

## The Thomas A. Roe Institute for Economic Policy Studies

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# THE 10 PERCENT “REVOLUTION:” HOUSE SPENDING BILLS FALL SHORT OF OVERHAULING GOVERNMENT

## INTRODUCTION

Last November, American voters sent a clear message to Washington that they wanted a fundamental change in the way government does business. They wanted the new Republican Congress to cut the size of government and balance the budget, and they wanted tax cuts, not tax increases. This May, Republicans in Congress responded to this mandate by passing a bold blueprint to balance the budget by fiscal 2002 and provide \$245 billion in tax cuts. While balancing the budget, the new leadership promised to downsize the government by terminating programs that do not work, eliminating those that have become outmoded or obsolete, consolidating programs that duplicate others, ending “corporate welfare,” and transferring programs more appropriately carried out by state or local government to those levels of government.

However, an assessment of Republicans’ efforts so far—based upon 11 of the required 13 appropriations bills passed by the House—indicates that while Congress seems to be cutting deeply enough into federal spending to achieve a balanced budget, it is falling far short of implementing the radical changes needed to overhaul the way government does business. In short, Congress is leaving in place hundreds of obsolete programs that will continue to waste taxpayers’ dollars. Rather than end these programs, Congress seems ready to leave them in place at a slightly reduced funding level. But reducing the size of wasteful federal programs by just 10 percent was not the change most voters had in mind in last November’s election.

## SHAVING, NOT ELIMINATING

The balanced budget plan passed in May requires Congress to reduce next year’s appropriations for non-defense spending by \$24 billion, or nearly 10 percent. But, outside of a few notable exceptions, rather than meet these spending goals by overhauling domes-

tic programs, terminating obsolete agencies, privatizing commercial functions, or transferring non-federal functions to the states, the new Congress evidently prefers a "salami-cut" approach to restructuring government. In other words, Congress is shaving relatively equal amounts from all programs in order to achieve the savings required by the balanced budget plan, which means that most of the appropriations bills continue the status-quo, albeit at reduced spending levels.

**Example:** The House cut the Agriculture appropriations bill by just 4.3 percent. Instead of terminating perennial sources of pork-barrel spending, the bill merely trims the \$758 million Agricultural Research Service by 3 percent and the \$934 million Cooperative State Research Service by 14 percent. Moreover, funding for the Office of the Secretary is tripled, Executive Operations is increased by 43 percent, the Natural Resources Conservation Service is boosted by 8 percent, and the Rural Electrification Administration receives a 33 percent increase in its appropriations.

**Example:** The House cut the Commerce, State, Justice appropriations bill by 4.5 percent. But, again, programs that should have been terminated outright were trimmed only modestly. The \$440 million Economic Development Administration was cut by 20 percent, the \$44 million Minority Business Development Agency was cut by 32 percent, the \$101 million National Telecommunications and Information Administration was cut by 22 percent, and the \$94 million Maritime Administration will enjoy a 23 percent increase in funding.

**Example:** The House cut appropriations for Energy and Water Development programs by only 8.7 percent. The \$3.4 billion Army Corps of Engineers, a favorite source of funding for local pork-barrel projects, received a mild cut of 5.5 percent. This left plenty of money to fund such projects as the \$200,000 investigation of the Malibu Coastal Area in California, \$978,000 for maintenance of Cherry Creek Lake in Denver, Colorado, and \$4.2 million for maintenance of the Sam Rayburn Dam and Lake in Texas. Only 22 percent was cut from the \$3.3 billion Energy Supply, Research and Development program within the Department of Energy. Since 1977, the federal government has spent over \$70 billion in today's dollars on this program and has little or nothing to show for it.

The record of Reagan Administration proposals to terminate programs shows that simply reducing the budgets of such wasteful programs as these—instead of terminating them outright—leaves the door open for future Congresses to boost their funding and thus return the government to a path of increasing deficits and burdensome taxes. This happens because a bureaucracy is left in place to work with interest groups toward the reinstatement of funding. According to a Congressional Research Service report, 94 programs were recommended for termination during the two Reagan terms.<sup>1</sup> Of these (many of which appeared repeatedly in the eight Reagan budgets), only twelve were eliminated; and all but one—Urban Development Action Grants—were terminated in the first term. Moreover, some of these terminated programs, such as the Comprehensive Education and Training Act (CETA), were subsequently replaced by larger and more expensive pro-

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1 James V. Saturno, "Program Terminations Proposed by the Reagan Administration," Congressional Research Service, December 19, 1989.

grams, such as the Job Training Partnership Act (JTPA), leaving taxpayers no better off in the long run.

The forty-year history of the Small Business Administration (SBA) exemplifies the difficulty in eliminating wasteful federal programs. Well-characterized in 1963 by *Life* magazine as a “device for soaking up money and getting rid of it,”<sup>2</sup> the SBA has a long history of failed business loans and ineffective programs. Based on this dismal record, the budget of the SBA was reduced from more than \$2 billion in 1981 to \$557 million in 1986. However SBA was never fully eliminated. As a result, its activities have been resurrected (although not made more efficient or effective) during the Bush and Clinton Administrations, and its funding rebounded to over \$900 million in fiscal 1995.

One notable exception to the House’s “salami-cut” approach to overhauling government is the bill to fund the Departments of Labor, Health and Human Services, and Education. Overall spending for these programs was cut by only 14 percent. But far more important, the bill represents a serious attempt to eliminate failed or obsolete programs and programs that duplicate the work of others. Indeed, the bill eliminates 170 programs. These include 11 in the Department of Labor, 66 in HHS, and 93 within the Department of Education.

Another bill that deserves some mention is the Department of Interior and Related Agencies appropriations bill. Not only did the House vote to cut funding for these programs by 14 percent, but in doing so it eliminated six agencies and 49 individual programs. Unfortunately, the bill still contains dozens of low-priority spending items, such as \$264 million for new construction projects within the four major land management agencies, \$600,000 for African Elephant Conservation, \$200,000 for the Rhinoceros and Tiger Conservation Fund, and \$70,000 for the Jazz Commission.

The House-passed appropriations bills generally fail to carry out the voters’ mandate to restructure the federal government, not just trim it. If the new Congress is serious about restructuring government, it must:

**① Terminate outmoded and obsolete programs.**

Instead, the House approved:

- X \$348.5 million for the Economic Development Administration;
- X \$32 million for the Minority Business Development Agency;
- X \$116 million for the Maritime Administration;
- X \$142 million for the Appalachian Regional Commission;
- X \$103 million for the Tennessee Valley Authority;
- X \$278 million for the Legal Services Corporation; and
- X \$645 million for Impact Aid.

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2 “Now See the Innards of a Fat Pig,” *Life*, August 16, 1963, p. 21.

**② Terminate programs with a long history of failure or irrelevance.**

Instead, the House approved:

- X \$2.6 billion for Energy Supply, Research and Development activities;
- X \$385 million for Fossil Energy Research and Development;
- X \$553 million for Energy Conservation Research and Development;
- X \$1.12 billion for Job Corps;
- X \$628 million in subsidies for Amtrak;
- X \$3.99 billion for the Federal Transit Administration; and
- X \$1.9 billion for the International Space Station.

**③ Slash “corporate welfare.”**

Instead, the House approved:

- X \$1.5 million for the Citrus Research Lab in Orlando, Florida;
- X \$638,000 for Potato Research;
- X \$296,000 for “improved dairy practices” in Pennsylvania;
- X \$445,000 for “improved fruit practices” in Michigan;
- X \$99 million in subsidies for direct loans for farmers;
- X \$122 million for the Rural Electrification Administration;
- X \$81 million for the Manufacturing Extension Partnership program;
- X \$19 million for Public Broadcasting Facilities Grants;
- X \$23 million for Fishery Industry Information;
- X \$590 million for the Small Business Administration;
- X \$257.6 million for the Western Area Power Administration;
- X \$15 million for the Essential Air Service program; and
- X \$786.5 million for the Export-Import Bank.

**④ Eliminate pork-barrel or purely local projects.**

Instead, the House approved:

- X \$332,000 for a Food Marketing Center in Connecticut;
- X \$330,000 for Aquaculture research in Louisiana;
- X \$223,000 for rural development in Arizona;
- X \$2 million for a planning study for the Indianapolis Central Waterfront in Indiana;



- X \$2.3 million for general maintenance of Ventura Harbor in California;
- X \$600,000 to the Texas Transportation Institute;
- X \$10 million for an extension of San Francisco's BART (Bay Area Rapid Transit) system; and
- X \$5.7 million for "alternate water source projects" in West Central Florida.

