilities included in the Budget proposal to empower States and consumers to reform health care, the Budget would further modernize Medicaid benefits and target eligibility. In determining Medicaid eligibility, the Budget would enable States to consider savings and other assets, ensure Federal funds are only available for individuals with verified immigration status, and improve consistency across welfare programs through a uniform work requirement. The Budget also proposes to allow States to increase co-payments for non-emergency use of the emergency department.

Funding Summary

(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-8,600	-11,880	-12,630	-13,300	-14,080	-14,840	-15,630	-16,400	-17,290	-18,370	-60,490	-143,020

Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.

Justification

Medicaid spending is increasing at an unsustainable rate, and it is critical that benefits be maintained for the most vulnerable populations. The Administration believes States, not the Federal Government, are in the best position to assess the needs of their Medicaid population, target benefits appropriately, and implement innovative reforms. The Budget would grant States additional flexibility in designing their Medicaid programs and support greater efficiency by providing options to increase co-pays for improper use of the emergency department and modify eligibility requirements to ensure the safety net is reserved for the most vulnerable populations.

The Budget would improve consistency between work requirements in federally funded public assistance programs, including Medicaid, Temporary Assistance for Needy Families, Supplemental Nutrition Assistance Program, and rental assistance, by requiring that able-bodied, working-age individuals find employment, train for work, or do community service in order to receive welfare benefits. This would enhance service coordination, improve the financial well-being of those receiving assistance, and ensure these public assistance programs are reserved for the most vulnerable populations.

The Budget would further enable States to focus on the most vulnerable populations. By allowing States to consider savings and other assets in determining Medicaid eligibility, the Budget would focus Medicaid spending on individuals who do not have significant assets. The Budget also proposes to not pay for medical assistance of individuals who have not verified their immigration status, and thus their eligibility for Medicaid.

By allowing States to increase co-payments for non-emergency use of the emergency department, the Budget would encourage beneficiaries to engage in personal financial responsibility and proper use of healthcare resources. Medicaid beneficiaries use the emergency department at an almost two-fold higher rate than the privately insured.[1,2] The Centers for Medicare and Medicaid Services has already granted waivers to several States to increase co-payments for non-emergency use of the emergency department. The Budget would allow States to pursue this flexibility without going through the waiver process.

Statute allows, but does not require, States to provide non-emergency medical transportation (NEMT). Instead, these services were made mandatory Medicaid benefits by regulation. Further, a Government Accountability Office study found Medicaid NEMT spending totaled $1.5 billion in 2013, and NEMT programs face multiple challenges, including difficulties in containing costs and maintaining program integrity.[3] To address these issues, this proposal would update regulations to clarify the NEMT benefit is strictly optional.

Citations

[1] Garcia et al. *Emergency Department Visitors and Visits: Who Used the Emergency Room in 2007?* CDC, NCHS Data Brief No 38, (2010).

[2] Mann, Cindy, *Reducing Nonurgent Use of Emergency Departments and Improving Appropriate Care in Appropriate Settings,* CMCS Informational Bulletin, www.medicaid.gov/Federal-Policy-Guidance/Downloads/CIB-01-16-14.pdf, (January 2014).

[3] Government Accountability Office, *Nonemergency Medical Transportation: Updated Medicaid Guidance Could Help States*, GAO-16-238, (2016).

MEDICARE: ADDRESS WASTEFUL SPENDING, FRAUD, AND ABUSE

Department of Health and Human Services

The Budget includes a number of proposals that eliminate excessive spending and distortionary payment incentives without harming beneficiaries' access to care or altering covered items and services. It refines reimbursement for uncompensated and post-acute care, reforms competitive bidding for durable medical equipment, and realigns incentives through site neutral payment reform to make payments based on clinical needs of the patient, rather than site of service.

The Budget also proposes to strengthen the tools and authorities the Medicare program has to detect and prevent Medicare fraud and abuse and to take action against individuals who look to defraud the Medicare program and harm beneficiaries in the process. Together with investments in the Health Care Fraud and Abuse Control (HCFAC) program, these legislative proposals would help prevent improper payments, eliminate wasteful spending, and reduce time-consuming "pay and chase" activities. Additional information on proposals to address improper payments can be found in the Payment Integrity chapter of the *Analytical Perspectives* volume.

Funding Summary

(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-9,492	-23,601	-30,747	-37,486	-43,986	-50,141	-55,752	-61,765	-68,754	-75,171	-145,312	-456,895

Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.

Justification

The Budget includes two proposals aimed at reforming how the Federal Government reimburses hospitals for certain "add-on" payments that are not directly tied to Medicare beneficiary care. These reforms improve the sustainability of the Medicare Trust Fund and ensure that Medicare funds are spent on meeting the health needs of our Nation's seniors. In addition, these proposals better align the Medicare program with private sector health insurance business practices.

Medicare currently makes payments to hospitals related to uncompensated care for non-Medicare beneficiaries. The Budget proposes to reform uncompensated care payments by removing the payment from the Medicare payment system, moderating the rate of growth of spending, and establishing a new process to distribute uncompensated care amounts to hospitals based on their share of charity care and non-Medicare bad debt.

In addition, the Federal Government spends more than $15 billion annually in the Medicare, Medicaid, and Children's Graduate Medical Education (GME) programs with little to no accountability for outcomes. Experts have repeatedly recommended improving the distribution of funds to achieve a better distribution of specialties in health care, to address health care professional shortage areas, and to incentivize better training of professionals.[1,2] The Budget proposes to better focus Federal spending on training for health professionals by consolidating GME spending that is currently in the Medicare, Medicaid, and Children's Hospital GME Payment program into a new capped Federal grant program. Funding would be distributed to hospitals based on the proportion of residents training in priority specialties or programs and based on other criteria identified by the Secretary, including addressing health care professional shortages and educational priorities.

The Budget includes several additional proposals aimed at eliminating wasteful spending in Medicare.

Establish a unified payment system for post-acute care providers—Currently, Medicare uses separate prospective payment systems to pay for stays in the four main post-acute care settings: skilled nursing facilities; home health agencies; inpatient rehabilitation facilities; and long-term care hospitals. Non-partisan experts have repeatedly found that payment rates significantly exceed the costs of care in these settings, that payments do not align well with patients' clinical needs, and that patients may go to sites of care that provide more intensive services than are clinically necessary.[3,4,5]

Therefore, the Budget would transition payment for post-acute care to site-neutral payments over five years. It would reduce the growth rate of post-acute care payment during the transition period. The proposed payment system is based on the anticipated clinical needs and risk factors of the patient, rather than the site of service. All types of facilities would remain available, and patients with their doctors, would determine the right site of care.

Pay all hospital-owned physician offices located off-campus at the physician office rate—Most hospital-owned physician practices located off the hospital's main campus receive a higher Medicare payment rate than practices not owned by hospitals. The Bipartisan Budget Act of 2015 addressed this inequity for new off-campus facilities, but grandfathered facilities in existence at the time. The Budget would equalize Medicare payment for all physician practices and off-campus facilities, regardless of whether they are hospital-owned or when established, lowering out-of-pocket costs for seniors receiving services at those facilities.

Pay on-campus hospital outpatient departments at the physician office rate for certain services—Currently, Medicare and beneficiaries pay more for services furnished in a hospital outpatient department that is located on the main campus of a hospital than in a physician office. The Budget proposes to make site neutral payments between on-campus hospital outpatient departments and physician offices for certain services to include imaging tests, clinic visits, and drug administration.

Authorize long-term care hospital (LTCH) site neutral exceptions criteria—The Budget proposes to better align payments to long-term care hospitals (LTCHs) based on patient need by modifying the criteria for payment. In 2013, the Congress enacted a site neutral payment policy for LTCHs and established criteria to determine which patients should continue to be reimbursed at the higher LTCH rate. Researchers, including the nonpartisan Medicare Payment Advisory Commission (MedPAC), have suggested that the current criterion of at least 3-days in the intensive care unit (ICU) may be too low and that a higher number of days may more accurately identify patients who require the intensity of care provided at an LTCH.[6] The Budget proposes to extend the criterion to at least an 8-day stay in an ICU, as recommended by MedPAC, to better identify chronically ill patients who would more likely benefit from an LTCH.

Reduce Medicare coverage of bad debts—The Budget would reduce the amount Medicare pays to certain institutional providers to cover copayments or deductibles that beneficiaries fail to pay. Medicare currently reimburses certain providers at 65 percent of bad debt. Private insurance companies do not typically cover any portion of uncollected cost-sharing, which is the responsibility of the beneficiary. The Budget would bring Medicare more in line with the private sector by gradually reducing reimbursement to 25 percent of bad debt over three years.

Reform and expand durable medical equipment competitive bidding—The Budget proposes to implement a more rational approach for setting payment rates in competitively bid areas by eliminating the single payment amount, and paying winning durable medical suppliers at their bid amounts. This approach would incentivize suppliers to bid at an appropriate rate to acquire products and support their businesses. In addition, the Budget proposes to expand competitive bidding to all areas of the Nation. If an adequate number of suppliers do not participate in a bid area, rates from other similar areas would be used to set the payment amount in that bid area.

