FISCAL YEAR 2012

TERMINATIONS, REDUCTIONS, AND SAVINGS

BUDGET OF THE U.S. GOVERNMENT

OFFICE OF MANAGEMENT AND BUDGET
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GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted.
2. Detail in this document may not add to the totals due to rounding.
3. At the time of this writing, none of the full-year appropriations bills for 2011 was enacted; therefore, the programs and activities normally provided for in the full-year appropriations bills were operating under a continuing resolution (P.L. 111–242, as amended).

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INTRODUCTION

Winning the future will take doing what we can do now to prepare America to compete in the global economy for decades to come. That means investing in and reforming education and job-training so that all Americans have the skills necessary to compete; encouraging innovation and investment in research and development in the industries of tomorrow such as clean energy; and rebuilding our Nation's infrastructure so that American companies can ship their products and ideas to every corner of the country and to any spot on the globe.

In addition to investing in these drivers of economic growth and job creation, we also must restore responsibility for what we spend and accountability for how we spend it. We cannot succeed in the world economy if we are burdened with growing deficits and debt. And we cannot get the most out of our Government if limited resources are wasted on duplicative, outdated, or ineffective programs.

That is why in his first Budget, the President confronted directly the fiscal situation we inherited, and eliminated trillions of dollars in budget gimmicks. While recognizing that increasing the deficit in the short term was necessary to arrest the economic freefall, the President pledged to cut the deficit he inherited in half as a share of the economy by the end of his first term, a commitment this Budget keeps. He signed into law pay-as-you-go (PAYGO) legislation that returned the tough budget rules of the 1990s to Washington. The principle behind PAYGO is simple: all new, non-emergency entitlement spending and revenue losses must be offset by savings or revenue increases, with no exception for new tax cuts. And, recognizing the role that rising health care costs play in our long-term fiscal future, the President advocated for and signed into law fiscally responsible health reform that will reduce our deficit by more than $200 billion over the next 10 years and more than $1 trillion over the second 10 years as well as fully pay for all new coverage. That is the most deficit reduction enacted in over a decade. Finally, the President convened the bipartisan National Commission on Fiscal Responsibility and Reform (the Fiscal Commission). Its work has reset the debate about further deficit reduction, and a number of its proposals are incorporated in this Budget.

The President also demanded that the Government spend every taxpayer dollar with as much care as taxpayers spend their own dollars. The President introduced legislation to create an expedited rescission authority so that unnecessary spending can be struck swiftly and constitutionally. Through his Accountable Government Initiative, the Administration has launched a host of initiatives to streamline what works, cut what does not, and eliminate wasteful spending. These include: focusing agencies on identifying and delivering on their top priorities, a comprehensive strategy to reform Government contracting that will save $40 billion by the end of 2011, an initiative to reduce the amount of improper payments made by the Government by $50 billion, a review and reform of information technology use and procurement, an initiative to reduce administrative overhead by billions and improve performance, and an effort to dispose of billions of dollars of unneeded and under-utilized real property assets.

In addition, the President asked his Administration to go line-by-line through the Budget to identify programs that are outdated, ineffective, or duplicative. In both his previous budgets, the President identified more than 120 terminations, reductions, and savings, totaling approximately $20 billion in each year. These terminations ranged from a radio navigation system for ships made obsolete by GPS to new F-22 fighter jets. While recent administrations have seen between 15 and 20 percent of their proposed discretionary cuts approved by the Congress, the Administration saw 60 percent of its proposed discretionary cuts become law for 2010.

The line-by-line review continues in this year's Budget. These terminations, reductions, and savings contribute, in many cases, to meeting the overall freeze on non-security discretionary savings. In other cases outside this category of spending, the cuts are part of the Administration wider effort to put the Nation on a sustainable fiscal path. As in previous years, many of these proposed cuts and reductions are to redundant or wasteful programs that should be made regardless if the Budget is in surplus or deficit. This year's *Terminations, Reductions, and Savings*, however, also includes cuts to programs about whose mission the Administration cares deeply because meeting our fiscal targets necessitates making tough choices that will take shared sacrifices from us all.

For 2012, the Administration is proposing 211 terminations, reductions, and savings measures that will save more than $33 billion in 2012 alone, supporting the Administration's efforts to institute a five year non-security freeze that would reduce the deficit over 10 years by more than $400 billion. Among these measures are recommendations from the men and women who work on the frontlines of the Federal Government that were made through the President's SAVE Award competition. Recognizing that the best ideas often are found not in Washington, the President launched the SAVE Award in 2009. Since then, thousands of Federal employees have submitted their ideas for consideration, and tens of thousands of Americans have voted to select their favorite SAVE Award ideas. The winning idea from this year's contest, submitted by Trudy Givens from Portage, Wisconsin, is included in this volume along with 18 other SAVE entries. These are noted in the text by the SAVE Award logo—a light bulb.