**⑤ Terminate low priority programs and projects.**

Instead, the House approved:

- X \$500,000 for "Competitiveness of Agricultural Products" research in Washington;
- X \$169,000 for research on Oil Resources;
- X \$150,000 for Organic Waste Utilization research in New Mexico;
- X \$20 million for NOAA Fleet Modernization;
- X \$455,000 for drift removal in Baltimore Harbor;
- X \$70,000 for a Jazz Commission;
- X \$600,000 for African Elephant Conservation;
- X \$200,000 for the Rhinoceros and Tiger Conservation Fund;
- X \$27 million for Urban and Community Forestry;
- X \$6 million for the National Capital Arts and Cultural Affairs;
- X \$15 million for the Next Generation High Speed Rail project; and
- X \$300,000 for the National Environmental Justice Advisory Council.

## CONCLUSION

Based upon a review of the first 11 appropriations bills passed by the House, the results of Congress's work so far is decidedly mixed. On the one hand, Congress is holding to the strict overall spending limits imposed by the balanced budget plan. However, on the other hand, Congress is falling far short of fundamentally restructuring the federal government by eliminating obsolete, outmoded, and unnecessary programs. The message of last November's election was a desire not simply for a balanced budget, but for a complete overhaul and downsizing of the federal government.

Congress still has time to make the kind of fundamental changes voters called for before the new fiscal year begins on October 1. After the Senate completes its work on the 13 appropriations bills (more than half have been completed by the Senate thus far), conference committees will have to negotiate the differences between the two bills. These conference committees can and should complete the job of terminating hundreds of wasteful programs so that future Congresses never again have the chance to bring them back to life.

The appendix contains a detailed analysis of the eleven appropriations bills as they were passed by the House of Representatives.<sup>3</sup> For each bill, the positive actions taken by the House are noted, as are areas where the Congress can act to effect additional improvements. A list of specific programs and grants that deserve greater scrutiny also is included for each bill.

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**3** At the time this study was conducted, neither the Defense appropriations bill nor the District of Columbia appropriations bill had been passed by the House of Representatives.

## APPROPRIATIONS FOR AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

Total discretionary budget authority recommended in the bill ..... \$13.2 billion  
Reduction below/above 1995 enacted level..... -\$600 million/-4.3%

Total discretionary outlays recommended in the bill..... \$13.5 billion  
Reduction below/above 1995 enacted level..... -\$900 million/-6.2%

By shaving discretionary budget authority by only 4.3 percent, the fiscal 1996 Agriculture appropriations bill largely continues the status quo for programs within its jurisdiction. The bill eliminates no programs of any significance (only the \$2.5 million World Agricultural Outlook Board and the \$540,000 Office of the Assistant Secretary for Economics), merely trimming most programs by a small percentage and actually increasing spending on other questionable programs. For instance, instead of terminating perennial sources of pork-barrel spending, the bill simply trims the \$758 million Agricultural Research Service by 3 percent and the \$934 million Cooperative State Research Service by 14 percent. Moreover, funding for the Office of the Secretary is tripled, Executive Operations are increased by 43 percent, the Natural Resources Conservation Service is boosted by 8 percent, and the Rural Electrification Administration received a 33 percent increase in appropriations.

There are many programs that deserve deep cuts or outright elimination if Congress is serious about getting rid of waste, streamlining the bureaucracy, and saving tax dollars. For instance, Congress could save taxpayers over \$3.5 billion over five years if it were to merge the Extension Service and the Cooperative State Research Service and reduce the consolidated budget by 50 percent. Another \$434 million could be saved over five years by terminating the Market Promotion program, which is slated to receive \$110 million in fiscal 1996. And \$430 million could be saved over five years by terminating the farm ownership and operations loan program. In recent years, the Farmers Home Administration, which manages this program, had to write off nearly \$8 billion in loans due to the exceedingly high default rates in the program.

Some 80 percent of the overall spending in the bill, however, is for mandatory or entitlement programs such as Food Stamps and Crop Support programs. The bill does reduce funding for these programs by nearly \$5.4 billion, 10 percent, compared to the \$54.6 billion approved for fiscal 1995. However, the reduction in Crop Support payments is not due to any reform of agriculture policy, but rather to increasing world demand which has reduced surpluses and strengthened prices.

Examples of areas Congress should give greater scrutiny include:

### Department of Agriculture

Agricultural Research Service ..... \$705.6 million  
Including:  
Composting research..... \$1.3 million  
Sugarcane research, Hawaii .....\$965,000

Northwest Small Fruit Research Center .....	\$1.2 million
Sweet Potato Whitefly research .....	\$4.4 million
Locoweed research.....	\$582,700
Western Pecan research .....	\$1.4 million
Arkansas Children's Hospital nutrition research .....	\$1.1 million
Wild Rice research, Minnesota.....	\$150,000
Root Weevil Research .....	\$400,000
Binational Agricultural Research and Development .....	\$2.5 million
Buildings and Facilities .....	\$30.2 million
Including:	
Citrus Research Lab, Orlando, Florida .....	\$1.5 million
European Biological Control Laboratory, Montpellier, France .....	\$2.6 million
National Center for Agricultural Utilization Research, Peoria, Illinois.....	\$9.7 million
Plan Stress Lab, Texas Tech. University .....	\$1.5 million
Subtropical Lab, Weslaco, Texas .....	\$1 million
Cooperative State Research, Education, and Extension Service .....	\$389.3 million
Including:	
Special Research Grants .....	\$31.5 million
Including:	
Aquaculture, Connecticut .....	\$181,000
Aquaculture, Illinois .....	\$169,000
Aquaculture, Louisiana.....	\$330,000
Broom Snakeweed, New Mexico .....	\$169,000
Center for Innovative Food Technology, Ohio.....	\$181,000
Competitiveness of Agricultural Products, Washington.....	\$500,000
Dairy and Meat Goat Research, Texas .....	\$63,000
Food and Agriculture Policy Institute, Iowa and Missouri .....	\$850,000
Food Marketing Center, Connecticut.....	\$332,000
Improved Dairy Management Practices, Pennsylvania.....	\$296,000
Improved Fruit Practices, Michigan .....	\$445,000
Oil Resources from Desert Plants, New Mexico .....	\$169,000
Organic Waste Utilization, New Mexico.....	\$150,000
Potato Research .....	\$638,000
Regionalized Implications of Farm Programs, Missouri and Texas.....	\$294,000
Rural Development Centers, PA, IA, ND, MS, OR .....	\$400,000
Rural Policies Institute, AR, NE, MO .....	\$322,000
Urban Pests, Georgia .....	\$64,000
Tropical and Subtropical research .....	\$2.8 million
Wool Research, TX, MT, WY.....	\$212,000
Competitive Research Grants .....	\$98.8 million
Including:	
Plant Systems.....	\$38 million



Animal Systems .....	\$24 million
Processes and New Products.....	\$6.9 million
Markets, Trade and Policy .....	\$4.7 million
 Aquaculture Centers .....	 \$4 million
Agriculture Development in American Pacific.....	\$564,000
Shrimp Aquaculture, AZ, HI, MS, MA, SC .....	\$3 million
 Extension Activities.....	 \$413 million
Including:	
Pest Management.....	\$10.9 million
Rural Development Centers.....	\$921,000
Sustainable Agriculture.....	\$3.4 million
Youth at Risk (including \$50,000 for I-CARE in Marion, Illinois) .....	\$9.7 million
Agriculture Telecommunications .....	\$1.18 million
Pilot Technology Transfer, Wisconsin .....	\$160,000
Income Enhancement Demonstration, Ohio .....	\$243,000
Rural Development, New Mexico .....	\$223,000
Rural Center for the Study and Promotion of HIV/STD Prevention, Indiana .....	\$243,000
Wood Biomass as an Alternative Farm Product, New York .....	\$194,000
Range Improvements, New Mexico .....	\$194,000
 Agriculture Marketing Service .....	 \$46.6 million
 Consolidated Farm Service Agency	
Salaries and Expenses.....	\$805.8 million
Farm Loans (available for loans) .....	\$3 billion
Direct Loan Subsidy .....	\$99 million
Guaranteed Loan Subsidy .....	\$56 million
Administrative Expenses .....	\$221.5 million
 Conservation Programs.....	 \$2.7 billion
Including:	
Office of the Under Secretary for Natural Resources and Environment .....	\$677,000
Conservation Operations .....	\$629.9 million
Including:	
Promote Pastureland and Rotational Grazing, New York .....	\$300,000
Hungry Canyon Erosion Control Project, Iowa .....	\$400,000
Skaneateles and Owasco Watersheds, New York.....	\$250,000
Mckenzie River Basin Project .....	\$150,000
Mud Creek irrigation project, Michigan .....	\$200,000
Whole Farm Planning, New York City watershed .....	\$300,000
Technical Assistance, Westchester County, New York.....	\$200,000
Watershed Surveys and Planning.....	\$14 million
Watershed and Flood Prevention Operations .....	\$100 million

Conservation Programs.....	\$47 million
Wetlands Reserve Program.....	\$77 million
Agriculture Conservation Program.....	\$75 million
Conservation Reserve Program .....	\$1.78 billion