Clarify the Part D Special Enrollment Period for Dually Eligible Beneficiaries—Currently, enrollees who are entitled to Medicare Part A and Part B and are dually eligible for both Medicare and Medicaid have a continuous monthly special enrollment period (SEP) to request enrollment or disenrollment from a Medicare Part D prescription drug plan or MA plan outside of the annual enrollment period. Continuous ability to enroll and disenroll from a plan lessens the incentive for plans to invest in important care management or network development for these high cost and often vulnerable beneficiaries and creates significant inefficiencies for plans. The Budget would allow Centers for Medicare and Mediciad Services (CMS) to apply the same annual election process for both dually eligible and non-dually eligible beneficiaries but preserve the ability for dually eligible beneficiaries to use a SEP to opt into integrated care programs or to change plans following auto-assignment. Efficient use of the Part D SEP for full-benefit dual eligible beneficiaries would reduce aggressive marketing targeted to low-income beneficiaries, improve incentives to make investments in and provide care coordination for high-cost, often vulnerable beneficiaries, and reduce the administrative burden on health plans when beneficiaries fluctuate numerous times throughout the year.

Expand basis for beneficiary assignment for Accountable Care Organizations (ACOs)—ACOs are designed to help reduce wasteful Medicare spending and improve quality by coordinating patient care and preventing unnecessary duplication of services. The Budget proposes to provide additional flexibilities to increase savings through ACOs by expanding the basis for beneficiary assignment to a broader set of primary care providers, including nurse practitioners, physician assistants, and clinical nurse specialists, moving more beneficiaries from fee-for-service Medicare to value-based care, without affecting beneficiary access to providers or the care they receive.

The Budget also includes several proposals that would further address fraud and abuse in Medicare.

Expand prior authorization to additional Medicare fee-for-service items at high risk of fraud, waste, and abuse—The Budget proposes to expand the Medicare program's authority to conduct prior authorization on certain items or services that are prone to high improper payments, including, but not limited to, inpatient rehabilitation services. CMS has tested prior authorization on a couple of items and services that are common targets for high improper payments, such as power wheel chairs and non-emergency ambulance services. Preliminary evaluation results indicate that prior authorization can be an effective tool for dissuading fraudulent actors and reducing inappropriate utilization.[7,8] The proposal would reduce improper payments and save taxpayer dollars from paying for Medicare services that are not medically necessary by ensuring that the right payment goes to the right provider for the appropriate service.

Prevent fraud by enforcing reporting of enrollment changes—Currently, providers and suppliers are required to update enrollment records to remain in compliance with the Medicare program. Unreported changes in provider enrollment information could allow problematic providers to continue to bill Medicare. The Budget proposes to increase CMS' authority to enforce appropriate reporting of changes in provider enrollment information through civil monetary penalties or other intermediate sanctions to mitigate the associated risk.

Pass Treasury collection fees for CMS overpayment collections onto debtor—CMS passes overpayments that have not been repaid within 60 days onto Treasury for collection. Treasury keeps a percentage of the collected overpayment as a collection fee. Currently, this fee is taken directly from the overpayment amount resulting in CMS recouping less than the overpayment. This proposal would require the debtor to pay the collection fee on top of the overpayment amount owed to CMS, resulting in all of the overpayment going back to the Medicare program.

Citations

[1] Medicare Payment Advisory Commission, *Aligning Incentives in Medicare: Graduate Medical Education Financing: Focusing on Educational Priorities*, Report to the Congress, (June 2010).

[2] National Academies of Sciences, Engineering, and Medicine, *Graduate Medical Education That Meets the Nation's Health Needs*, (July 2014).

[3] Medicare Payment Advisory Commission, *Medicare Payment Policy: Chapters 8-11*, Report to the Congress, (March 2016).

[4] Medicare Payment Advisory Commission, *Medicare Payment Policy: Chapters 8-11*, Report to the Congress (March 2017).

[5] Medicare Payment Advisory Commission, *Medicare Payment Policy: Chapters 8-11*, Report to the Congress (March 2018).

[6] Medicare Payment Advisory Commission, *Medicare Payment Policy, Chapter 11; Long-term care hospital services*, Report to the Congress, (March 2014).

[7] Asher et al. *First Interim Evaluation Report of the Medicare Prior Authorization Model for Repetitive Scheduled Non-Emergent Ambulance Transport (RSNAT)*, (2018).

[8] Centers for Medicare and Medicaid Services, *Medicare Prior Authorization of Power Mobility Devices Demonstration Status Update*, (2017).

MEDICARE: DRUG PRICING AND PAYMENT IMPROVEMENTS

Department of Health and Human Services

The Budget proposes strategies to address high drug prices and increase access to lifesaving medicines by rationalizing the current payment incentive structures in Part D and Part B and fostering greater competition.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-245	-2,795	-3,925	-5,480	-7,110	-8,920	-8,710	-9,305	-10,325	-10,545	-19,555	-67,360

Note: Estimates reflect gross savings. In some cases, savings will be reduced when enacted in conjunction with other proposals.

Justification

The Medicare Trustees project average per capita Part D drug benefit growth rate will exceed the rate of increase in other categories of medical spending.[1] Research has shown that the misaligned incentives in the Part D benefit design help drive this trend by rewarding drug pricing and price concession strategies that encourage plans to provide favorable formulary placement and to promote utilization of high cost drugs when lower cost options are available.[2] This ultimately results in higher spending for both beneficiaries and the Government. In 2015, nearly 1 in 10 Medicare Part D enrollees (3.6 million), including 2.6 million beneficiaries receiving low-income subsidies, reached the highest level of spending in the benefit structure, the catastrophic phase, where Medicare covers 80 percent of costs.[3] Payments in the catastrophic phase comprised just 14 percent of total Part D spending in 2006 but now account for 40 percent, the largest share, of total Part D spending.[4]

The Budget would improve the Part D drug benefit, leveraging the knowledge gained over 13 years since its implementation in 2006. The Budget would provide true catastrophic coverage for all beneficiaries through a newly established out-of-pocket maximum. It would also require plans to cover more of the costs of catastrophic coverage, to encourage efficient management of the Part D benefit. In addition, the Budget would eliminate cost sharing for generic drugs for low-income seniors to encourage the use of higher value products and reforms the coverage gap discount program to equalize the treatment of brand and generic drugs for the purposes of calculating out-of-pocket spending. The Budget would also permanently authorize a Medicare Part D demonstration that provides retroactive and point-of-sale coverage to certain low-income beneficiaries through a single plan. Working through one plan for retroactive coverage establishes a single point of contact for beneficiaries to resolve coverage issues, eliminates incentives that impede reimbursement of retroactive claims, and has proven to be less disruptive to beneficiaries.

Drugs that are administered to patients by healthcare practitioners in doctor's offices or hospital outpatient departments are covered and paid under Medicare Part B. In contrast to Part D, where private plans negotiate for formulary coverage, under Part B (traditional fee-for-service), physician offices and outpatient hospital departments "buy and bill" these types of drugs for which Medicare typically pays the drug's average sales price (ASP) plus six percent. Because many Part B drugs do not have clinically equivalent alternatives, coupled with Medicare's statutorily set payment rate for Part B drugs, there is limited negotiation for lower prices or incentives to discourage high list prices. Additionally, there is no limit to how much Medicare's payment rate for a drug can increase over time, allowing payment for dramatic price increases. The Medicare Payment Advisory Commission (MedPAC) found evidence that increases in ASP outpace inflation for many high expenditure drugs.[5] Additionally, the Centers for Medicare and Medicaid Services relies on manufacturers to submit sales data to calculate ASPs for Part B drugs, but currently not all manufacturers are required to report this data. When payment rates are based on incomplete ASP data, Medicare's payment rate does not accurately reflect price concessions and other factors that would ensure accurate payment. To address these issues, the Budget would place a limit on increases in Medicare's ASP-based payment for a drug based on inflation as measured by the consumer price index. The Budget would require all Part B drug manufacturers to report ASP data and provide the Secretary of Health and Human Services with the authority to apply civil monetary penalties to manufacturers who do not report required data. To discourage anti-competitive behavior that hinders innovation and keeps drug prices unnecessarily high, the Budget would reduce average sales price-based payments when the primary patent expires until a competitor to the innovator product is commercially available.

When ASP data are not available, Medicare largely pays for new, single-source Part B drugs and biosimilars at 106 percent of wholesale acquisition cost (WAC). Unlike an ASP, a drug's WAC does not incorporate rebates, price concessions, or other discounts benefitting the manufacturer. If discounts are available on these new Part B drugs and biosimilars, Medicare is paying more than it otherwise would under the ASP-based formula. MedPAC found evidence that Medicare payments do not reflect discounts available when drugs were priced based on WAC.[5] To lower beneficiaries out-of-pocket costs, the Budget would reduce the payment rate for drugs and biosimilars currently paid at 106 percent of WAC to 103 percent of WAC.