On their own, these cuts will not solve our fiscal problems, but they are a critical step to creating a more responsible and accountable Government and a key component of a comprehensive deficit reduction strategy. It is never easy to end or cut a program; they all have advocates. But removing the burden placed on us by years of irresponsible policy decisions that helped generate these deficits is essential to creating an America that can compete in the world economy—and that can win the future.

DISCRETIONARY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS

(Budget authority in millions of dollars)

Terminations	2010	2012	2012 Change from 2010
Adolescent Family Life Program, Department of Health and Human Services	17	....	–17
Agricultural, Forestry, and Fishing Program, Department of Health and Human Services	23	....	–23
B.J. Stupak Olympic Scholarship, Department of Education	1	....	–1
Brownfields Economic Development Initiative, Department of Housing and Urban Development	18	....	–18
Bureau of Labor Statistics - International Labor Comparison Program, Department of Labor	2	....	–2
Byrd Honors Scholarships, Department of Education	42	....	–42
C–17 Transport Aircraft Production, Department of Defense	2,500	....	–2,500
Career Pathways Innovation Fund, Department of Labor	125	....	–125
Center for Excellence for Veterans Student Success, Department of Education	6	....	–6
Children and Families Services' Job Demonstration Program, Department of Health and Human Services	3	....	–3
Children's Hospital Graduate Medical Education Payment Program, Department of Health and Human Services	318	....	–318
Christopher Columbus Fellowship Foundation	1	....	–1
College Textbook Rental Pilot Initiative, Department of Education	10	....	–10
Deep Underground Science and Engineering Laboratory, National Science Foundation	36	....	–36
Delta Health Initiative, Department of Health and Human Services	35	....	–35
Denali Commission, Department of Health and Human Services	10	....	–10
Diesel Emissions Reduction Grant Program, Environmental Protection Agency	60	....	–60
Economic Action Program, Department of Agriculture	5	....	–5
Education Research Centers, Department of Health and Human Services	25	....	–25
Election Reform Grants, Election Assistance Commission	75	....	–75
Emergency Operations Center Grant Program, Department of Homeland Security	60	....	–60
EP-X Manned Airborne Intelligence, Surveillance, and Reconnaissance Aircraft, Department of Defense	12	....	–12
Erma Byrd Scholarship Program, Department of Education	2	....	–2
Expeditionary Fighting Vehicle, Department of Defense	293	....	–293
Farm Service Agency Loan Programs - Direct Conservation Loans, Department of Agriculture	1	....	–1
Farm Service Agency Loan Programs - Guaranteed Farm Operating Subsidized Loans, Department of Agriculture	24	....	–24
Forest Resources Information and Analysis, Department of Agriculture	5	....	–5
Graduate STEM Fellows in K–12 Education, National Science Foundation	54	27	–27
Harry S. Truman Scholarship Foundation	1	....	–1
Health Care Facilities and Construction, Department of Health and Human Services	337	....	–337
Health Care Services Grant Program, Department of Agriculture	3	....	–3
Health Workforce Activities Including Allied Health and Other Disciplines, Department of Health and Human Services	2	....	–2
Healthy Communities, Department of Health and Human Services	23	....	–23
High Energy Cost Grants, Department of Agriculture	18	....	–18
Historic Whaling and Trading Partners, Department of Education	9	....	–9
Inter-City Bus Security Grant Program, Department of Homeland Security	12	....	–12
International Forestry, Department of Agriculture	10	....	–10
Joint Strike Fighter Alternate Engine, Department of Defense	465	....	–465
LANSCE Refurbishment, Department of Energy	20	....	–20
Legal Assistance Loan Repayment, Department of Education	5	....	–5
Leveraging Educational Assistance Partnerships Program, Department of Education	64	....	–64
Local Government Climate Change Grants, Environmental Protection Agency	10	....	–10
Management of National Forest Lands for Subsistence Uses, Department of Agriculture	3	....	–3
Mobile Enforcement Team, Department of Justice	31	....	–31
Multifamily Housing and Community Facilities Loan Guarantees, Department of Agriculture	8	....	–8
Multifamily Housing Revitalization Demonstration Program, Department of Agriculture	27	....	–27
National Biological Information Infrastructure, Department of the Interior	7	....	–7
National STEM Distributed Learning (Digital Library), National Science Foundation	16	....	–16
National Wildlife Refuge Fund, Department of the Interior	15	....	–15
Non-Line of Sight Launch System, Department of Defense	92	....	–92
Off-Campus Community Service, Department of Education	1	....	–1
Park Partnership Project Grants, Department of the Interior	5	....	–5
Patient Navigators, Department of Health and Human Services	5	....	–5
Preventive Health and Health Services Block Grant, Department of Health and Human Services	100	....	–100
Public Broadcasting Grants, Department of Agriculture	5	....	–5