Rural Economic and Community Development Programs..... \$2.24 billion

Including:

Rural Housing Insurance Fund (available for loans) .....	\$2.6 billion
Direct Loan Subsidy .....	\$299.8 million
Guaranteed Loan Subsidy .....	\$2.5 million
Administrative Expenses .....	\$390 million
Rural Business and Industry Loans (available for loans).....	\$500 million
Guaranteed Loan Subsidy .....	\$6.4 million
Administrative Expenses .....	\$14.8 million
Rural Development Loan (available for loans).....	\$60 million
Direct Loan Subsidy .....	\$35.8 million
Administrative Expenses .....	\$1.8 million
Rural Economic Development Loans (available for loans).....	\$12.8 million
Direct Loan Subsidy .....	\$3.7 million
Administrative Expenses .....	\$584,000
Rural Business Enterprise Grants .....	\$45 million
Rural Technology and Cooperative Development Grants .....	\$1.5 million

Rural Electrification and Telephone Loans (available for loans) .....	\$1.38 billion
Direct Loan Subsidies .....	\$35 million
Electric 5% loans .....	\$21 million
Telephone 5% loans.....	\$13.9 million
Muni-Rate Electric Subsidies .....	\$54 million
Administrative Expenses .....	\$29.9 million
Rural Telephone Bank Loans (available for loans) .....	\$175 million
Direct Loan Subsidy .....	\$770,000
Administrative Expenses .....	\$3.5 million

Foreign Assistance and Related Programs..... \$1.6 billion

Including:

Public Law 480 Title I (Foreign Sales)

Credit Level (available for loans) .....	\$291 million
Loan Subsidy .....	\$236 million
Administrative Expenses .....	\$1.7 million
Ocean Freight Differential Costs .....	\$25 million
Public Law 480 Title III (Food for Development).....	\$50 million

## DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, 1996

Total discretionary budget authority recommended in the bill ..... \$23.1 billion  
Reduction below/above 1995 enacted level..... -\$1.1 billion/-4.5%

Total discretionary outlays recommended in the bill..... \$24.5 billion  
Reduction below/above 1995 enacted level..... -\$900 million/-3.5%

While taking small steps toward eliminating a number of unnecessary, obsolete, and wasteful programs, the Commerce, Justice, and State appropriations bill stops short of delivering long-overdue reform to such perennial candidates for termination as the Economic Development Administration, the Small Business Administration, and the Legal Services Corporation. The bill does save nearly \$290 million by eliminating 14 small programs such as the East-West Center, the North-West Center, and the NTIA Children's Television Grants and an additional \$431 million by eliminating the Department of Commerce's Advanced Technology Program (ATP). Beyond these modest cuts, however, the bill largely makes across-the-board reductions in most agencies, then redirects these savings to the Department of Justice (increased by 18 percent) and to the Federal Court System (boosted by 4.8 percent).

Unfortunately, the bill makes only a token attempt to fulfill the Budget Resolution's call for terminating the Department of Commerce. While the bill reduces by 17 percent the overall budget for the Department of Commerce, programs which should have been terminated outright are only modestly trimmed. Example: the \$440 million Economic Development Administration was cut by 20 percent; the \$44 million Minority Business Development Agency was cut by 32 percent; and the \$101 million National Telecommunications and Information Administration was trimmed 22 percent. And while the bill did effectively eliminate two corporate welfare programs -- the \$430 million Advanced Technology Program and the \$16 million Travel and Tourism Administration -- it left intact the \$81 million Manufacturing Extension Partnership Program and provided \$60 million for construction of National Institute of Standards and Technology facilities. Lastly, the authors of the bill explicitly rejected proposals to transfer certain trade functions to the Department of State or Department of Defense as a step toward dismantling the Department of Commerce.

The bill also missed a golden opportunity to eliminate three other outmoded programs, the Small Business Administration (SBA), the Legal Services Corporation (LSC), and the Maritime Administration (MARAD). Although the bill does reduce the \$923 million SBA budget by 36 percent, or \$333 million, some \$70 million is appropriated for Small Business Development Centers, \$2 million is approved for Women's Outreach, \$200,000 is spent on the Women's Council, and \$3 million will go to Export Assistance Centers. The \$400 million LSC withstood only a 30 percent reduction, not full termination, even though "the Committee remains concerned that the Corporation has been unauthorized for a number of years."

Conversely, the \$94 million Maritime Administration, which is responsible for directing some \$700 million in subsidies to U.S. shipping companies while shielding them from foreign competition, will enjoy a 23 percent increase in funding. MARAD and the subsidies should be terminated.

Examples of areas Congress should give greater scrutiny include:

## **Department of Commerce**

International Trade Administration .....	\$264.8 million
Bureau of Export Administration .....	\$38.6 million
Economic Development Administration .....	\$348.5 million
Including:	
Public Works Grants.....	\$169 million
Planning Assistance .....	\$24.4 million
Technical Assistance.....	\$9.9 million
Defense Economic Conversion.....	\$97 million
Trade Adjustment Assistance .....	\$8.5 million
Economic Adjustment Grants.....	\$19 million
Minority Business Development Agency .....	\$32 million
National Telecommunications and Information Administration .....	\$78.7 million
Including:	
Public Broadcasting Facilities Grants.....	\$19 million
Information Infrastructure Grants .....	\$40 million
National Institute of Standards and Technology.....	\$404 million
Including:	
Scientific and Technical Research and Services.....	\$263 million
Manufacturing Extension Partnership Program.....	\$81 million
Construction of Research Facilities .....	\$60 million
National Oceanic and Atmospheric Administration .....	\$1.69 billion
Mapping and Charting .....	\$37.5 million
Geodesy .....	\$20.9 million
Coastal Zone Management Grants.....	\$36 million
Fishery Industry Information .....	\$23.4 million
Interjurisdictional Fisheries Grants.....	\$2 million
Interannual and Seasonal Climate Research .....	\$60.3 million
Long-term Climate and Air Quality Research .....	\$33.7 million
Sea Grant College Program .....	\$53.3 million
Fleet Modernization.....	\$20 million
Aircraft Services .....	\$9.5 million
Technology Administration .....	\$5 million
General Administration (Salaries and Expenses) .....	\$29 million

## **Department of State**

International Organizations and Conferences .....	\$870 million
Including:	
United Nations .....	\$272 million
International Boundary and Water Commission.....	\$19 million
Payment to the Asia Foundation.....	\$10 million
Arms Control and Disarmament Agency.....	\$40 million

United States Information Agency.....	\$1.08 billion
Including:	
Educational and Cultural Exchange Programs .....	\$192 million

### **Related Agencies**

Maritime Administration .....	\$116.6 million
Including:	
Operations and Training .....	\$64.6 million
Merchant Marine Academy .....	\$31 million
Direct and Student Incentive Payments .....	\$2.3 million
Additional Training .....	\$1.4 million
Maritime Guaranteed Loan Program .....	\$52 million
Operating Differential Subsidies .....	\$162.6 million
Federal Communications Commission.....	\$185 million
Legal Services Corporation.....	\$278 million
Small Business Administration.....	\$590 million
Including:	
Salaries and Expenses.....	\$221 million
Direct Loan Subsidy cost .....	\$5 million
Guaranteed Loan Subsidy cost.....	\$145 million
Micro Loan guarantees .....	\$1.7 million
Administrative Expenses .....	\$97 million

## **APPROPRIATIONS FOR ENERGY AND WATER DEVELOPMENT**

Total discretionary budget authority recommended in the bill .....	\$18.7 billion
Reduction below/above 1995 enacted level.....	-\$1.8 billion/-8.7%
 Total discretionary outlays recommended in the bill.....	 \$19.46 billion
Reduction below/above 1995 enacted level.....	-\$1.7 billion/-8.2%

The Energy and Water Development appropriations bill continues the status quo. Because it simply shaves small amounts from most programs, it fails to seriously challenge or redefine the federal government's role in such things as civil works projects and energy research. In some programs, such as the Army Corps of Engineers Construction program and the Bureau of Reclamation Construction program, the bill actually increases spending above the amount requested by the Clinton Administration.

Moreover, the Appropriations Committee fails to take any steps toward privatizing the five Power Marketing Administrations or the Uranium Enrichment Corporation. On a positive note, however, the bill does cut Energy Supply, Research and Development funding nearly 22 percent compared to the \$3.3 billion appropriated in fiscal 1995. But this cut still leaves nearly \$2.6 billion in funding for these activities in fiscal 1996. Eliminating these programs, which should be



the responsibility of the private sector, would save taxpayers at least \$8.7 billion over the next five years.