Medicare Part B spending is growing faster for hospital outpatient departments than for physicians. According to MedPAC's analysis of Medicare claims data, between 2009 and 2016, Part B drug spending grew at an average annual rate of 16.5 percent for outpatient hospital departments compared to 7.3 percent for physicians.[5] MedPAC also found that Part B drug spending grew faster among hospitals that participated in the 340B Program than among hospitals that did not participate in the 340B Program.[6] To lower beneficiaries out-of-pocket costs and to restore the program's true intent, the Budget proposes to modify hospitals' payment for drugs acquired through the 340B drug discount program to reward them based on the charity care they provide and to reduce payment if they provide little to no charity care. The Budget would also eliminate pass-through payment for new drugs, biologicals, and biosimilars to ensure beneficiaries who need these drugs benefit from the discounts hospitals receive when they acquire these drugs through the 340B drug discount program, and so they are treated the same as all other drugs purchased through the 340B program.

Finally, the Budget would provide the Secretary of Health and Human Services with authority to consolidate certain drugs currently covered under Part B into Part D where there are savings to be gained for beneficiaries and the Federal Government through increased price competition.

The Budget includes a number of proposals to speed development of generics, and eliminate loopholes that have allowed drug companies to use the regulatory framework to hinder competition. The Budget proposes to reform the current 180-day exclusivity forfeiture provision for first generics so that first generics do not block subsequent generics from FDA approval and clarify FDA's approach in determining whether a new drug is a new chemical entity to ensure that only truly innovative new drugs receive an additional five years of exclusivity. In addition, the Budget enhances FDA authority to address abuse of the petition process so FDA has greater flexibility to summarily deny petitions when circumstances indicate that the primary purpose of the petition is to delay FDA approval. Finally, the Budget enables FDA to tentatively approve a subsequent generic application, which would start the 180-day exclusivity clock, when a first to file generic application cannot be approved due to deficiencies.

Citations

[1] The Board of Trustees Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, *2018 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medicare Insurance Trust Funds*, (June 2018).

[2] Medicare Payment Advisory Commission, *Medicare and the Health Care Delivery System: Improving Medicare Part D*, Report to the Congress, (June 2016).

[3] The Henry J. Kaiser Family Foundation, *No Limit: Medicare Part D Enrollees Exposed to High Out-of-Pocket Drug Costs Without a Hard Cap on Spending*, (November 2017).

[4] The Board of Trustees Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, *2018 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medicare Insurance Trust Funds*, (June 2018).

[5] Medicare Payment Advisory Commission, *Health Care Spending and the Medicare Program*, Data Book, (June 2018).

[6] Medicare Payment Advisory Commission, *Overview of the 340B Drug Pricing Program*, Report to the Congress (May 2015).

REDUCE THE GRACE PERIOD FOR EXCHANGE PREMIUMS

Department of Health and Human Services

Under current law, individuals receiving advance payment of the premium tax credit (APTC) for their enrollment in Exchange plans have a 90-day grace period to pay the individual's share of the premium. This proposal would reduce the 90-day grace period for individuals on Exchange plans to repay any missed premium payments to 30 days.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-85	7	0	0	0	0	0	0	0	0	-78	-78

Justification

Under current law, individuals receiving APTC for their enrollment in Exchange plans have a 90-day grace period. The Affordable Care Act established a 90-day grace period, allowing consumers to repay any missed premium payments before they are terminated from plan enrollment. This proposal would shorten the grace period for individuals to repay any missed premium payments to 30 days, thereby reducing the amount of time for owed payments to remain outstanding, putting more responsibility on the individual.

REIMAGINE THE SAFETY NET AND REFORM TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Department of Health and Human Services

The Budget proposes to foster State innovation in strengthening the safety net through promoting opportunity and economic mobility demonstrations, which allow States to integrate Temporary Assistance for Needy Families (TANF) and other safety net program and tailor services to their populations' needs. The Budget would also reduce the TANF block grant by 10 percent, which is the portion that States may transfer from TANF to Social Services Block Grant (SSBG), and proposes to eliminate the TANF Contingency Fund, as it fails to provide well-targeted counter-cyclical funding to States. Accompanying these proposed cuts is a comprehensive package of legislative proposals to improve the TANF program by strengthening its primary performance measure related to work engagement, and ensuring that States allocate sufficient funds to work, education, and training activities.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Promote Opportunity and Economic Mobility Demonstrations....................	22	41	60	79	98	78	59	40	21	2	300	500
Reduce TANF Block Grant....................................	-1,099	-1,447	-1,519	-1,552	-1,613	-1,609	-1,601	-1,620	-1,624	-1,600	-7,230	-15,284
Strengthen TANF..................	0	0	0	0	0	0	0	0	0	0	0	0
Eliminate the TANF Contingency Fund................	-545	-608	-608	-608	-608	-608	-608	-608	-608	-608	-2,977	-6,017
Total......................................	-1,622	-2,014	-2,067	-2,081	-2,123	-2,139	-2,150	-2,188	-2,211	-2,206	-9,907	-20,801

Justification

Promoting Opportunity and Economic Mobility Demonstrations—Recognizing the value of State innovation in strengthening America's safety net, the Budget would provide States with the opportunity to apply for demonstrations to streamline funding from multiple public assistance programs, and provide services that are tailored to their constituents' specific needs. By holding States accountable for achieving targeted outcomes that focus on fostering employment, reducing welfare dependency, and promoting child and family well-being, these projects will serve to build the evidence base of best practices for helping low-income individuals achieve self-sufficiency. The Budget would provide $100 million per year for five years to cover start-up costs, rigorous evaluations, and technical assistance related to these demonstrations.

Improving TANF's Accountability and Focus on Employment Engagement and Outcomes—The Budget reduces the TANF block grant by 10 percent, which is the portion that States may transfer from TANF to SSBG. While this proposal would reduce the amount available to States for cash assistance and other benefits that promote self-sufficiency, it also recognizes that TANF's flexible spending rules have resulted in States using a large portion of TANF funds for benefits and services that do not directly serve the core intent of the program to help low-income families meet their basic needs and move them towards self-sufficiency. To reverse this pattern, the Budget would ensure sufficient TANF investments in work promotion activities by adding a requirement that States spend at least 30 percent of all funds on activities that directly promote work and self-sufficiently. In addition, the Budget includes a TANF proposal to require that all TANF expenditures be targeted to families with income below 200 percent of the Federal poverty line, which will ensure States focus resources on the most vulnerable families and children.

Further, the Budget proposes key changes to TANF's primary performance measure related to work engagement, which would further strengthen the program's accountability and effectiveness. These changes include 1) replacing the Caseload Reduction Credit with an Employment Credit that rewards states for moving TANF recipients to work; 2) collapsing the two work participation rates into one standard rate that measures work engagement for families; 3) allowing states to count partial credit to increase work engagement of all families; 4) authorizing the Department of Health and Human Services to publish State-specific data related to engagement and employment of TANF recipients and leavers; and 5) simplifying work participation rate reporting and calculations to reduce unnecessary burden.

Finally, the Budget includes a proposal that would allow TANF to come into compliance with improper payment reporting requirements, underscoring this Administration's commitment to program integrity.

Eliminating Ineffective Programmatic Funds—The Budget proposes to eliminate the TANF Contingency Fund, recognizing its failure to provide well-targeted counter-cyclical funding to States. While the intent of the Contingency Fund has been to assist States experiencing increased demand for cash assistance during economic downturns, States may use these funds for any TANF purpose, many of which have no direct relationship to helping families meet needs in hard economic times. Some States have used contingency funds to simply replace existing block grant funds (i.e., building up their unobligated balances), without actually spending more to address increased need. In addition, because the triggers for eligibility for the Contingency Fund have not been updated, nearly all States have been eligible to access the Fund in every month since June 2009.

STRENGTHEN THE CHILD SUPPORT ENFORCEMENT PROGRAM

Department of Health and Human Services

The Budget includes a number of proposals to strengthen the Child Support Enforcement Program, which would provide State agencies additional tools to increase efficiency, facilitate family self-sufficiency, and promote responsible parenthood.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Strengthen Child Support enforcement and establishment	-24	-40	-58	-66	-76	-77	-79	-81	-84	-86	-264	-671
Establish a Child Support Technology Fund	35	-42	-52	-63	-74	-150	-163	-177	-242	-257	-196	-1,185
Get non-custodial parents to work	4	5	7	8	9	10	11	13	14	15	33	96
Fund States to provide parenting time services	2	2	2	3	3	4	4	5	5	5	12	35
Total	17	-75	-101	-118	-138	-213	-227	-240	-307	-323	-415	-1,725

Justification

The Budget proposes a four-pronged approach to strengthening the Child Support Enforcement program.

First is a package of child support enforcement and establishment proposals that would increase child support collections resulting in savings to Federal benefits programs. The package expands the ability to intercept sources of income for payment of child support, including insurance settlements, lump-sum payments provided by employers, gaming winnings from casinos, and State workers' compensation claims. The package also improves enforcement procedures related to freezing and seizing certain assets held by delinquent non-custodial parents, and would require independent contractors to report their Social Security Number to State directories used to locate non-custodial parents and identify sources of income. Finally, the package of proposals provides States and Tribes with access to better financial data matching programs, as well as tools that promote interstate cooperation.