DISCRETIONARY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS—Continued

(Budget authority in millions of dollars)

Terminations	2010	2012	2012 Change from 2010
Public Telecommunications Facilities Grants, Department of Commerce	20	....	–20
Racial and Ethnic Approaches to Community Health, Department of Health and Human Services	39	....	–39
Research Initiation Grants to Broaden Participation in Biology, National Science Foundation	2	....	–2
Resource Conservation and Development, Department of Agriculture	51	....	–51
Revenue Forgone from Reduced Rate Mail, Postal Service	29	....	–29
Rural Access to Emergency Devices, Department of Health and Human Services	3	....	–3
Rural Community Facilities, Department of Health and Human Services	10	....	–10
Rural Fire Assistance, Department of the Interior	7	....	–7
Rural Housing Service -- Small Loan and Grant Programs, Department of Agriculture	61	....	–61
Save America's Treasures and Preserve America, Department of the Interior	30	....	–30
Self-Help and Assisted Homeownership Opportunity Program (SHOP), Department of Housing and Urban Development	27	....	–27
SM–2 Block IIIB Missile, Department of Defense	98	....	–98
State Health Access Grants, Department of Health and Human Services	74	....	–74
Surface Launched Advanced Medium Range Air-to-Air Missile Program, Department of Defense	56	19	–37
Synchrotron Radiation Center, National Science Foundation	3	....	–3
Targeted Airshed Grants, Environmental Protection Agency	20	....	–20
Targeted Water Infrastructure Grants, Environmental Protection Agency	157	....	–157
Trade Adjustment Assistance for Firms, Department of Commerce	16	....	–16
Training for Realtime Writers, Department of Education	1	....	–1
Transitional Jobs Demonstration, Department of Labor	45	....	–45
Underground Railroad Educational and Culture, Department of Education	2	....	–2
University Community Fund, Department of Housing and Urban Development	25	....	–25
Valles Caldera, Department of Agriculture	4	....	–4
Vocational Rehabilitation Recreational Program, Department of Education	2	....	–2
Voting Access for Individuals with Disabilities, Department of Health and Human Services	17	....	–17
Water and Wastewater Treatment, Corps of Engineers	129	....	–129
Water Resources Research Act Program, Department of the Interior	7	....	–7
Watershed and Flood Prevention Program, Department of Agriculture	30	....	–30
Watershed Rehabilitation Program, Department of Agriculture	40	....	–40
Women's Education Equity, Department of Education	2	....	–2
Total, Discretionary Terminations	**6,064**	**46**	**–6,018**
Reductions			
Administrative Efficiency Initiative, Government-wide	....	–2,123	–2,123
Advance Practice Centers, Department of Health and Human Services	5	....	–5
Agricultural Research Service Buildings and Facilities, Department of Agriculture	71	–224	–295
Alaska Conveyance Program, Department of the Interior	34	17	–17
Anthrax Vaccine Research, Department of Health and Human Services	3	....	–3
Assistance for Europe, Eurasia, and Central Asia, Department of State and Other International Programs	742	627	–115
Asthma, Childhood Lead, and Healthy Homes, Department of Health and Human Services	66	33	–33
Baldrige Performance Excellence Program, Department of Commerce	10	8	–2
Bureau of Indian Affairs Real Estate Services, Department of the Interior	152	125	–27
Buyout of Farm Service Agency Positions, Department of Agriculture	....	–27	–27
Career and Technical Educational and Tech Prep Education State Grants, Department of Education	1,264	1,000	–264
Centers for Public Health Preparedness, Department of Health and Human Services	30	....	–30
Clean Water and Drinking Water State Revolving Funds, Environmental Protection Agency	3,487	2,540	–947
Community Development Block Grant, Department of Housing and Urban Development	3,983	3,684	–299
Community Economic Development Program, Department of Health and Human Services	36	20	–16
Community Facilities Select Grant and Set Asides, Department of Agriculture	45	38	–7
Community Services Block Grant, Department of Health and Human Services	700	350	–350
Development Disabilities Projects of National Significance, Department of Health and Human Services	14	8	–6
Electronic Records Archives, National Archives and Records Administration	86	49	–37
Emergency Steel Guaranteed Loan Program, Department of Commerce	....	–43	–43
EPA Homeland Security Activities, Environmental Protection Agency	154	104	–50
Forest and Rangeland Research, Department of Agriculture	344	325	–19
Forest Service Capital Improvement and Maintenance, Department of Agriculture	457	341	–116