The Appropriations Committee explicitly rejected the Administration's proposal to set reasonable criteria for defining Army Corps of Engineers projects that are of "national scope and significance." The Administration's proposal limited Army Corps involvement to projects meeting the following criteria:

1. More than half of the damaging flood water must come from outside the boundaries of the state where the damage is occurring;
2. The project must have a benefit-to-cost ratio of 2 or greater; and
3. The non-federal sponsor must be willing and able to pay 75 percent of the first cost of the project.

Regrettably, the committee rejected these standards, stating that "the practical effect...would be to terminate the Federal Government's role in flood control activities." The committee made no attempt to develop standards of its own. Instead it earmarked funds for hundreds of parochial and overtly local projects throughout the country. The committee did at least require the Secretary of the Army to contract with private companies to perform the work if "it can be done at reasonable prices and in a timely manner."

Examples of areas Congress should give greater scrutiny include:

## **Army Corps of Engineers**

Civil Works..... \$3.2 billion

Including:

General Investigations ..... \$129.9 million

Including:

Alabama River Below Claiborne L&D, Alabama, investigation.....	\$238,000
Chignick Harbor, Alaska, planning .....	\$237,000
Tucson Drainage Area, Arizona, investigation .....	\$180,000
Arkansas River, Tucker Creek, Arkansas, investigation .....	\$280,000
American River Watershed, California, planning .....	\$3 million
Malibu Coastal Area, California, investigation .....	\$200,000
Napa River, California, planning .....	\$787,000
Port of Long Beach (deepening), California, planning .....	\$750,000
Santa Barbara Harbor, California, planning .....	\$50,000
Daytona Beach Shores, Florida, investigation .....	\$112,000
Jacksonville Harbor, Florida, investigation .....	\$414,000
Brunswick Harbor, Georgia, investigation .....	\$300,000
Barbers Point Harbor Modification, Oahu, Hawaii, investigation.....	\$200,000
Kikiaola Small Boat Harbor, Kauai, Hawaii, planning .....	\$170,000
Chicago Shoreline, Illinois, planning .....	\$400,000
Indianapolis Central Waterfront, Indiana, planning.....	\$2 million
Ohio River Greenway, Indiana, planning .....	\$1 million
Baltimore Metropolitan Water Resources Study, Maryland, investigation .....	\$500,000

Boston Harbor, Massachusetts, planning .....	\$185,000
Jackson Metropolitan Area, Mississippi, planning .....	\$1.3 million
Barnegat Inlet to Little Egg Inlet, New Jersey, investigation .....	\$550,000
Long Beach Island, New York, planning .....	\$525,000
Yonkers Shoreline, New York, investigation .....	\$332,000
Brunswick County Beaches, North Carolina, planning .....	\$500,000
Grand Forks, North Dakota, investigation .....	\$225,000
Chartiers Creek, Pennsylvania, planning .....	\$570,000
Big Sioux River, Sioux Falls, South Dakota, planning .....	\$390,000
Houston-Galveston Navigation Channels, Texas, planning .....	\$1.1 million
Marmet Locks and Dam, West Virginia, planning .....	\$5.3 million
Jackson Hole Restoration, Wyoming, investigation .....	\$270,000
<b>General Construction .....</b>	<b>\$807 million</b>
Including:	
Tennessee-Tombigbee Waterway, Alabama	
(total federal cost = \$87.3 million) .....	\$12.4 million
Rillito River, Arizona (total federal cost = \$25 million) .....	\$4.89 million
Los Angeles County Drainage Area, California	
(total federal cost = \$283 million) .....	\$11.3 million
Los Angeles County Harbor, California (total federal cost = \$100 million) .....	\$425,000
Santa Ana River Mainstem, California (total federal cost = \$778 million) .....	\$70 million
Central and Southern Florida, Florida (total federal cost = \$1.35 billion) .....	\$4 million
Olmsted Locks and Dam, Illinois and Kentucky	
(total federal cost = \$1 billion) .....	\$32 million
Little Calumet River, Indiana (total federal cost = \$104 million) .....	\$5 million
Red River Waterway, Louisiana	
(total federal cost = \$1.7 billion) .....	\$16 million
Sandy Hook to Barnegat Inlet, New Jersey	
(total federal cost = \$1.1 billion) .....	\$15.7 million
Fire Island Inlet, New York (total federal cost = \$524 million) .....	\$10.4 million
Mingo Creek, Tulsa, Oklahoma (total federal cost = \$76.5 million) .....	\$4.4 million
Elk Creek Lake, Oregon (total federal cost = \$174 million) .....	\$500,000
Myrtle Beach, South Carolina (total federal cost = \$160 million) .....	\$17 million
Ray Roberts Lake, Texas (total federal cost = \$315 million) .....	\$3.5 million
Robert C. Byrd Locks and Dam, West Virginia	
(total federal cost = \$384 million) .....	\$10 million
<b>General Operation and Maintenance .....</b>	<b>\$1.7 billion</b>
Including:	
White River, Arkansas .....	\$2.2 million
Los Angeles County Drainage Area, California .....	\$3.4 million
San Diego Harbor, California .....	\$1 million
Ventura Harbor, California .....	\$2.3 million
Cherry Creek Lake, Colorado .....	\$978,000

Black Rock Lake, Connecticut .....	\$249,000
Potomac and Anacostia Rivers (Drift Removal), District of Columbia .....	\$785,000
Palm Beach Harbor, Florida .....	\$1.45 million
Hartwell Lake, Georgia .....	\$10.3 million
Iao Stream Flood Control, Maui, Hawaii .....	\$480,000
Dworshak Dam and Reservoir, Idaho .....	\$9.1 million
Lake Shelbyville, Illinois .....	\$6.4 million
Waukegan Harbor, Illinois .....	\$970,000
Mississinewa Lake, Indiana .....	\$1 million
Saylorville Lake, Iowa .....	\$4.9 million
Clinton Lake, Kansas .....	\$2 million
Wolf Creek Dam-Lake Cumberland, Kentucky .....	\$6.5 million
Calcasieu River and Pass, Louisiana .....	\$4 million
Baltimore Harbor (Drift Removal), Maryland .....	\$455,000
Cape Cod Canal, Massachusetts .....	\$8 million
St. Marys River, Michigan .....	\$14.9 million
Orwell Lake, Minnesota .....	\$4 million
Pascagoula Harbor, Mississippi .....	\$4 million
Harry S. Truman Dam, Missouri .....	\$8.5 million
Libby Dam, Lake Koocanusa, Montana .....	\$5 million
Edward Macdowell Lake, New Hampshire .....	\$346,000
Barneget Inlet, New Jersey .....	\$1.4 million
Cochiti Lake, New Mexico .....	\$2 million
New York Harbor (Drift Removal), New York .....	\$4.8 million
Falls Lake, North Carolina .....	\$1 million
Garrison Dam, Lake Sakakawea, North Dakota .....	\$9 million
Toledo Harbor, Ohio .....	\$3.5 million
Broken Bow Lake, Oklahoma .....	\$2 million
Detroit Lake, Oregon .....	\$2.2 million
Blue Marsh Lake, Pennsylvania .....	\$2 million
Charleston Harbor, South Carolina .....	\$5.4 million
Big Bend Dam--Lake Sharpe, South Dakota .....	\$6 million
Cordell Hull Dam, Tennessee .....	\$4.2 million
Sam Rayburn Dam, Texas .....	\$4.2 million
Wright Patman Dam and Lake, Texas .....	\$2.3 million
Townshend Lake, Vermont .....	\$506,000
Philpott Lake, Virginia .....	\$2.2 million
Chief Joseph Dam, Washington .....	\$12 million
Stonewall Jackson Lake, West Virginia .....	\$957,000
Fox River, Wisconsin .....	\$2.2 million
Jackson Hole Levees, Wyoming .....	\$979,000

## Department of Interior

Bureau of Reclamation ..... \$857 million

Including:

General Investigations .....	\$13 million
Construction Program .....	\$417 million
Operations and Maintenance .....	\$278 million

## **Department of Energy**

Energy Supply, Research and Development Activities ..... \$2.6 billion

Including:

Solar and Renewable Energy ..... \$221 million

Geothermal ..... \$25.7 million

Electric Energy Systems and Storage ..... \$28.9 million

Biofuels (ethanol from rice straw) ..... \$3 million

Nuclear Energy Programs ..... \$255.6 million

Biological and Environmental Research..... \$379.6 million

Fusion Program..... \$229 million

Basic Energy Sciences ..... \$792.6 million

Other Energy Research Programs ..... \$45 million

General Science and Research Activities ..... \$991 million

Including:

High Energy Physics ..... \$677 million

Nuclear Energy Physics ..... \$304 million

Power Marketing Administrations..... \$312.5 million

Alaska Power Administration..... \$4.2 million

Bonneville Power Administration (Available Borrowing Authority)..... \$3.7 billion

Southeastern Power Administration ..... \$19.8 million

Southwestern Power Administration ..... \$29.7 million

Western Area Power Adminsistration ..... \$257.6 million

## **Independent Agencies**

Appalachian Regional Commission ..... \$142 million

Tennessee Valley Authority ..... \$103.3 million

## **APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS**

Total discretionary budget authority recommended in the bill ..... \$11.99 billion

Reduction below/above 1995 enacted level..... -\$1.6 billion/-11.7%

Total discretionary outlays recommended in the bill..... \$13.88 billion

Reduction below/above 1995 enacted level..... -\$111 million/-0.007%

The Foreign Operations appropriations bill takes steps toward reducing foreign aid spending and redirecting that aid toward countries with free-market economies and away from countries “that have either advanced beyond the need for such assistance or refused to participate in market-based solutions to their problems.” Indeed, compared to fiscal 1995 appropriated levels, the bill cuts bilateral economic assistance by nearly 10 percent, cuts contributions to International Financial Institutions by 40 percent, and cuts spending for International Organizations and Programs by nearly 59 percent.