In addition, the Budget includes a proposal to create a Child Support Technology Fund to facilitate the needed replacement of aging Information Technology (IT) systems in State child support programs, and increase security, efficiency, and program integrity. Specifically, the proposed approach reduces inefficiencies associated with the current process of modernizing child support IT systems, which involves each State separately designing, developing, and implementing a new system, with costs averaging $120 million per State. The Federal Government shares these costs through 66 percent Federal reimbursement. Under the Budget proposal, States would use a new generation statewide system that will be purchased by the Department of Health and Human Services, allowing the Federal Government to avoid reimbursing up to 54 times over the costs associated with building new State systems.

The Budget also proposes to get non-custodial parents to work by expanding the work requirement in the Child Support Enforcement Program, while allowing for limited Federal funding to support employment and training services for non-custodial parents who are behind in their child support payments. The proposal recognizes that mandated work requirement for this population is an evidence-based and cost-effective approach to obtaining regular child support payments. It promotes personal responsibility, enables non-custodial parents to provide for their children, and allows their families to avoid Government dependence.

Finally, the Budget would fund States to provide parenting time services. Parenting time is the time the non-custodial parent spends with the child, which research suggests would improve parent-child relationships, outcomes for children, and child support collections.

ESTABLISH AN IMMIGRATION SERVICES SURCHARGE

Department of Homeland Security

The Budget proposes to add a 10 percent surcharge on all requests received by U.S. Citizenship and Immigration Services, including applications for citizenship, adjustment of status, and petitions for temporary workers. These collections would be deposited into the General Fund of the U.S. Treasury for deficit reduction.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-466	-471	-479	-486	-494	-508	-523	-538	-554	-570	-2,396	-5,089

Justification

Those who request immigration services derive benefits beyond the direct costs to the Federal Government of adjudicating those requests. Consistent with this, the Budget would ensure that these requestors contribute to deficit reduction.

EXTEND EXPIRING CUSTOMS AND BORDER PROTECTION FEES

Department of Homeland Security

This proposal would extend the Merchandise Processing Fee (MPF) and other Customs User Fees set to expire on September 30, 2027 and October 20, 2027, respectively. It would also make permanent the current MPF rate.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law	0	0	0	0	0	0	0	-967	-5,012	-5,109	0	-11,088

Justification

The Budget proposes to extend the MPF beyond its current expiration date of October 20, 2027, to January 14, 2031, and makes permanent the rate increase (from 0.21 percent ad valorem to 0.3464 percent ad valorem) enacted in section 503 of the U.S.-Korea Free Trade Agreement Implementation Act (P.L. 112-41). It also proposes to extend Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) fees (statutorily set under the Act) and the Express Consignment Courier Facilities (ECCF) fee created under the Trade Act of 2002 beyond their current expiration date of September 30, 2027 to September 30, 2030.

INCREASE CUSTOMS USER FEES

Department of Homeland Security

The Budget proposes to increase Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and Express Consignment Courier Facilities (ECCF) fees, and adjust for inflation.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-199	-177	-186	-196	-210	-222	-238	-249	-259	-265	-968	-2,201

Justification

The Budget proposes to increase statutorily set COBRA fees, and the ECCF fee created under the Trade Act of 2002. COBRA created a series of user fees for air and sea passengers; commercial trucks; railroad cars; private aircraft and vessels; commercial vessels; dutiable mail packages; broker permits; barges and bulk carriers from Canada and Mexico; cruise vessel passengers; and ferry vessel passengers. This proposal would increase the customs inspection fee by $2.10 for certain air and sea passengers, and increase other COBRA fees by proportional amounts. The additional revenue raised from increasing the user fees will allow the U.S. Customs and Border Protection (CBP) to recover more costs associated with customs-related inspections, and reduce waiting times by helping to support the hiring of 840 new CBP Officers. This fee was last adjusted in April 2007, yet international travel volumes have grown since that time and CBP costs for customs inspections continue to increase. As a result, CBP relies on its annually appropriated funds to support the difference between fee collections and the costs of providing customs inspectional services. The Government Accountability Office's most recent review of these COBRA user fees identified that CBP collected $686 million in COBRA/ECCF fees compared to $870 million in operating costs, exhibiting a recovery rate of 78 percent.[1] With the fee increase, CBP would potentially collect the same amount it incurs in COBRA/ECCF eligible costs in 2020. The proposed legislation will close the gap between costs and collections, enabling CBP to provide improved inspectional services to those who pay this user fee.

Citations

[1] Government Accountability Office, *Enhanced Oversight Could Better Ensure Programs Receiving Fees and Other Collections Use Funds Efficiently,* GAO-16-443, (July 2016)

INCREASE IMMIGATION USER FEES

Department of Homeland Security

This proposal will increase the Immigration Inspection User Fee (IUF) by two dollars and eliminate a partial fee exemption for sea passengers arriving from the United States, Canada, Mexico, or adjacent islands. These two adjustments will result in a total fee of nine dollars for all passengers, regardless of mode of transportation or point of departure.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-64	-9	-2	-10	-3	-19	-5	-21	-4	-13	-88	-150

Justification

This fee is paid by passengers and is used to recover some of the costs related to determining the admissibility of passengers entering the United States. Specifically, the fees collected support immigration inspections, the maintenance and updating of systems to track criminal and illegal aliens in areas with high apprehensions, asylum hearings, and the repair and maintenance of equipment. This fee was last adjusted in November 2001, yet international travel volumes have grown significantly since that time and CBP costs for immigration inspections continue to increase. As a result, CBP relies on annually appropriated funds to support the difference between fee collections and the costs of providing immigration inspection services. The Government Accountability Office's most recent review of IUF identified that CBP collected $728 million in IUF fees compared to $1,003 million in operating costs, exhibiting a recovery rate of 73 percent.[1] To prevent this gap from widening again in the future, the proposal would authorize CBP to adjust the fee without further statutory changes. CBP estimates raising the fee and lifting the exemption could offset the cost of an estimated 1,230 CBP Officers.

Citations

[1] Government Accountability Office, *Enhanced Oversight Could Better Ensure Programs Receiving Fees and Other Collections Use Funds Efficiently*, GAO–16–443 (July 2016)

INCREASE WORKSITE ENFORCEMENT PENALTIES

Department of Homeland Security

The Budget proposes to increase by 35 percent all penalty amounts charged against employers who violate Immigration and Nationality Act provisions on the unlawful employment of aliens.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-13	-14	-15	-15	-15	-15	-15	-15	-15	-15	-72	-147

Justification

According to 2012 estimates, there are some 8.1 million unauthorized workers in the U.S. civilian labor force. As U.S. Immigration and Customs Enforcement increases its efforts to stop businesses from employing those who should not be working in the United States, the Administration proposes increasing by 35 percent the fines and penalties charged to those employers found to be violating the law.

REAUTHORIZE THE OIL SPILL LIABILITY TRUST FUND EXCISE TAX

Department of Homeland Security

The Budget proposes to reauthorize the per barrel oil tax that expired on December 31, 2017.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-403	-533	-539	-544	-551	-552	-536	-535	-543	-546	-2,570	-5,282

Justification

On December 31, 2017, the per barrel excise tax on oil expired. This tax is deposited into the Oil Spill Liability Trust Fund, which provides funding for Federal cleanup and response efforts for oil spills in U.S. waters. The Budget proposes to reinstate this tax at the same rate as when it expired, in order to continue to guarantee adequate resources on hand in the case of a truly catastrophic oil spill on the same scale as Deepwater Horizon.

CANCEL SOUTHERN NEVADA PUBLIC LANDS MANAGEMENT ACT BALANCES

Department of the Interior

The Budget proposes to cancel $230 million in unobligated balances in a special account established under the Southern Nevada Public Lands Management Act (SNPLMA), which has already generated over $3 billion to address the most important projects in Nevada.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law	-83	-69	-78	0	0	0	0	0	0	0	-230	-230

Justification

Enacted in 1998, SNPLMA authorizes the Bureau of Land Management to sell specified public lands around Las Vegas, NV, and retain 85 percent of the proceeds in a special account to use for capital improvements and various conservation, restoration, and recreational purposes at the discretion of the Secretary of the Interior. Since its enactment, the Department of the Interior has received over $3.4 billion from land sales under SNPLMA authority, and the proceeds have funded over 1,200 conservation, restoration, and infrastructure projects across Nevada, with notable investments in Lakes Tahoe and Mead. However, in recent years the program is increasingly in search of qualified 'critical need' projects, which has led to lingering unobligated balances. This proposal would only reduce a portion of the over $600 million in remaining balances and would not affect any specific projects currently identified.

REPEAL ENHANCED GEOTHERMAL PAYMENTS TO COUNTIES

Department of the Interior

The Budget proposes to repeal Section 224(b) of the Energy Policy Act of 2005, to permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the U.S. Treasury.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-20	-40

Justification

The Energy Policy Act of 2005 changed the distribution of receipts from geothermal leases to provide 50 percent to States, 25 percent to counties, and 25 to the Federal Government. In almost all other situations where leasing revenues are generated on Federal lands, the receipts are split between the Federal Government and the affected State. The extra 25 percent in county payments are inconsistent with this longstanding revenue-sharing approach, and effectively reduce the return to Federal taxpayers from geothermal leases on Federal lands.