DISCRETIONARY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS—Continued

(Budget authority in millions of dollars)

Reductions	2010	2012	2012 Change from 2010
Fossil Energy Research and Development, Department of Energy	672	453	–219
Grants and Administration, National Endowment for the Arts	168	146	–22
Grants and Administration, National Endowment for the Humanities	168	146	–22
Grants-in-Aid for Airports, Department of Transportation	3,515	2,424	–1,091
Great Lakes Restoration Initiative, Environmental Protection Agency	475	350	–125
Hospital Preparedness Program, Department of Health and Human Services	426	380	–46
HOME Investment Partnerships Program, Department of Housing and Urban Development	1,825	1,650	–175
Housing for Persons with Disabilities, Department of Housing and Urban Development	300	196	–104
Housing for the Elderly, Department of Housing and Urban Development	825	757	–68
In-House Research Programs, Department of Agriculture	1,180	1,138	–42
Indian Guaranteed Loan Program, Department of the Interior	8	3	–5
Integrated Wireless Network, Department of Justice	206	103	–103
James Webb Space Telescope, National Aeronautics and Space Administration	439	375	–64
Job Corps, Department of Labor	1,708	1,700	–8
Low Income Home Energy Assistance Program, Department of Health and Human Services	5,100	2,570	–2,530
Low-Priority Construction Projects, Corps of Engineers	317	....	–317
Maternal and Child Health Special Projects of National Significance	92	75	–17
McGovern-Dole Program, Department of Agriculture	210	201	–9
Mentoring Children of Prisoners, Department of Health and Human Services	49	25	–24
National Capital Arts and Cultural Affairs Grant Program, Commission of Fine Arts	10	5	–5
National Drug Intelligence Center, Department of Justice	44	25	–19
National Heritage Areas, Department of the Interior	18	9	–9
National Historical Publications and Records Commission, National Archives and Records Administration	10	5	–5
Nonpoint Source Grants, Environmental Protection Agency	201	165	–36
Office of Education, National Aeronautics and Space Administration	184	138	–46
Office of Historical Trust Accounting, Department of the Interior	47	31	–16
Other State and Local Preparedness, Department of Health and Humans Services	11	8	–3
Pest and Disease Programs, Department of Agriculture	912	837	–75
Public Health Emergency Preparedness Cooperative Agreements, Department of Health and Human Services	715	643	–72
Reintegration of Ex-Offenders, Department of Labor	108	90	–18
Rural Hospital Flexibility Grant Programs, Department of Health and Human Services	41	26	–15
Science of Learning Centers, National Science Foundation	26	20	–6
Senior Community Service Employment Program, Department of Health and Human Services	825	450	–375
Single Family Housing Direct Loans and Housing Repair Grants, Department of Agriculture	72	22	–50
State Criminal Alien Assistance Program, Department of Justice	330	136	–194
Non-Critical Functions in the U.S. Census Bureau, Department of Commerce	11	....	–11
Wildland Fire Management, Department of Agriculture	156	100	–56
Wildland Fire Program/Hazardous Fuels Reduction, Department of the Interior	206	157	–49
Workforce Investment Act - Governor's Reserve, Department of Labor	443	203	–240
Total, Discretionary Reductions	**33,736**	**22,614**	**–11,122**
Other Savings			
ESEA Consolidations, Department of Education	....	....	....
Higher Education Program Consolidations, Department of Education	....	....	....
Javits Fellowships Consolidation, Department of Education	....	....	....
Pell Grant Protection Act - End Year Round Pell	....	–7,617	–7,617
Rehabilitation Act Program Consolidations, Department of Education	....	....	....
U.S. Currency Paper Supply, Department of the Treasury	....	....	....
Total, Discretionary Terminations, Reductions, and Other Savings	**39,800**	**15,043**	**–24,757**

MANDATORY TERMINATIONS, REDUCTIONS, AND OTHER SAVINGS

(Outlays and receipts in millions of dollars)