However, the bill could have cut deeper in these and many other areas. For example, corporate export assistance programs such as the Export-Import Bank and the Overseas Private Investment Corporation, which cost taxpayers some \$877 million in fiscal 1995, were trimmed a mere 6 percent.

Examples of areas Congress should give greater scrutiny include:

## **Export and Investment Assistance**

### **Export-Import Bank**

Subsidy Appropriation.....	\$786.5 million
Administrative Expenses .....	\$45.2 million

### **Overseas Private Investment Corporation**

Subsidy Appropriation.....	\$79 million
Operating Expenses .....	\$15.5 million
Non-credit Administrative Expenses.....	\$11 million

Trade and Development Agency.....	\$40 million
International Finance Corporation .....	\$67.5 million
Multilateral Investment Fund.....	\$70 million

## **Bilateral Economic Assistance (Agency for International Development)**

Development Assistance Fund.....	\$669 million
Development Fund for Africa.....	\$528 million
Operating Expenses of the Agency for International Development .....	\$465 million

## **Independent Agencies**

African Development Foundation .....	\$10 million
Inter-American Foundation.....	\$20 million
Peace Corps.....	\$210 million

## **Multilateral Economic Assistance**

Contributions to International Financial Institutions .....	\$980.5 million
Including:	

International Development Association.....	\$575 million
Asian Development Bank .....	\$13.2 million
Asian Development Fund .....	\$167.9 million
International Organizations and Programs.....	\$155 million



## APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

Total discretionary budget authority recommended in the bill ..... \$12.03 billion  
 Recommendation below/above 1995 enacted level..... -\$2 billion/-14%

Total discretionary outlays recommended in the bill ..... \$13.17 billion  
 Recommendation below/above 1995 enacted level..... -\$930 million/-6.6%

The appropriations bill for the Department of the Interior and Related Agencies takes several positive steps toward re-focusing the federal government's role in natural resource management but stops short of completing all the necessary changes. The bill would eliminate six agencies and 49 individual programs. Most significantly, the bill eliminates the National Biological Service (NBS), saving the American taxpayers more than \$49 million each year. The elimination of the NBS is a positive move not only because of the resulting savings, but also because the agency has existed for two years without proper congressional authorization. This lack of a formal mission has led many to fear that the NBS will move beyond objective scientific research and into subjective regulation of private property. Also significant are the elimination of the Bureau of Mines, saving American taxpayers more than \$100 million per year; the elimination of the Pennsylvania Avenue Development Corporation, a federal agency engaged in purely local activities; and a 78 percent cut in the land acquisition accounts of the four major land management agencies. These recommendations are solid steps toward downsizing the federal government and re-focusing attention on core federal missions.

Unfortunately, the Interior appropriations bill passed by the House also contains several disappointing recommendations. The bill contains \$264 million for new construction within the four land management agencies, including \$25.5 million that was not requested by the Administration. The bill provides \$600,000 for the African Elephant Conservation Fund and actually creates two new programs, the Rhinoceros and Tiger Conservation Fund, appropriated \$200,000, and the Jazz Commission, appropriated \$70,000. These programs are low priorities when deep spending cuts are needed to balance the budget. Also, the bill appropriates \$384.5 million for fossil energy research and development (a 9 percent reduction) despite the fact that the benefits of this research accrue to commercial power providers. The bill is also deficient in not calling for the privatization of the Naval Petroleum Reserves, a sale that could save American taxpayers more than \$300 million over the next five years. Thus, the House-passed appropriations bill takes a significant step toward fulfilling the promises made in the balanced budget plan but stops short of completing the task.

Examples of areas Congress should give greater scrutiny include:

### Department of Interior

United States Fish and Wildlife Service

Construction..... \$26.4 million

Bear River, Utah .....	\$1 million*
Bosque del Apache Wildlife Refuge .....	\$1.8 million*
Hawaii captive propagation facility .....	\$1 million*
Southeast Louisiana Refuges, rehabilitation.....	\$1 million*
African Elephant Conservation.....	\$600,000
Rhinoceros and Tiger Conservation Fund .....	\$200,000
Wildlife Conservation and Appreciation Fund.....	\$998,000
National Council on Traditional Arts .....	\$175,000
<b>National Park Service</b>	
National Recreation and Preservation.....	\$35.7 million
Illinois and Michigan Canal National Heritage Corridor Commission .....	\$238,000
Delaware and Lehigh Navigation Canal .....	\$329,000
Jazz Commission .....	\$70,000
Construction.....	\$114.9 million
Andersonville, GA, Prisoner of War historic site .....	\$2.8 million*
Blue Ridge Parkway, Hemphill Knob, NC, administrative building.....	\$1 million*
James A. Garfield, OH, historic site .....	\$3.6 million*
Salem Maritime, MA, historic site vessel exhibit.....	\$2.2 million*
Western Trails Center, IA .....	\$3 million*
Delaware Water Gap, PA, trails rehabilitation .....	\$2 million*
<b>U.S. Geological Survey</b>	
Geological and Mineral Resource Surveys and Mapping.....	\$208 million
Global change and climate history.....	\$9.7 million

## **Department of Agriculture**

### **Forest Service**

Cooperative Forestry.....	\$77 million
Urban and Community Forestry .....	\$27 million
Economic Action Programs .....	\$9 million
Construction.....	\$120 million
Cradle of Forestry, NC, including exhibits.....	\$500,000
Daniel Boone National Forest, KY .....	\$660,000

## **Department of Energy**

Fossil Energy Research and Development.....	\$384.5 million
High-efficiency integrated gasified combined cycle.....	\$23 million
Molten carbonate systems.....	\$38 million
Energy Technology Center program direction.....	\$50 million
Energy Conservation Research and Development.....	\$553 million
Alternative fuels utilization .....	\$27.5 million
Electric and hybrid propulsion development .....	\$87.5 million
International market development .....	\$2.9 million

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\* Throughout this report, appropriations passed by the House of Representatives but not requested by the Administration are marked with an asterisk.

## Related Agencies

National Endowment for the Arts .....	\$82.3 million <sup>1</sup>
National Endowment for the Humanities .....	\$82.5 million <sup>2</sup>
Institute of Museum Services .....	\$21 million
National Capital Arts and Cultural Affairs .....	\$6 million
National Capital Planning Commission.....	\$5 million
Woodrow Wilson International Center for Scholars .....	\$5.1 million

## APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES

Total discretionary budget authority recommended in the bill .....	\$60.8 billion
Reduction below/above 1995 enacted level.....	-\$9.9 billion/-14%

Total discretionary outlays recommended in the bill.....	\$68 billion
Reduction below/above 1995 enacted level.....	-\$2 billion/-2.8%

The appropriations bill to fund the Departments of Labor, HHS, and Education is the largest of all the appropriations bills, with \$262 billion in total budget authority. It also does more to fundamentally restructure the programs within its jurisdiction than any other appropriations bill passed thus far. This bill represents a serious attempt to eliminate failed or obsolete programs and programs that duplicate the work of others. Indeed, the bill eliminates 170 programs, including 11 programs in the Department of Labor, 66 programs in HHS, and 93 programs within the Department of Education. Remarkably, the terminated programs are actually listed on the first few pages of the appropriations report.

Many of these programs are terminated outright, often in accordance with the recommendations of the Administration's fiscal 1996 budget submission. This is especially true for the Department of Education, where the bill eliminates over 40 programs also recommended for termination by the Administration. These programs include the Law-Related program, Christa McAuliffe Fellowships, Dropout Prevention Demonstrations, Education for Native Hawaiians, Cooperative Education, the Law School Clinical Experience program, the Urban Community Service program, Harris Fellowships, and Javits Fellowships.

In most cases, however, small categorical programs are eliminated and folded into larger programs as a first step toward providing major block grants to the states. Within HHS, for instance, 26 programs within the Substance Abuse and Mental Health Services Administration were consolidated into six block grants, and the overall funding for these programs was reduced by 18 percent. Also, 35 small health professions programs are folded into a single Consolidated Health Professionals Education and Training Grant funded at the same aggregate level as fiscal

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<sup>1</sup> This is a 39% decrease from the fiscal 1995 level.