ESTABLISH AN UNEMPLOYMENT INSURANCE SOLVENCY STANDARD

Department of Labor

States are responsible for funding the benefits they provide under the State-administered Unemployment Insurance (UI) program. In order to avoid raising taxes on employers in the middle of a recession, States should build balances that would allow them to cover benefits when unemployment spikes. However, despite years of recovery since the Great Recession, many States' UI accounts are still not adequately financed—as of June 30, 2018, only 24 States had sufficient reserves to weather another recession. The Budget proposes to strengthen the incentive for States to prepare for the next recession and adequately fund their UI systems by reducing Federal tax credits in States with particularly low reserve balances.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	0	0	-332	-678	-1,042	-1,472	-2,047	-404	-690	-1,062	-2,052	-7,727

Justification

States are expected to build up sufficient reserves in their UI programs during non-recessionary periods to allow them to pay for benefits during the next recession. When States fail to build up sufficient balances, they either need to increase taxes on employers in the middle of a recession or borrow from the Federal Government, which can trigger increased taxes on employers through automatic Federal Unemployment Tax Act "credit reductions."

Currently, fewer than half of States have sufficient reserves to cover a full year of benefits during a recession—the common measure of State solvency in the UI program. The Budget proposes to encourage States to build up reserves in their Unemployment Trust Fund accounts by implementing a minimum solvency standard, equal to the level of reserves that would be sufficient to pay six months of benefits during an average recession (half of the common solvency target). This proposal would impose credit reductions on States that fail to meet the solvency standard for two consecutive years, rather than only imposing the credit reduction once States have been borrowing from the Federal Government for two consecutive years. This would strengthen States' incentive to adequately fund their UI systems before their Trust Funds face any future recessionary demands, resulting in a decrease in the likelihood of insolvency and the need to borrow. All funds received through the credit reduction would be applied to State Unemployment Trust Fund accounts to help States rebuild balances.

IMPROVE PENSION BENEFIT GUARANTY CORPORATION MULTIEMPLOYER SOLVENCY

Department of Labor

The Budget proposes to improve the solvency of the Pension Benefit Guaranty Corporation (PBGC) by increasing the insurance premiums paid by underfunded multiemployer pension plans by $18 billion over 10 years. PBGC premiums are currently far lower than what a private financial institution would charge for insuring the same risk. The proposed premium reforms would improve PBGC's financial condition and are expected to be sufficient to fund the multiemployer program for the next 20 years.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	65	-1,860	-1,925	-2,003	-2,005	781	-4,658	-2,086	-2,110	-2,117	-7,728	-17,918

Justification

PBGC provides pension insurance for private sector defined benefit retirement plans through the single-employer and multiemployer programs. PBGC collects premiums that are set by the Congress separately for each of the programs. Under the multiemployer insurance program, when a plan runs out of money, PBGC provides financial assistance to the plan so that the plan can pay benefits at no more than the guarantee level.

The multiemployer program covers over 10 million participants and is in dire financial condition. The 2018 multiemployer program deficit was $54 billion, with only $2 billion in assets and $56 billion in liabilities. PBGC projects the multiemployer program will be insolvent by the end of 2025, at which point participants in insolvent plans would see their guaranteed benefits cut by as much as 90 percent. Multiemployer premiums are very low—a flat rate of just $29 per participant in 2019. In order to better align multiemployer premiums with the risk PBGC is insuring and prevent insolvency, the Budget proposes to create a variable-rate premium (VRP)—as exists in the single-employer program—and an exit premium.

The multiemployer VRP would require plans to pay an additional premium based on their level of underfunding, up to a cap that would be indexed to national average wages. PBGC would have limited authority to design waivers for terminated plans, or plans that are in critical status, if there is a substantial risk that the payment of premiums would accelerate plan insolvency and result in earlier financial assistance. An exit premium, equal to 10 times the VRP cap, would be assessed on employers that withdraw from a plan to compensate the insurance program for the additional risk imposed on it when employers leave the system and cease making plan contributions. Employers who withdraw from a multiemployer plan pay withdrawal liability to the plan, but this payment is typically insufficient to fully cover the employer's share of the plan's unfunded liabilities.

In contrast, PBGC's single-employer program reached a modest positive net position in 2018 for the first time since 2001. The Budget proposes to freeze for one year premium rates for many single-employer pension plans and adjust the variable-rate premium cap to restore the incentive to improve funding of promised pensions.

IMPROVE UNEMPLOYMENT INSURANCE PROGRAM INTEGRITY

Department of Labor

The Budget includes proposals aimed at improving integrity in the Department of Labor's Unemployment Insurance (UI) program. The proposals would result in $2.2 billion in savings over 10 years.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-103	-225	-258	-259	-258	-370	-190	-133	-193	-244	-1,103	-2,233

Justification

The Budget proposes to reduce improper payments in the UI program with a package of reforms that would allow States to target more tools and resources toward the problem. The package includes reforms to require State use of the Separation Information Data Exchange System; mandate that States cross-match against the National Directory of New Hires; mandate that States cross-match against the databases available through the UI Integrity Center of Excellence; allow the Secretary of Labor to establish corrective measures for poor State performance; require States to cross-match against the Prisoner Update Processing System; allow States to retain overpayment and tax investigation recoveries to fund program integrity activities; and require States to use penalty and interest collections for UI administration, including for program integrity activities. Combined, these proposals would reduce State UI improper payment rates by allowing the use of additional funds to fight improper payments and by ensuring that States are using all available tools to ensure that benefits are only going to eligible claimants.

REFORM THE FEDERAL EMPLOYEES' COMPENSATION ACT

Department of Labor

The Federal Employees' Compensation Act (FECA) program provides wage replacement and medical benefits to Federal civilian employees who suffer from occupational injury or disease, or to their survivors. The Budget proposes to reform the program and generate cost savings by simplifying FECA benefit rates, modernizing benefit administration, and enhancing controls to prevent fraud and limit improper payments.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-31	-26	-29	-18	-18	-19	-19	-20	-21	-19	-122	-220

Justification

FECA has not been substantially updated since 1974. The FECA program pays two-thirds of the individual's basic pay, or up to 75 percent for individuals with dependents, higher than the majority of State workers' compensation programs. This compensation is adjusted for inflation annually and not taxed. FECA benefits typically exceed Federal retirement benefits, enticing individuals to remain on FECA past when they would otherwise have retired. Individuals can receive FECA benefits indefinitely, as long as their injury or illness diminishes their wage-earning capacity.

The Budget proposal would reform the FECA program prospectively to provide a single rate of compensation for new injuries at 66 2/3 percent of the injured workers' pay; convert retirement-age beneficiaries to a retirement annuity-level benefit; establish an up-front waiting period for benefits for all beneficiaries; increase benefits for disfigurement and burial; suspend payments to indicted medical providers; and make other changes to improve the program integrity and reduce improper payments. A number of these reforms echo longstanding Department of Labor Inspector General and Government Accountability Office recommendations.

REFORM THE TRADE ADJUSTMENT ASSISTANCE PROGRAM

Department of Labor

The Trade Adjustment Assistance (TAA) program, which provides cash benefits and training to workers who have been displaced by international trade, is in need of reform. A 2012 evaluation of the program demonstrated that program participants were slightly worse off than non-participants at the end of a four-year follow-up period.[1] The Budget proposes legislative changes to refocus the TAA program on apprenticeship and on-the-job training, earn-as-you-learn strategies that ensure that participants are getting job-relevant training.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law	-51	-125	-187	-172	-72	-7	-16	-45	-72	-102	-607	-849

Justification

A rigorous 2012 evaluation of the TAA program demonstrated that workers who participated in the program had lower earnings than the comparison group at the end of a four-year follow-up period, in part because they were more likely to participate in long-term job training programs rather than immediately reentering the workforce.[1] However, this training was not targeted to in-demand industries and occupations—only 37 percent of participants became employed in the occupations for which they trained. The Budget proposes to refocus the TAA program on apprenticeship and on-the-job training, earn-as-you-learn strategies that would improve participants' workforce outcomes by helping to place them in relevant occupations. States would also be encouraged to place a greater emphasis on intensive reemployment services for workers who are not participating in work-based training, getting those individuals back into the workforce more quickly.

Citations

[1] Mathematica Policy Research, Inc. and Social Policy Research Associates, *The Evaluation of the Trade Adjustment Assistance Program*, (December 2012).

DEBT COLLECTION PROPOSALS

Department of the Treasury

The Budget includes two legislative proposals that would authorize the Department of the Treasury (Treasury) to collect more of the debt that is due to the Federal Government.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Increase Collections of Delinquent Federal Non-tax Debt	-32	-32	-32	-32	-32	-32	-32	-32	-32	-32	-160	-320
Increase and Streamline Recovery of Unclaimed Assets	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-30	-60

Justification

Increase collections of delinquent Federal non-tax debt by authorizing administrative bank garnishment for non-tax debts of commercial entities—This proposal would allow Federal agencies to collect delinquent non-tax debt by garnishing the accounts of delinquent commercial debtors without a court order after providing full administrative due process. The proposal is modeled on existing authority for the Internal Revenue Service to collect Federal tax debts. In addition to providing appropriate limitations, the legislation would direct the Secretary of the Treasury to issue Government-wide regulations implementing the authority of bank garnishment for non-tax debts of commercial entities.