Terminations	2012	2013	2014	2015	2016	2012–2016	2012–2021
Coal Company Tax Preferences, Department of Energy							
Expensing of Exploration and Development Costs	–27	–45	–47	–49	–51	–219	–447
Percent Depletion for Hard Mineral Fossil Fuels	–78	–129	–129	–130	–135	–601	–1,353
Royalty Taxation	–11	–13	–22	–31	–38	–115	–369
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels	–20	–35	–38	–39	–41	–173	–410
Commodity Storage Payments, Department of Agriculture	–1	....	....	....	....	–1	–1
Geothermal Payments to Counties, Department of the Interior	–7	–7	–7	–7	–7	–35	–74
Oil and Gas Company Tax Preferences							
Repeal Enhanced Oil Recovery Credit, Department of Energy	....	....	....	....	....	....	....
Repeal Credit For Oil and Gas Produced From Marginal Wells, Department of Energy	....	....	....	....	....	....	....
Repeal Expensing of Intangible Drilling Costs, Department of Energy	–1,875	–2,512	–1,762	–1,403	–1,331	–8,883	–12,447
Repeal Deduction For Tertiary Injectants, Department of Energy	–6	–10	–10	–10	–10	–46	–92
Repeal Exception to Passive Loss Limitations For Working Interests In Oil and Natural Gas Properties, Department of Energy	–23	–27	–24	–22	–21	–117	–203
Repeal Percentage Depletion for Oil and Natural Gas Wells, Department of Energy	–607	–1,038	–1,079	–1,111	–1,142	–4,977	–11,202
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies, Department of Energy	–902	–1,558	–1,653	–1,749	–1,842	–7,704	–18,260
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years, Department of Energy	–59	–215	–330	–306	–230	–1,140	–1,408
Oil and Gas Research and Development Program, Department of Energy	–20	–40	–50	–30	–10	–150	–150
Telecommunications Development Fund, Federal Communications Commission	–7	–7	–7	–7	–7	–35	–70
Unrestricted Abandoned Mine Lands Payments, Department of the Interior	–138	–186	–180	–104	–79	–687	–1,230
Total, Mandatory Terminations	**–3,781**	**–5,822**	**–5,338**	**–4,998**	**–4,944**	**–24,883**	**–47,716**
Reductions							
Commodity Payments to Wealthy Farmers, Department of Agriculture	....	–228	–261	–312	–315	–1,116	–2,511
Crop Insurance - Reimbursement on Catastrophic Premium, Department of Agriculture	–161	–166	–176	–179	–180	–862	–1,782
Health Care (Medicaid Proposals), Department of Health and Human Services	–210	–420	–470	–550	–700	–2,350	–10,570
Health Care (Medicare Proposals), Department of Health and Human Services	–30	–70	–150	–280	–350	–880	–6,490
Health Care (Pharmaceutical Proposals), Department of Health and Human Services	–609	–728	–827	–1,000	–1,271	–4,435	–12,897
Shift future Uniformed Services Family Health Plan Enrollees into TRICARE-For-Life/Medicare, Department of Defense	–1	–4	–12	–4	–13	–34	–279
Uniform Criteria for Special Monthly Pension, Department of Veterans Affairs	–6	–10	–13	–16	–20	–65	–216
Total, Mandatory Reductions	**–1,017**	**–1,626**	**–1,909**	**–2,341**	**–2,849**	**–9,742**	**–34,745**
Other Savings							
FECA Reform, Department of Labor	–10	–13	–5	–7	–17	–52	–283
Pell Grant Protection Act - End In-School Interest Subsidy for Stafford Loans for Graduate Students, Department of Education	–984	–3,200	–3,039	–3,019	–3,022	–13,264	–29,281
Pell Grant Protection Act - End Year Round Pell, Department of Education	–535	–604	–711	–840	–995	–3,685	–10,243
Total, Other Savings	**–1,529**	**–3,817**	**–3,755**	**–3,866**	**–4,034**	**–17,001**	**–39,807**
Total, Mandatory Terminations, Reductions, and Other Savings	**–6,327**	**–11,265**	**–11,002**	**–11,205**	**–11,827**	**–51,626**	**–122,268**

ADMINISTRATIVELY IMPLEMENTED SAVINGS

(In millions of dollars)