<sup>2</sup> This is a 44% decrease from the fiscal 1995 level.

1995. By contrast, the Clinton Administration had proposed consolidating the same 35 programs into five “clustered” programs. The bill also folds four health center programs into a Consolidated Health Centers program and increases the overall funding of this program by \$77 million above the fiscal 1995 level. The Administration had proposed folding these same four programs into a Health Centers Cluster and cutting the overall level by \$119,000.

The bill could have done more to consolidate duplicative programs and to cut deeper into programs with a long history of failure or poor performance. For instance, the federal government spends about \$25 billion per year on over 160 different job training and employment programs scattered throughout the federal government, though most are funded through the departments of Labor and Education. While there have been few objective evaluations of these programs, the “few solid studies that have been conducted generally fail to show any significant increase in the hourly earnings of participants directly related to job training.”<sup>3</sup>

But rather than begin the process of consolidating these fragmented programs into simplified block grants or terminating them altogether, the bill simply cuts Training and Employment Services programs by 20 percent compared to the \$3.95 billion approved for the same programs in fiscal 1995. (By contrast, the Administration had proposed a 38 percent increase in spending for Training and Employment.) Indeed, the bill provides \$126.6 million for Youth Training even though the committee report cites a Department of Labor study showing that this program has “been found to be unsuccessful in raising youth employment or earnings” and that “it does not appear that JTPA youth training has significant positive results.” A program failing this badly should be terminated.

Remarkably, the bill boosts funding for the Job Corps by over \$31 million compared to fiscal 1995 even though this program has never been subjected to a scientific control group study. The only study performed on Job Corps found that the program did not significantly help single mothers find jobs; nor did it affect the overall arrest rate. Indeed, the General Accounting Office found that more Job Corps money went to administration than to education and training.

The bill also boosts funding for the National Institutes of Health (NIH) by \$642.5 million, or 5.7 percent above fiscal 1995 levels. This increase is 3.5 times larger than the increase proposed by the Administration. Although the new Congress obviously places a high priority on health research, NIH spending more than doubled between 1984 and 1994. Cutting NIH spending back by just 10 percent would save taxpayers nearly \$5 billion over the next five years.

The lion’s share -- 77 percent -- of the bill’s overall funding is targeted to mandatory, or entitlement, programs. The bill approved \$200.9 billion in funding for these programs in fiscal 1996, an increase of \$17.6 billion above fiscal 1995, or 9.6 percent.

Examples of areas Congress should give greater scrutiny include:

## Department of Labor

Employment and Training Administration .....	\$3.18 billion
Including:	
Adult Training -- Title II-A.....	\$830 million
Youth Training -- Title II-C.....	\$126.6 million

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<sup>3</sup> Mark Wilson, “Welfare Reform and Job Training Programs: What Congress Doesn’t Know Will Cost Taxpayers Billions,” Heritage Foundation *F.Y.I.* No. 61, August 16, 1995.



Dislocated Workers -- Title III.....	\$850 million
Job Corps -- Title IV-B .....	\$1.12 billion
Operations.....	\$972 million
Construction.....	\$148.5 million
School-to-Work .....	\$95 million
Native American .....	\$50 million
Migrant and Seasonal Farmworkers .....	\$65 million
Other Federally Administered Programs .....	\$35.5 million
Glass Ceiling Commission .....	\$142,000
Women in Apprenticeship .....	\$610,000

Community Service Employment for Older Americans.....	\$350 million
One-Stop Career Centers .....	\$100 million

Departmental Management.....	\$130 million
Including:	
Legal Services.....	\$57 million
International Labor Affairs .....	\$1.8 million
Women's Bureau .....	\$7.7 million

## **Department of Health and Human Services**

Health Education Assistance Loan Program (HEAL) .....	\$16 million
Community Services Block Grant .....	\$389.6 million
Economic Development.....	\$23.7 million
National Youth Sports .....	\$12 million

## **Department of Education**

School-to-Work Opportunities .....	\$95 million
Impact Aid .....	\$645 million
Professional Development/Program Innovation and Innovative Education program strategies.....	\$500 million
Bilingual and Immigrant Education.....	\$103 million
Vocational and Adult Education.....	\$1.05 billion
Federal Supplemental Educational Opportunity Grants (SEOGs).....	\$583 million
Federal Work-Study .....	\$616 million

## **Related Agencies**

Domestic Volunteer Service Programs.....	\$168 million
Corporation for Public Broadcasting (fiscal 1996 advance).....	\$275 million



## APPROPRIATIONS FOR THE LEGISLATIVE BRANCH

Total discretionary budget authority recommended in the bill .....	\$2.2 billion
Recommendation below/above 1995 enacted level .....	-\$206 million/-8.5%
Total discretionary outlays recommended in the bill .....	\$2.2 billion
Recommendation below/above 1995 enacted level .....	-\$100 million/-4.3%

Downsizing of the federal government should begin with the legislative branch. This provides a strong signal that elected officials are serious about fulfilling their campaign promises. The new Congress began to fulfill this important promise in January by restructuring the congressional committee structure by eliminating three full committees and thirty-two subcommittees in the House and eighteen subcommittees in the Senate. These reductions are reflected in the legislative branch appropriations bill for fiscal year 1996 and result in annual savings of nearly \$40 million. The appropriations bill saves an additional \$20 million a year by eliminating the Office of Technology Assessment. This small research organization is duplicative of several other government research services and numerous private sector organizations.

Unfortunately, the reductions in committee staff are not mirrored by reductions in personal staff. In fact, the appropriation for House personal staff salaries is increased by 3 percent to \$671.5 million. Any staff level reduction should be just that, a reduction and not a shift from committee offices to personal offices. Also missing from the appropriations bill are any recommendations for privatizing major legislative support services. Numerous activities of the Architect of the Capitol, the Government Printing Office, and the Library of Congress (not to mention such minor services as cabinet making, upholstery maintenance, and the venetian blind technicians) are ripe for out-right privatization or contracting out.<sup>4</sup> Congressman Scott Klug's (R-WI) staff estimates that privatizing the GPO and reducing its full-time employment level to 800 would save \$151 million in congressional printing and binding costs each year. These significant savings have not been considered in the appropriations act.

Examples of areas Congress should give greater scrutiny include:

### Legislative Branch

Senate.....	\$426.9 million
Mileage and expense allowances for Leadership.....	\$86,000
Office of the Vice President.....	\$1.5 million
Office of the Chaplain.....	\$192,000
U.S. Senate Caucus on International Narcotics Control .....	\$305,000
Stationery.....	\$13,000
House of Representatives.....	\$671.6 million

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<sup>4</sup> To its credit, the House of Representatives currently is privatizing the activities of several smaller "service providers" such as the House Barber Shop and Beauty Salon.

House Leadership Offices.....	\$11.3 million
Office of the Chaplain.....	\$126,000
Official mail.....	\$1 million
Supplies, materials, administrative costs and federal tort claims .....	\$1.2 million
Congressional Printing and Binding.....	\$83.7 million
Jacob K. Javits Fellowship program.....	\$300,000
John Heinz Fellowship program.....	\$71,000
Architect of the Capitol .....	\$122.7 million
Conservation of wall paintings .....	\$100,000
ADA improvements.....	\$825,000
Purchase of chilled water.....	\$242,000
Lightning protection .....	\$181,000
Capitol Guide Service and Special Services Office.....	\$2 million
Botanical Gardens.....	\$3 million

## APPROPRIATIONS FOR MILITARY CONSTRUCTION

Total discretionary budget authority recommended in the bill ..... \$11.2 billion  
Recommendation below/above 1995 enacted level..... +\$2.3 billion/+26%

Total discretionary outlays recommended in the bill..... \$9.6 billion  
Recommendation below/above 1995 enacted level..... +\$500 million/+5.5%

The military construction appropriations bill for fiscal year 1996 begins the process of upgrading the military's dilapidating housing facilities. The Department of Defense estimates that two thirds of military personnel living on-base reside in "unsuitable facilities."<sup>5</sup> Furthermore, the Pentagon estimates that the complete renovation of these facilities will take as long as sixty years. Congress has responded by increasing military construction accounts by \$500 million over the Administration's request. Language that requires contracting out of construction activities is also included in the fiscal year 1996 Defense authorization measure. The combination of an increase in spending and various privatization requirements is expected to delete the military's backlog of construction and renovation within ten years rather than the sixty years mentioned above.