Increase and streamline recovery of unclaimed assets owed to the United States by authorizing Treasury to locate and recover these assets—This proposal would authorize Treasury to recover unclaimed assets and to retain a portion of amounts collected to pay for the costs of recovery. States and other entities hold assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government. Many agencies are not recovering these assets due to lack of expertise and funding. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training to recover these assets.

IMPLEMENT TAX ENFORCEMENT PROGRAM INTEGRITY CAP ADJUSTMENT

Department of the Treasury

The Budget includes a proposal to increase discretionary funding for the Internal Revenue Service (IRS) by nearly $15 billion over 10 years. This investment will result in the collection of an additional $47 billion in tax revenue, with a net savings of $33 billion over 10 years.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Implement tax enforcement program integrity cap adjustment............................	-160	-818	-1,895	-3,166	-4,558	-5,899	-6,880	-7,510	-7,942	-8,241	-10,597	-47,069
Increase discretionary outlays from tax enforcement program integrity cap adjustment.........	320	693	1,040	1,386	1,737	1,850	1,865	1,875	1,885	1,893	5,176	14,544
Net Savings...........................	160	-125	-855	-1,780	-2,821	-4,049	-5,015	-5,635	-6,057	-6,348	-5,421	-32,525

Justification

The Budget proposes to establish and fund a new adjustment to the discretionary caps for program integrity activities related to IRS program integrity operations starting in 2020. The IRS base appropriation funds current tax administration activities, including all tax enforcement and compliance program activities, in the Enforcement and Operations Support accounts. The proposed $362 million cap adjustment would fund new and continuing investments in expanding and improving the effectiveness and efficiency of the IRS's tax enforcement program. The activities are estimated to generate $47 billion in additional revenue over 10 years and cost approximately $15 billion, resulting in an estimated net savings of $33 billion. Once the new enforcement staff are trained and become fully operational these initiatives are expected to generate roughly three dollars in additional revenue for every one dollar in IRS expenses. This return is likely understated because it only includes amounts received; it does not reflect the effect enhanced enforcement has on deterring noncompliance. This indirect deterrence helps to ensure the continued payment of $3.5 trillion in taxes paid each year without direct enforcement measures.

IMPROVE TAX ADMINISTRATION

Department of the Treasury

The 2020 Budget includes a suite of proposals to improve tax administration including improving the accuracy of tax returns filed by paid preparers; providing the Internal Revenue Service (IRS) with additional authority to correct errors on a taxpayer's tax return; improving wage and information reporting; and ensuring that only those eligible for refundable tax credits receive them.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Increase Oversight of Paid Tax Return Preparers..................	-25	-35	-39	-44	-48	-53	-57	-62	-69	-75	-191	-507
Provide More Flexible Authority for the IRS to Address Correctable Errors....................................	-1,061	-1,584	-1,632	-1,685	-1,750	-1,809	-1,871	-1,934	-2,014	-2,086	-7,712	-17,426
Improve Clarity in Worker Classification and Information Reporting Requirements.......	-86	-104	-138	-177	-206	-235	-271	-298	-315	-337	-711	-2,167
Expand Mandatory Electronic Filing of W-2s........................	-39	-37	-36	-33	-32	-31	-30	-28	-27	-26	-177	-319
Require a Social Security Number that is Valid for Employment to Claim the EITC, Child Tax Credit, and Credit for Other Dependents..........................	-1,780	-6,664	-6,754	-6,957	-7,104	-7,269	-7,531	-7,702	-7,902	-8,237	-29,259	-67,900

Justification

Increasing Oversight of Paid Tax Return Preparers—This proposal would give the IRS the statutory authority to increase its oversight of paid tax return preparers. Paid tax return preparers have an important role in tax administration because they assist taxpayers in complying with their obligations under the tax laws. Increasing the quality of paid preparers lessens the need for after-the-fact enforcement of tax laws and increases the amount of revenue that the IRS can collect. This proposal would save $507 million over 10 years.

Provide More Flexible Authority for the IRS to Address Correctable Errors—The Budget proposes to give the IRS expanded authority to correct errors on taxpayer returns. Under current law the IRS is only allowed to correct errors on returns in certain limited instances, such as basic math errors or the failure to include the appropriate Social Security Number or Taxpayer Identification Number. This proposal would expand the instances in which the IRS could correct a taxpayer's return. For example, with this new authority, the IRS could deny a tax credit that a taxpayer had claimed on a tax return if the taxpayer did not include the required paperwork, where Government databases showed that the taxpayer-provided information was incorrect, where the taxpayer had exceeded the lifetime limit for claiming a deduction or credit, or where the taxpayer had failed to include with the tax return documentation that was required to be included or attached to the return. This proposal would save $17.4 billion over 10 years.

Improve Clarity in Worker Classification and Information Reporting Requirements—The Budget would require the form 1099-K to be filed with the IRS by January 31 and would expand electronic wage reporting. Under current law, Forms 1099-K must be furnished to the recipient by January 31 and filed with IRS by March 31. The proposal would change the filing requirement to January 31. The IRS would also eliminate the regulations that allow for an automatic 30-day filing extension. This would allow IRS to receive information about some sources of self-employment income earlier in the filing season. This proposal, in conjunction with other changes to worker classification and information reporting, would save $2.2 billion over 10 years.

Expand Mandatory Electronic Filing of W-2s—Under current law, employers who file 250 or more forms must file Form W-2 electronically. The Budget would proposed to reduce the mandatory electronic filing threshold to 10. This would increase the accuracy of W-2 data and allow the Social Security Administration to make more W-2 data available to IRS early in the filing season. This proposal would save $319 million over 10 years.

Require a Social Security Number (SSN) That Is Valid for Employment to Claim the EITC, Child Tax Credit, and Credit for Other Dependents—The Budget includes a proposal to require an SSN that is valid for employment in order to claim the Child Tax Credit and the credit for other dependents. This requirement extends to all filers and all qualifying children or dependents claimed on the tax return. While this is already current law for the EITC, the proposal would fix an administrative gap to strengthen enforcement of this provision. This proposal would ensure that only individuals who are authorized to work in the United States are able to claim these credits. This proposal would save $67.9 billion over 10 years.

INCREASE AND EXTEND GUARANTEE FEE CHARGED BY GOVERNMENT SPONSORED ENTERPRISES

Department of the Treasury

The Budget proposes to increase the guarantee fee charged by Fannie Mae and Freddie Mac from 0.10 to 0.20 percentage points from 2020 through 2021, and extend the 0.20 percentage point fee through 2024. This proposal is expected to generate approximately $32 billion over the 10-year Budget window.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-224	-1,014	-1,616	-3,003	-4,352	-5,108	-4,971	-4,371	-3,771	-3,284	-10,209	-31,714

Justification

Under current law, Fannie Mae and Freddie Mac (Government Sponsored Enterprises or GSEs) impose a 0.10 percentage point fee above and beyond their normal guarantee fees that is collected and remitted to the U.S. Treasury for deficit reduction pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 (TPTCCA). This existing TPTCCA fee is currently in effect through 2021 and generates approximately $33 billion in deficit savings over the 10-year Budget window. This proposal, projected to generate an additional $32 billion, would help to level the playing field for private lenders seeking to compete with the GSEs.

CAP POST-9/11 GI BILL FLIGHT TRAINING PROGRAMS AT PUBLIC SCHOOLS

Department of Veterans Affairs

Under the Post-9/11 GI Bill, the Department of Veterans Affairs (VA) pays full tuition and fees for eligible veterans at public institutions of higher learning. Some flight training programs offered through these institutions (often at private, contracted schools) are much more expensive than other courses of study, often surpassing the maximum benefit level provided by the GI Bill. This proposal would cap the maximum benefit for all VA funded flight programs at the private school benefit cap (currently about $23,700 per year).

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-28	-29	-30	-31	-32	-33	-34	-35	-38	-39	-150	-329

Justification

The Post-9/11 GI Bill provides eligible veterans with full tuition and fees at public universities, and tuition and fees at private universities up to a cap of about $23,700 per year. Over the past several years, certain public schools have been offering flight training, often through contracts with private institutions at a cost significantly higher than other courses of study. Capping the benefit at the maximum benefit provided for private schools would maintain a robust benefit but would reduce the likelihood that VA would pay excessive amounts for these programs.

REINSTATE COLA ROUND-DOWN

Department of Veterans Affairs

For nearly 15 years, until 2013, the Department of Veterans Affairs (VA) rounded down payment rates to all disability compensation beneficiaries. This proposal would reestablish the practice of rounding down to the nearest dollar the annual Cost Of Living Adjustments (COLA) for service-connected disability compensation, dependency and indemnity compensation, and certain education programs.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law...........................	-36	-84	-129	-173	-229	-255	-266	-282	-297	-314	-651	-2,065

Justification

Each year, veterans in receipt of certain disability benefits receive a yearly COLA increase to ensure that the purchasing power of VA benefits is not eroded by inflation. For nearly 15 years, until 2013, VA rounded down payment rates to all disability compensation beneficiaries. This proposal would reinstate that round-down, which has only a minimal impact, estimated at no more than $12 per year on individual veterans.