	2011	2012	2011–2015
Department of Agriculture			
Stop the Express Delivery of Empty Containers	–0.150	–0.350	–1.050
Department of Health and Human Services			
Expand the Use of Electronic Platforms to Conduct Research Grant Review Meetings	–11.000	–12.000	–62.000
Reduce Travel Costs and Support Telework Participation	–3.310	–3.450	–16.550
Department of Homeland Security			
Post Public Notice for Seized Property Online, Not in Newspapers	0.000	–1.000	–5.000
Department of Housing and Urban Development			
Lighting Efficiencies	–0.187	–0.748	–3.100
Department of Labor			
Electronic Reporting at the Mine Safety and Health Administration and Bureau of Labor Statistics	–0.024	–0.037	–0.302
Department of State and other International Programs			
Limit Printing/Copying and Procure Multi-Function Devices	–1.000	–2.800	–13.400
Paint Roofs of Embassies White	–1.100	–1.100	–5.300
Department of the Treasury			
Increase Paperless Transactions	–43.000	–87.000	–524.000
Information Technology Consolidation	0.000	–3.000	–96.000
Environmental Protection Agency			
Bundling Maintenance Agreements for Capital Equipment	0.000	*	*
Electronic Emissions Reporting	0.000	*	*
Reduce Travel Costs Through Video-Conferencing	0.000	–4.000	–25.000
National Aeronautics and Space Administration			
Green Initiative	0.000	–1.000	–10.000
National Science Foundation			
Virtual Desktop Computing Environment	–0.218	–0.435	–1.958
National Archives and Records Administration			
End the Mailing of Federal Register to Federal Government Offices	0.000	–4.000	–16.000
TOTAL	**–59.989**	**–120.920**	**–779.660**

Note: Amounts in this table include estimated savings from actions agencies are implementing to reduce costs that require no further action by the Congress.

* Savings estimates under development.

PROGRAM INTEGRITY SAVINGS

(Outlays and receipts in millions of dollars)

	2012	2013	2014	2015	2016	2012–2016	2012–2021
Savings from Discretionary Allocation Adjustments:							
Centers for Medicare and Medicaid Services, Department of Health and Human Services	–750	–890	–930	–990	–1,040	–4,600	–10,270
Disability Insurance and Supplemental Security Income Programs, Social Security Administration	–379	–2,280	–3,549	–4,496	–5,651	–16,355	–56,368
IRS Tax Enforcement, Department of the Treasury (receipts)	–276	–804	–1,970	–3,721	–5,646	–12,417	–55,653
Unemployment Insurance, Department of Labor	–92	–213	–235	–258	–283	–1,081	–2,712
Partnership Fund for Program Integrity Innovation, Executive Office of the President	....	....	....	....	....	....	....
Total, Savings from Discretionary Allocation Adjustments	**–1,497**	**–4,187**	**–6,684**	**–9,465**	**–12,620**	**–34,453**	**–125,003**
Savings from Mandatory/Receipt Legislative Proposals:							
Expand CMS Program Integrity Authority, Department of Health and Human Services	–655	–885	–1,155	–2,805	–3,560	–9,060	–32,335
Levy Payments to Federal Contractors with Delinquent Debt, Department of the Treasury (receipts)	–59	–61	–64	–67	–69	–320	–719
Levy Payments to Medicare Providers with Delinquent Debt, Department of the Treasury (receipts)	–64	–68	–71	–74	–76	–353	–748
Unemployment Insurance, Department of Labor (outlays and receipts)	....	–142	–261	–222	438	–187	–556
WEP/GPO Enforcement Provision, Social Security Administration	13	20	18	–202	–439	–590	–3,329
Total, Savings from Mandatory/Receipt Legislative Proposals	**–765**	**–1,136**	**–1,533**	**–3,370**	**–3,706**	**–10,510**	**–37,687**
Other Program Integrity Savings:							
Income Verification of Pell Grant Applicants, Department of Education (Outlay Savings)	–106	–390	–404	–420	–436	–1,756	–4,120
Workers Compensation Information Reporting, Social Security Administration	....	....	....	....	....	....	....
Low Income Home Energy Assistance Program, Department of Health and Human Services	....	....	....	....	....	....	....
Do Not Pay Fraud Prevention Activities, Government-wide	....	....	....	....	....	....	....
Child Care and Development Fund, Department of Health and Human Services	....	....	....	....	....	....	....
Administrative Debt Collection Reforms, Department of the Treasury	....	....	....	....	....	....	....
Total, Program Integrity Savings	**–2,368**	**–5,713**	**–8,621**	**–13,255**	**–16,762**	**–46,719**	**–166,810**

TERMINATION: ADOLESCENT FAMILY LIFE PROGRAM

Department of Health and Human Services

The Administration proposes to address issues of teen pregnancy prevention and provide quality prenatal care to teen mothers and families through the Pregnancy Assistance Fund, a mandatory grant program established in the Affordable Care Act (ACA), rather than continuing to fund the Adolescent Family Life (AFL) program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	17	0	-17

Justification

The AFL Program historically supported two types of demonstration grants to evaluate innovative strategies and integrated approaches for the prevention of teen pregnancy and for the delivery of comprehensive services to pregnant and parenting adolescents and their families. The President's 2010 Budget eliminated funding for the AFL prevention demonstration grant and established a new Teen Pregnancy Prevention Program to fund programs based on successful models that provide medically accurate and age-appropriate resources to reduce the risks of pregnancy and sexually transmitted diseases.