Congress's call for increased privatization is a positive step in efficiently eliminating the military's backlog of housing needs. However, with such a substantial backlog, now is the time to consider complete privatization in the form of military housing vouchers. A voucherized housing program would free the federal government from continual renovation and construction costs; create a boom in local construction sectors and housing markets; and allow military personnel to select the style of housing that best suits their individual needs. An additional benefit would be federal money spent on necessary defense-related projects rather than unrequested, earmarked projects. For example, the House-passed appropriations bill contains six

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<sup>5</sup> Donna Cassata, "Quality of Life Is Top Priority," *Congressional Quarterly Weekly Report*, May 20, 1995, p. 1380.

million dollars for renovation of a Naval foundry and propeller shop in Philadelphia. This project was not requested by the Pentagon and, moreover, was included on the 1991 recommended base closure list. Although significant military construction appropriations will be necessary in the future for such facilities as barracks, hangars, etc., a voucherized housing program would ensure that military personnel are not relegated to second-class homes.

A sampling of military construction projects financed by the House-passed appropriations bill follows:

### **In Selected States and Countries**

Alabama .....	\$35.6 million
Air Force: child development center complex at Maxwell AFB .....	\$3.7 million
Air Force: add/alter Maxwell Elementary School .....	\$5.5 million
Arizona .....	\$38.3 million
Army: whole barracks complex renewal at Fort Huachuca .....	\$16 million
Air Force: aircraft corrosion control facility at Davis-Monthan AFB .....	\$1 million
California .....	\$326 million
Navy: child development center at Camp Pendleton .....	\$3 million
Navy: physical fitness center .....	\$4.1 million
Navy: child development center .....	\$1.3 million
Navy: family housing at Base Camp Pendleton (69 units @ \$144,927 per unit) .....	\$10 million
Air Force: add/alter anechoic chamber at Edwards AFB .....	\$11.1 million
Air Force: family housing at Edwards AFB (67 units @ \$169,403 per unit) ..	\$11.4 million
Air Force: family housing at Vandenberg (143 units @ \$141, 259 per unit) ..	\$20.2 million
Defense-wide: environmental health/industrial hygiene .....	\$1.7 million
Defense-wide: general purpose warehouse replacement .....	\$15 million
Colorado .....	\$55 million
Air Force: child development center at the Academy .....	\$4.2 million
Air Force: sailplane hangar .....	\$3.7 million
Florida .....	\$63.5 million
Navy: child development center at Pensacola training center .....	\$2.6 million
Georgia .....	\$95.6 million
Navy: child development center (phase II) .....	\$3.8 million*
Hawaii .....	\$100.8 million
Navy: family housing at Pearl Harbor (252 units @ \$192,063 per unit) .....	\$48.4 million
Illinois .....	\$40 million
Air Force: global reach planning center visiting quarters .....	\$4.7 million
Kansas .....	\$28.2 million
Air Force: deicing pad at McConnell AFB .....	\$1.2 million
Louisiana .....	\$41.9 million
Air Force: family housing at Barksdale AFB (62 units @ \$166,113 per unit) ..	\$10.3 million
Maryland .....	\$65.1 million
Navy: bachelor enlisted quarters at the Annapolis Naval Station .....	\$3.6 million
Mississippi .....	\$21 million
Air National Guard: road relocation .....	\$10.2 million*

Missouri .....	\$68.8 million
Army: child development center.....	\$3.9 million*
New Jersey .....	\$48.2 million
Navy: child development center at Lakehurst.....	\$1.7 million
Air National Guard: fuel cell and corrosion control facility .....	\$5.7 million
New York.....	\$43.5 million
Army: family housing at West Point (119 units @ \$138,655 per unit) .....	\$16.5 million
Army: child development center at West Point .....	\$8.3 million
North Carolina .....	\$159.3 million
Navy: wastewater treatment plant (phase II) at Camp Lejeune .....	\$45.5 million
Oklahoma.....	\$33.8 million
Army: central vehicle wash facility .....	\$6.3 million
Air Force: child development center at Altus AFB .....	\$3.6 million*
Pennsylvania .....	\$20.9 million
Navy: foundry renovation and modernization (phase III).....	\$6 million*
South Carolina .....	\$87.1 million
Defense-wide: Pierce Terrace Elementary School addition .....	\$576,000
Texas.....	\$150.6 million
Army: whole barracks complex renewal at Fort Bliss.....	\$48 million
Army: child development center at Fort Bliss .....	\$4 million*
Air Force: fire training facility at Laughlin AFB.....	\$1.4 million
Air Force: fire training facility at Randolph AFB.....	\$1.2 million
Virginia.....	\$146.6 million
Defense-wide: medical/dental clinic.....	\$4.3 million
Navy: family housing units at Norfolk (320 units @ \$132,812 per unit) .....	\$42.5 million
Army: family housing units at Fort Lee (135 units @ 144,444 per unit) .....	\$19.5 million*
Washington .....	\$82.9 million
Navy: physical fitness center .....	\$10.4 million*
Army: family housing at Fort Lewis (84 units @ \$128,571 per unit) .....	\$10.8 million
Wyoming .....	\$13.7 million
Air Force: child development center at Warren AFB.....	\$4 million*
Italy .....	\$53.5 million
Navy: quality of life facilities (phase III).....	\$15 million
United Kingdom .....	\$4.7 million
Air Force: add/alter child development center.....	\$2.3 million

## APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES

Total discretionary budget authority recommended in the bill .....	\$12.22 billion
Recommendation below/above 1995 enacted level.....	-\$1.5 billion/-11%



Total discretionary outlays recommended in the bill.....	\$37.1 billion
Recommendation below/above 1995 enacted level.....	-\$100 million/-0.2%

The fiscal 1996 Transportation appropriations bill contains an 11 percent cut in discretionary budget authority; yet total outlays contained in the bill are only 0.2 percent less than in fiscal 1995. This deceptive funding level is a result of increased appropriations from various trust funds. In fact, outlays from the various transportation trust funds actually are increased by more than \$3 billion or 15 percent over their fiscal 1995 level. Total outlays from the Highway Trust Fund for the National Highway Traffic Safety Administration are increased; federal highway project funding is increased by \$522 million; and outlays from the airport trust fund are increased by \$150 million.

The bill, as passed by the House, does eliminate surface transportation projects (demonstration projects), a traditional source of congressional earmarking. The bill also takes a solid first step toward limiting mass transit subsidies. Over the past 25 years, the federal government has spent more than \$90 billion, in today's inflation-adjusted dollars, subsidizing local urban mass transit projects in an effort to promote public transportation. This "investment" has failed by all measures. Mass transit's share of commuter travel has declined in nearly every city since federal subsidies were initiated, down from 9 percent nationwide in 1970 to 5 percent in 1990. Federal mass transit subsidies also encourage "gold-plated" mass transit systems that are beyond the needs of smaller cities. Such over-sized systems lead to a dependence on federal subsidies as the small population is unable to support such a large investment. The Transportation appropriations bill also reduces funding for the Federal Railroad Administration and Amtrak specifically by nearly 30 percent. These long-overdue reductions will force Amtrak to concentrate its efforts on improving efficiency as it moves toward self-sufficiency. Such positive measures, however, do not outweigh the general increases in transportation spending provided by the House-passed appropriations bill. A tremendous number of earmarks and wasteful programs remain.

Examples of areas Congress should give greater scrutiny include:

## Department of Transportation

Payments to Air Carriers (Essential Air Service) .....	\$15 million
Including grants to Air Carriers for service to: Hot Springs, Arkansas; Kamuela, Hawaii; Hays, Kansas; Bar Harbor, Maine; Hastings, Nebraska; Devils Lake, North Dakota.	
Minority Business Outreach .....	\$2.9 million*
Coast Guard .....	\$3.7 billion
Boat Safety .....	\$20 million*
Troops to Teachers program .....	\$404,000
Moral, welfare, and recreation program (this fund includes appropriations to purchase "balls, bats, golf clubs, fitness machines, camping equipment, outdoor grills, and related equipment") .....	\$150,000
Federal Aviation Administration .....	\$6.9 billion
NAS logistics support, Depot spares .....	\$4 million*
Mid-America Aviation Resource Consortium.....	\$250,000*