STANDARDIZE AND ENHANCE VA COMPENSATION AND PENSION BENEFIT PROGRAMS

Department of Veterans Affairs

This set of proposals removes veterans annual income from their net worth calculation, helping standardize and automate benefits calculation, changing the required threshold for the Department of Veterans Affairs (VA) to perform some clinical medical evaluations, and expands VA's authority to re-issue benefits to veterans victimized by fiduciary misconduct.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-234	-269	-278	-288	-298	-309	-320	-331	-103	-269	-1,367	-2,699

Justification

These proposals help rationalize and standardize VA disability compensation to benefit veterans. First, when calculating veterans' net worth, VA would no longer count annual income in the total. This helps VA standardize the calculation and potentially automate payments, allowing veterans to get payments faster. Second, VA would change the required threshold to perform some clinically unnecessary medical evaluations. Over the last several years, court precedents have required VA to order medical examinations with little to no medical or other objective evidence showing their necessity. In recent years, the courts have held that evidence necessary to satisfy the claim requirements is much lower than VA or the Congress contemplated. As a result, VA estimates nearly 210,059 medical exams were unnecessarily performed during 2017. This proposal aims to eliminate delays in claims processing by establishing a more reasonable policy in determining when a VA examination is warranted in connection with a claim for compensation. VA would also reissue benefits to veterans victimized by fiduciary misconduct.

DIVEST THE WASHINGTON AQUEDUCT

Corps of Engineers

The Budget proposes to divest the Federal Government of the Washington Aqueduct (Aqueduct), which is the wholesale water supply system for Washington, D.C.; Arlington County, Virginia; the City of Falls Church, Virginia; and parts of Fairfax County, Virginia. Eliminating the Corps' role in local water supply and increasing the State, local, or private sector's role would encourage a more efficient allocation of economic resources and mitigate risk to taxpayers.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	0	0	-123	0	0	0	0	0	0	0	-123	-123

Justification

The Army Corps of Engineers (Corps) is a Federal agency that owns and operates the Aqueduct, which is the only local water supply system in the Nation owned and operated by the Corps. The Aqueduct's wholesale customers pay the Corps to cover the cost of routine Aqueduct operations. The Corps borrowed $75 million from the Treasury in the mid-1990s to pay for certain capital improvements (Aqueduct customers are in the process of repaying that amount to the U.S. Treasury). Ownership of local water supply is best carried out by State or local government or the private sector where there are appropriate market and regulatory incentives.

REFORM INLAND WATERWAYS FINANCING

Corps of Engineers

The Administration proposes to reform the laws governing the Inland Waterways Trust Fund, including establishing an annual fee to increase the amount paid by commercial navigation users of the inland waterways. The additional revenue would support infrastructure investment and economic growth by helping finance the users' share of future capital investments, as well as 10 percent of the operation and maintenance cost in these waterways. The current excise tax on diesel fuel used in inland waterways commerce will not produce the revenue needed to cover these costs.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-178	-178	-178	-178	-178	-178	-178	-178	-178	-178	-890	-1,780

Justification

The Army Corps of Engineers (Corps) inland waterways program constructs, operates, and maintains 229 lock chambers at 187 dam sites, and other features that make it possible to move cargo by barge on 12,000 miles of developed inland channels. Nearly all of the Federal cost to support navigation on the inland waterways involves Corps spending on the locks and dams—to construct, operate, maintain, repair, replace, and rehabilitate them; and to expand the level of service that they provide. Under current law, barge owners pay 50 percent of the cost of most inland waterways capital investments (with the exception of the Olmsted Locks and Dam Project). The General Fund pays the other 50 percent of these costs, plus all of the operation and maintenance. The central financing challenge now facing the inland waterways program is that the current diesel fuel tax (which the Congress increased from 20 cents per gallon to 29 cents per gallon in 2014) will not generate enough revenue to support the user-financed 50 percent share of the capital investments that will be needed over the next 10 to 15 years. The Budget proposes to increase revenue to support additional work on the inland waterways through a new user fee. This proposal would raise about $1.8 billion over the 10 year window to finance part of the cost of anticipated capital investment projects and operation and maintenance activities on the inland waterways.

INCREASE EMPLOYEE CONTRIBUTIONS TO 50 PERCENT OF COST, PHASED IN AT ONE PERCENT PER YEAR

General Services Administration

The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation. For additional information on this reorganization proposal, please consult the Reorganization chapter of the Analytical Perspectives volume.

This proposal would increase Federal employee contributions to the Federal Employees Retirement System (FERS) such that the employee and employer would each pay half the normal cost. For Federal workers in certain occupations, such as law enforcement and firefighting, employee contributions would increase, but the Government would continue to pay a higher share of the normal cost.

By increasing the employee share, the Federal Government's costs would be reduced. To mitigate the impact on employees, this provision would be phased in over several years, with individuals contributing an additional one percent of their salary each year.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	0	-2,121	-4,400	-6,687	-8,627	-10,191	-11,505	-11,699	-11,762	-11,819	-21,835	-78,811

Note: Savings exclude non-scoreable impacts due to the loss of intragovernmental employer share receipts. Savings also do not include the Budget proposal to reduce the discretionary spending limits to reflect the reductions in normal cost contributions paid by Federal agencies.

Justification

According to an April 25, 2017 Congressional Budget Office (CBO) Report,[1] Federal employees are, on average, compensated with combined pay and benefits 17 percent higher than the private sector. The disparity is overwhelmingly attributable to benefits. As the CBO study shows, in comparison to the private sector, the Federal Government continues to offer a very generous package of retirement benefits, even when controlling for certain characteristics of workers. At large private sector firms, only approximately 35 percent of workers had access to a combination of defined benefit and defined contribution programs.

Another benefit of this proposal is that it would generally equalize the percentage of salary that civilian workers pay toward their pension benefit. At present, newer cohorts of employees pay a higher percentage than do those with greater seniority.

The Administration has lessened the impact of the proposal to increase employee contribution to FERS, by phasing in the implementation with a one percent increase in contributions each year. In the context of the broader labor environment, the Administration believes the implementation and phasing in of retirement benefit changes will not impact the Federal Government's recruiting and retention efforts.

Citations

[1] Congressional Budget Office, *Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015,* (April 2017).

[2] Bureau of Labor Statistics, *National Compensation Survey,* (2016).

MODIFY THE GOVERNMENT CONTRIBUTION RATE TO FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM PREMIUMS

General Services Administration

The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation. For additional information on this reorganization proposal, please consult the Reorganization chapter of the Analytical Perspectives volume.

This proposal would revise the Government contribution rate to base it on a plan's score from the Federal Employees Health Benefits (FEHB) Program Plan Performance Assessment. Currently all FEHB carriers participate in the assessment, which includes 19 measures of health outcomes, quality, and efficiency. Under this proposal, the base Government contribution would be the lesser of 71 percent of the weighted average of all health plans or 75 percent of that plan option's individual premium. Higher performing plans would receive a five percent increase to the Government contribution, while all others would receive the base rate. This proposal would encourage enrollment in high-performing health plans.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	0	0	-134	-209	-222	-235	-249	-263	-278	-294	-565	-1,884

Justification

FEHB covers approximately 8.3 million Federal civilian employees, retirees, and their families. The Government contribution to premiums is currently set in statute at 72 percent of the weighted average of all plan premiums, not to exceed 75 percent of any given plan's premium. Under the current structure, enrollees have few incentives to choose less expensive, higher value plans. This proposal would incentivize enrollees to select high-performing, high-value plans by making them more affordable. The proposal would also provide carriers with greater incentive to compete on price and quality, help driving down overall program costs.

REDUCE FEDERAL RETIREMENT BENEFITS

General Services Administration

The Budget proposes to transfer functions of the Office of Personnel Management to the General Services Administration, contingent upon enactment of authorizing legislation. For additional information on this reorganization proposal, please consult the Reorganization chapter of the Analytical Perspectives volume.

This proposal would reduce the cost of Federal employee annuities via revisions to the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS). The proposal would eliminate cost of living adjustments (COLAs) for FERS retirees, and would reduce CSRS retiree COLAs by 0.5 percent. It would also eliminate the FERS Special Retirement Supplement for those employees who retire before Social Security eligibility age, calculate employees' annuity based on the "High-5" salary years instead of "High-3" salary years, and reduce the G fund interest rate. The employee compensation landscape continues to evolve. Private sector employers provide a smaller share of compensation in the form of retirement benefits than does the Federal Government. Recent decades have seen a dramatic shift by private employers away from defined benefit retirement programs. The Federal Government, in contrast, provides a much greater share of its employees' compensation in the form of retirement benefits—including pension benefits and post-retirement health care benefits. The provisions of this proposal would bring Federal retirement benefits more in line with the private sector, while reducing their long-term costs.