Funding remained in the President's 2010 Budget for AFL care grants. Care demonstration grants are for the purpose of developing, testing, and evaluating interventions to ameliorate the negative effects of too-early childbearing on teen parents, their infants, and their families. The President's 2011 Budget continued funding for these grants and other research activities.

In 2010, ACA created the Pregnancy Assistance Fund, a mandatory grant program similar to the existing care grants in the AFL Program. ACA required the Department of Health and Human Services to establish a Pregnancy Assistance Fund for the purpose of awarding grants to States to assist pregnant and parenting teens and women. This new program was created to accomplish the same goals of supporting pregnant and parenting teens, women, and their families that the AFL care grant program was designed to accomplish, making the AFL Program duplicative.

The President's 2012 Budget includes $120 million in Teen Pregnancy Prevention grants primarily funded through the Public Health and Prevention Fund. In addition, $150 million is included for three other pregnancy prevention and assistance programs, including $25 million for the Pregnancy Assistance Fund.

TERMINATION: AGRICULTURAL, FORESTRY, AND FISHING PROGRAM

Department of Health and Human Services

The Administration proposes no funding for the Agriculture, Forestry, and Fishing Program (AFF) within the National Institute of Occupational Safety and Health (NIOSH) at the Centers for Disease Control and Prevention (CDC) because these activities are not central to CDC's Mission and overlap with other Federal efforts. AFF Program activities are more aligned with the missions and activities of similar efforts at the Departments of Labor (DOL) and Agriculture (USDA).

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	23	0	-23

Justification

Recent program evaluations have emphasized the need for NIOSH to develop a more coordinated approach to its intramural and extramural programs. For example, the National Academies stated that the AFF Program lacked a single cohesive vision to drive the research agenda and that the lack of consistent leadership, long-term strategic planning, and periodic review of that course led to a piecemeal approach to the research that appeared disjointed more often than not. The National Academies also stated that the AFF Program has not always focused on the most appropriate cases and that workers have not accepted the majority of research contributions. Furthermore, the study also found that "there was little evidence that the research activities, outputs, and intermediate outcomes contributed to the stated end outcomes of reducing workplace injury and illness."[1]

NIOSH does not have the direct responsibility to regulate Agriculture, Forestry, and Fishing hazards, which has in some part led to the difficulty third parties had implementing NIOSH recommendations. This research is more aligned with the missions of DOL and USDA. DOL and USDA have more direct programs that address these issues and could be in a better place to achieve intended outcomes. For example, the DOL's website contains extensive information on how to improve farm safety and the Occupational Safety and Health Administration has approved more than 25 State and U.S. Territory plans to adopt standards and enforcement policies related to Agricultural farming.

Citations

[1] Agriculture, Forestry, and Fishing Research at NIOSH (2008) Board on Agriculture and Natural Resources (BANR) Institute of Medicine.

TERMINATION: BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE

Department of Housing and Urban Development

The Administration proposes to eliminate the Brownfields Economic Development Initiative (BEDI). Existing larger programs to address the same needs are more efficient and require a lower administrative burden on the Department of Housing and Urban Development (HUD). Local governments have access to other public and private funds that can address the same purposes.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	18	0	-18

Justification

BEDI is a competitive grant program whose purposes are served through much larger and more flexible Federal programs. BEDI is designed to assist cities with the redevelopment of abandoned, idled, and under-used industrial and commercial facilities where expansion and redevelopment is burdened by real or potential environmental contamination. These funds are targeted for redevelopment of brownfield sites for the purposes of economic development and job creation. While these are important objectives, the program is very small, with an average grant size of $1.1 million. Also, local governments have access to other public and private funds.

A 1999 General Accounting Office (renamed the Government Accountability Office in 2004) report found that about $469 million was planned and $413 million in Federal funds were obligated for brownfields activities in 1997 and 1998.[1] Of the planned total, BEDI appropriations ($25 million) contributed just five percent of the planned expenditure.