Office of Commercial Space Transportation .....	\$5.8 million
Facilities and Equipment .....	\$2 billion
Northern California Metroplex .....	\$10 million*
New Austin Airport at Bergstrom.....	\$20 million*
Other cities receiving facilities and equipment grants include: Fort Lauderdale, FL; Honolulu, HI; New York City, NY (both JFK International and LaGuardia); Bedford, MA	
Grants-in-Aid for Airports .....	\$1.5 billion
Federal Highway Administration.....	\$20.4 billion
Technical Assistance to Russia.....	\$400,000
ISTEA demos.....	\$738.5 million
Congestion mitigation and air quality improvement .....	\$967,000
Intelligent Transportation Systems .....	\$93.3 million
University of Texas at El Paso.....	\$1 million
Texas Transportation Institute .....	\$600,000
Johnson City, Tennessee.....	\$3 million
I-675/SR 844/Col. Glenn, Fairborn, Ohio .....	\$1 million
Disadvantaged Business Enterprises .....	\$10 million
Intelligent Vehicle Highway System .....	\$111,210
National Highway Traffic Safety Administration.....	\$278.7 million
Theft program pilot project.....	\$890,000
New Car Assessment Program .....	\$1.7 million
Federal Railroad Administration .....	\$827.9 million
Next Generation High Speed Rail .....	\$15 million
Amtrak subsidies .....	\$628 million
Railroad Research and Development.....	\$21 million
High speed ground transportation R&D .....	\$5.4 million
Magnetic levitation systems.....	\$425,000
Northeast Corridor Improvement Program .....	\$100 million
Federal Transit Administration.....	\$3.99 billion
University Transportation Centers .....	\$6 million
Transit Planning and Research .....	\$82.3 million
Research on large circuit breakers and switch gears.....	\$1 million
Team transit program of the Minnesota Metropolitan Commission.....	\$500,000
Bus and Bus Facilities.....	\$1.67 billion
Ames, Marshalltown, Ottumwa, Iowa .....	\$4 million
El Paso, Texas.....	\$10.4 million
Nashville, Tennessee .....	\$600,000
Norwich, Connecticut .....	\$3 million
Orlando, Florida.....	\$8.5 million
Rensselaer, New York .....	\$7.5 million
San Gabriel Valley, California.....	\$12.5 million
Santa Cruz, California .....	\$3 million
San Francisco, California.....	\$13.5 million
South Bend, Indiana.....	\$5 million

Ventura County, California.....	\$1.2 million
Westchester, New York .....	\$4.5 million
Fixed Guideway Systems.....	\$1.33 billion
Modernization projects .....	\$666 million
New York City metropolitan area.....	\$318.4 million
Washington, DC .....	\$14.5 million
Boston, MA.....	\$47 million
Dayton, OH.....	\$1.4 million
New projects .....	\$666 million
Dallas -- South Oak Cliff Line.....	\$16.9 million
Miami -- North 27th Avenue .....	\$2 million
New York Queens Connector .....	\$115 million
Pittsburgh -- Airport phase I .....	\$22.6 million
San Francisco BART extension .....	\$10 million
San Juan, Puerto Rico Tren-Urbano .....	\$15 million
Washington Metropolitan Area Transit Authority.....	\$200 million
Saint Lawrence Seaway Development Corporation .....	\$10.2 billion
Research and Special Programs Administration.....	\$65.3 million
Technology planning and development .....	\$1.3 million
Technology deployment.....	\$500,000
Architectural and Transportation Barriers Compliance Board .....	\$3.7 million

## **APPROPRIATIONS FOR THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT**

Total discretionary budget authority recommended in the bill .....	\$11.36 billion
Reduction below/above 1995 enacted level.....	-\$340 million/-2.9%
 Total discretionary outlays recommended in the bill.....	 \$11.87 billion
Reduction below/above 1995 enacted level.....	-\$130 million/-1.0%

The Treasury, Postal Service appropriations bill terminates four small agencies and initiates measures fostering the privatization of government functions. Also, the bill honors the budget resolution's proposal to impose a moratorium on the construction of any new government buildings. Specifically, the bill saves nearly \$13 million by terminating the Council of Economic Advisors, the Administrative Conference of the United States, the Advisory Commission on Intergovernmental Relations, and the Morris K. Udall Scholarship program and by transferring the Pennsylvania Avenue Development Corporation to the General Services Administration. The bill also backs two important demonstration projects advancing privatization. The Internal Revenue Service is required to institute a program to test the feasibility of using private collection agencies to collect delinquent taxes. In addition, the General Services Administration is required to develop a plan to privatize its Commercial Broker functions.

Examples of areas Congress should give greater scrutiny include:

<b>U.S. Postal Service .....</b>	<b>\$121.9 million</b>
Including:	
Payment to the Postal Service Fund .....	\$85 million
Payment to the Postal Service Fund for Nonfunded Liabilities .....	\$36.8 million

## **APPROPRIATIONS FOR VETERANS AFFAIRS, HUD, AND INDEPENDENT AGENCIES**

Total discretionary budget authority recommended in the bill ..... \$60 billion  
Recommendation below/above 1995 enacted level..... -\$10.8 billion/-15.3%

Total discretionary outlays recommended in the bill..... \$74 billion  
Recommendation below/above 1995 enacted level..... -\$2.5 billion/-3.3%

The VA/HUD appropriations bill contains broad cuts in the several departments and independent agencies under its jurisdiction. Perhaps most significantly, the bill would eliminate the Corporation for National and Community Service, the “parent company” of the Americorps program. The Department of Housing and Urban Development would be reduced by more than \$6 billion, or 24 percent. Spending for the Environmental Protection Agency would fall by \$2.3 billion, a 32 percent decrease. The bill would also reduce funding for the National Science Foundation by \$200 million; the Department of Veterans Affairs construction fund by some \$171 million; and NASA by \$705 million from its fiscal year 1995 level.

However, the bill could have cut deeper in these and many other areas. For example, Heritage Foundation estimates show that voucherizing specific aspects of veterans’ medical care could save more than \$1 billion annually while providing American veterans with more efficient and effective care. The VA/HUD bill makes only cosmetic changes in the Department of Veterans Affairs. In addition, termination of support for the international space station, a “big science” project increasingly criticized by scientists, would save American taxpayers more than \$2 billion each year. Yet, the VA/HUD bill fully funds the project.

The bill does take a positive step toward reforming the Department of Housing and Urban Development by retargeting funds away from project-based public housing support to tenant-based support. The bill allocates \$4.9 billion for the renewal of expiring Section 8 public housing contracts, an increase of \$2.2 billion above the fiscal 1995 level. But, Section 8 contracts have long been demonstrated to provide poor quality housing while subsidizing corrupt landlords. Moreover, CBO estimates the unfunded backlog of needed repairs to public housing at between \$10.5 billion and \$20.7 billion.<sup>6</sup> A better solution would be to provide housing vouchers. A

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<sup>6</sup> Congressional Budget Office, “The Challenges Facing Federal Rental Assistance Programs,” December 1994, p. 9, Table 1.

voucher program would save taxpayers from the liability of this backlog in repairs, prevent landlord corruption, and, most important, allow tenants to choose the housing that best satisfies their unique situations.

Examples of areas Congress should give greater scrutiny include:

### **Department of Veterans Affairs**

Construction, major and minor projects .....	\$336.4 million
Marion, IN, replace psychiatric beds .....	\$17.3 million
Perry Point, MD, renovate psychiatric wards .....	\$15.1 million
Salisbury, NC, environmental enhancements .....	\$17.2 million
Wilkes-Barre, PA, repair and renovate facility .....	\$5 million*
Asheville, NC, ambulatory care addition .....	\$1.5 million*
Joliet, IL, planning and design .....	\$1.4 million*

### **Department of Housing and Urban Development**

Annual Contributions for Assisted Housing .....	\$10 billion
Lead-based paint abatement activities .....	\$10 million
Family self-sufficiency programs .....	\$17.3 million
Renewal of expiring Section 8 subsidy contracts .....	\$4.9 billion
Special-needs housing, including elderly, disabled, and AIDS patients .....	\$1 billion
Payments for the operation of low-income housing projects .....	\$2.5 billion
Homeless assistance grants .....	\$873 million
Community Development Block Grants .....	\$4.6 billion

### **Independent Agencies**

Environmental Protection Agency .....	\$4.89 billion
Research and Development .....	\$384 million
Mickey Leland National Urban Air Toxics Research Center .....	\$500,000
American Water Works Research Foundation .....	\$3 million
Environmental Research Laboratory in Duluth, Minnesota .....	\$5 million
Environmental Programs and Compliance .....	\$1.88 billion
Southwest Center for Environmental Research and Policy .....	\$3 million
Chesapeake Bay program activities, oyster reef construction .....	\$21 million
Small Public Water Systems Technology Assistance Center at Montana State University .....	\$500,000
National Environmental Justice Advisory Council .....	\$300,000
Earthvision educational/environmental programs .....	\$1 million
Water infrastructure/state revolving fund .....	\$1.5 billion
Colonias communities in Texas .....	\$50 million
Mojave Water Agency groundwater research project .....	\$25 million
Boston Harbor cleanup .....	\$50 million
Alternate water source projects in West Central Florida .....	\$5.7 million
Rouge River National Wet Weather project .....	\$15 million

Council on Environmental Quality and Office of Environmental Quality .....	\$1 million
National Aeronautics and Space Administration (NASA) .....	\$13.7 billion
International Space Station .....	\$1.9 billion
Centers for the Commercial Development of Space	
Mission to Planet Earth.....	\$1 billion
Aeronautical Research and Development.....	\$866 million
Space Access and Technology .....	\$680 million
Commercial Technology programs.....	\$40.4 million
Neighborhood Reinvestment Corporation .....	\$38.7 million