Funding Summary

(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Eliminate FERS COLA; Reduce CSRS COLA by 0.5 percent	-1,308	-2,074	-2,910	-3,815	-4,789	-5,832	-6,949	-8,140	-9,409	-10,757	-14,896	-55,983
Eliminate Special Retirement Supplement	-194	-601	-1,045	-1,529	-1,900	-2,141	-2,391	-2,650	-2,918	-3,196	-5,269	-18,565
Change Retirement Calculation from High-3 years to High-5 years	-359	-429	-502	-575	-650	-729	-810	-894	-980	-1,068	-2,515	-6,996
Reduce the G Fund Interest Rate	-3,549	-2,157	-2,263	-784	-806	-1,032	-1,305	-1,415	-1,536	-1,627	-9,559	-16,474
Total	-5,410	-5,261	-6,720	-6,703	-8,145	-9,734	-11,455	-13,099	-14,843	-16,648	-32,239	-98,018

Note: Savings exclude non-scoreable impacts due to the loss of intragovernmental employer share receipts. Savings also do not include the Budget proposal to reduce the discretionary spending limits to reflect the reductions in normal cost contributions paid by Federal agencies.

Justification

According to an April 25, 2017 Congressional Budget Office (CBO) Report,[1] Federal employees are, on average, compensated with combined pay and benefits 17 percent higher than the private sector. The disparity is overwhelmingly attributable to benefits. As the CBO study shows, in comparison to the private sector, the Federal Government continues to offer a very generous package of retirement benefits, even when controlling for certain characteristics of workers. At large private sector firms, only approximately 35 percent of workers had access to a combination of defined benefit and defined contribution programs.[2]

Eliminate FERS COLA, Reduce CSRS COLA by 0.5 percent—FERS and CSRS COLAs for annuitants are currently determined based on statutory formulas tied to the Consumer Price Index. However, FERS annuitants are somewhat protected from economic effects, because their retirement packages include Social Security benefits and the Thrift Savings Plan (TSP)—a defined contribution plan for Federal Government employees—in addition to the FERS annuity. Eliminating the FERS COLA and reducing the CSRS COLA payments would reduce both FERS and CSRS annuity benefits, bringing compensation more in line with the private sector.

Eliminate the Special Retirement Supplement—When a FERS employee retires before Social Security eligibility age, and meets certain employment longevity requirements, they currently receive a supplement in addition to the FERS annuity and TSP payouts. This supplement partially replaces the Social Security portion of the retirement package. When private sector employees retire before Social Security eligibility age, no such supplement is provided. This proposal would eliminate this "extra" benefit, which is not typically provided in private sector annuity plans.

Change Retirement Calculation from High-3 years to High-5 years—Currently, Federal retirement annuity calculations are based on the average of the Federal employee's three highest salary-earning years. Private sector pension companies commonly base employee annuity calculations on the employee's five highest salary-earning years, a formula more representative of an employee's career earnings track record. Switching the Federal employee annuity formula from a "High-3" to a "High-5" calculation would create greater alignment with the private sector.

Reduce the G Fund Interest Rate—This proposal includes a change to the G fund, an investment vehicle available only through the TSP. G Fund investors currently benefit from receiving a medium-term rate of return on what is essentially a short-term security. Basing the yield on a short-term T-bill rate instead of the current rate (an average of medium and long term Treasury bond rates) would reduce both the projected rate of return to investors and the cost of the fund to the Treasury.

Citations

[1] Congressional Budget Office, *Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015,* (April 2017).

[2] Bureau of Labor Statistics, *National Compensation Survey,* (2016).

DIVEST TENNESSEE VALLEY AUTHORITY TRANSMISSION ASSETS

Other Independent Agencies

The Budget proposes to sell the transmission assets of the Tennessee Valley Authority (TVA). The private sector is best suited to own and operate electricity transmission assets.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	229	-4,743	-124	-124	-124	-124	-124	-124	-124	-124	-4,886	-5,506

Justification

The Budget proposes to sell the electricity transmission assets of the Tennessee Valley Authority. The vast majority of the Nation's electricity infrastructure is owned and operated by for-profit investor owned utilities. Ownership of transmission assets is best carried out by the private sector where there are appropriate market and regulatory incentives. Eliminating the Federal Government's role in owning and operating transmission assets would encourage a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers.

ELIMINATE THE SECURITIES AND EXCHANGE COMMISSION RESERVE FUND

Other Independent Agencies

The Budget proposes to restore the Securities and Exchange Commission's (SEC or Commission) accountability to the American taxpayer by eliminating its reserve fund, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	0	-17	-41	-50	-50	-50	-50	-50	-50	-50	-158	-408

Justification

The Dodd-Frank Act created the SEC's mandatory reserve fund, which gives the Commission broad authority to spend up to $100 million per year as it deems necessary to carry out its functions. While the fund is outside of the congressional appropriations process, it has come to represent an extension of the SEC's regular appropriation rather than the emergency reserve it was intended to be. This proposal would restore the SEC's accountability by diverting reserve fund resources to the general fund for deficit reduction and requiring the SEC to request any additional appropriations from the Congress beginning in 2021.

ENACT SPECTRUM LICENSE USER FEE

Other Independent Agencies

The Budget proposes to provide the Federal Communications Commission (FCC) with new authority to use economic mechanisms, such as fees, as a spectrum management tool.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-50	-150	-300	-450	-500	-500	-500	-500	-500	-500	-1,450	-3,950

Justification

To promote the efficient use of the electromagnetic spectrum, the Administration proposes to provide FCC with new authority to use economic mechanisms, such as fees, as a spectrum management tool. The FCC would be authorized to set user fees on unauctioned spectrum licenses based on spectrum-management principles. Fees would be phased in over time as part of an ongoing rulemaking process to determine the appropriate application and level of fees that maximize spectrum utilization.

REFORM THE POSTAL SERVICE

Other Independent Agencies

The Budget proposes to reform the United States Postal Service (USPS) to allow the Agency to meet its financial and service obligations with business revenue, as intended, rather than a taxpayer-financed bailout. The Budget proposes reforms based on the recommendations of the President's Task Force on the United States Postal System.[1] The Task Force made recommendations for changes to governance, the Postal Service's Universal Service Obligation, pricing, cost allocation, operating costs, labor model, retiree health benefits, and revenue sources.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-4,157	-7,837	-8,384	-9,023	-9,698	-10,388	-11,153	-11,991	-12,802	-12,794	-39,099	-98,227

Justification

The USPS business model relies on stable First-Class Mail revenue to support the substantial fixed costs of providing universal mail service to more than 150 million delivery points. However, persistent declines in mail volume resulting from the transition to digital communication have fundamentally undermined this model, and USPS has reported multi-billion dollar losses each year since 2007. Since 2012, USPS has prioritized payments to employees and vendors, while defaulting on required payments of more than $5 billion each year for current and former employee benefits costs. To reverse this trend USPS must be given the ability to address their expenses—including the cost of personnel—and take appropriate actions to balance service levels with revenue.[2] USPS must also have the flexibility to raise the revenue necessary to support their operations.[3]

The Budget proposes a combination of operational reforms and retiree health and pension changes to restore solvency to USPS and ensure that it funds existing commitments to current and former employees from business revenues rather than taxpayer funds. Operational reforms include changes to how rates are set for products that are deemed outside the universal service obligation; changes to delivery processing, mode, and frequency; increased use of private sector partners; more closely aligning Postal Service employee wages with those of other Federal employees; licensing access to the mailbox; and providing additional Government services at retail locations. In addition to Government-wide changes to health and pension programs that will reduce USPS operating costs, the Budget also proposes to re-amortize the payments to the Retiree Health Benefits Fund, including those payments missed in previous years, based on the Postal employee population at or near the retirement age.

In total, the Budget estimates that these reforms would reduce the unified budget deficit by $98 billion over 10 years and result in on-budget savings as the Postal Service resumes statutory payments to on-budget accounts.

Citations

[1] U.S. Department of the Treasury, *United States Postal Service: A Sustainable Path Forward, Report from the Task Force on the United States Postal System*, (December 2018).

[2] Government Accountability Office, *U.S. Postal Service: Key Considerations for Restoring Fiscal Sustainability*, GAO-17-404T, (February 2017).

[3] United States Postal Service, Office of the Inspector General, *Funding the Universal Service Obligation*, RARC-WP-16-005, (March 2016).

RESTRUCTURE THE CONSUMER FINANCIAL PROTECTION BUREAU

Other Independent Agencies

The Budget proposes to restructure the Consumer Financial Protection Bureau (CFPB), limit its mandatory funding in 2020, and provide discretionary appropriations beginning in 2021.

Funding Summary
(In millions of dollars)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-24	2020-29
Proposed Change from Current Law..........................	-23	-508	-515	-527	-539	-552	-566	-579	-593	-607	-2,112	-5,009

Justification

The CFPB, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), is an independent agency that draws funding from the Federal Reserve. The CFPB also has broad authority to develop and enforce regulations governing financial products and services.

The Budget proposes legislative reforms to restructure and bring accountability to the CFPB. The proposed reforms would reinforce financial discipline, reduce unnecessary spending, and ensure appropriate congressional oversight by subjecting the CFPB to discretionary appropriations starting in 2021. The proposal would also cap transfers by the Federal Reserve Board to the CFPB during 2020 to $485 million, equivalent to the 2015 level. These changes would allow the CFPB to focus its efforts on enforcing enacted consumer protection laws. To allow for an efficient transition, the Budget proposes a two-year restructuring period with reforms fully effectuated by 2022.

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