By terminating this program, HUD is also able to reduce the administrative workload associated with managing a small and duplicative program. Focusing staff on higher-impact and higher-return activities is a priority for HUD.

Citations

[1] General Accounting Office, *Environmental Protection: Agencies Have Made Progress in Implementing the Federal Brownfields Partnership Initiative*, GAO RCED-99-86 (April 9, 1999).

TERMINATION: BUREAU OF LABOR STATISTICS - INTERNATIONAL LABOR COMPARISON PROGRAM

Department of Labor

The 2012 Budget would eliminate the Bureau of Labor Statistics' (BLS) International Labor Comparison Program, which provides international comparisons of employment, compensation, productivity, and price data. Savings associated with this termination would be used to help finance other critical needs in BLS.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	2	0	-2

Justification

The International Labor Comparisons Program provides estimates of international comparisons to equivalent domestic hourly compensation costs; productivity and unit labor costs; labor force, employment and unemployment rates; and consumer prices. The data series is used to produce articles, technical papers, or special reports that are not widely used.

Savings from this termination would help finance other program increases in BLS, including the introduction of year-to-year comparisons of the Occupational and Employment Statistics, modernization of the Consumer Expenditure Initiative, and expansion of commodity and service price quote collections to reduce Consumer Price Index variance.

TERMINATION: C-17 TRANSPORT AIRCRAFT PRODUCTION

Department of Defense

The Administration proposes to terminate production of the C-17 -- a transport aircraft designed to carry large and heavy military cargoes over long distances. In 2007, the Department of Defense (DOD) decided to cease C-17 production after it completed its planned procurement of 180 aircraft. However, the Congress rejected DOD's contention that additional C-17s were unnecessary and added unrequested aircraft in each subsequent year to keep the production line open.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	2,500	0	-2,500

Justification

The C-17, together with the larger C-5, is the mainstay of the U.S. strategic airlift fleet. A total of 223 C-17s have now been ordered with the budgetary resources provided up to and including 2010. Analyses of DOD's requirements for long-range airlift have shown that the number of C-17s on order, together with the existing fleet of C-5 aircraft, are more than sufficient to meet DOD's mobility needs, even under the most stressing scenarios.[1,2] The Administration does not propose continued procurement of additional, unneeded, C-17s since their substantial costs, both near-term and long-term, would have to be offset by the early retirement of C-5s -- which still have, on average, 30 years of useful service life remaining.

Citations

[1] Government Accountability Office, *Timely and Accurate Estimates of Costs and Requirements are Needed to Define Optimal Future Strategic Airlift Mix,* GAO-09-50 (March 2009).

[2] Department of Defense, *Quadrennial Defense Review Report* (February 2006).

TERMINATION: CAREER PATHWAYS INNOVATION FUND

Department of Labor

The Administration proposes to end funding for the $125 million Career Pathways Innovation Fund, which provides competitive grants to community college partnerships to develop career pathway programs that help workers prepare for jobs in growing and emerging industries or to advance in their careers. With the multi-year mandatory appropriation of $2 billion for the Trade Adjustment Assistance Community College and Career Training Grant Program, which funds grants to community colleges and other institutions of higher education to improve and expand career training programs, this program is no longer needed.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	125	0	-125

Justification

The Career Pathways Innovation Fund replaced the Community-Based Job Training Grants Program in 2010, continuing the Department of Labor's support for training provided by community colleges, but shifting the focus to career pathway programs. Career pathways provide a clear sequence of coursework and credentials, each leading to a better job in a particular field. These programs have multiple entry and exit points and often include links to services, such as basic adult education and education and English as a Second Language classes, which make them accessible to individuals who are not yet prepared to enroll in college courses.

The Trade Adjustment Assistance Community College and Career Training Program, funded at $500 million annually in 2011 through 2014, can support a variety of community college programs, including those that utilize a career pathways framework. A stand-alone Career Pathways Innovation Fund would be duplicative.

TERMINATION: CHILDREN AND FAMILIES SERVICES' JOB DEMONSTRATION PROGRAM

Department of Health and Human Services

The Administration proposes to eliminate a job demonstration program in the Administration for Children and Families, the Job Opportunities for Low-Income Individuals (JOLI) program. The program is duplicative of other job training and low-income support programs. The Administration proposes to redirect these funds to other more effective initiatives that support job training, employment, and low-income individuals.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	3	0	-3

Justification

The JOLI program provides grants for business and microenterprise opportunities. The program has never been evaluated, nor does it have performance measures. The Administration strongly supports innovative and effective approaches to job creation and has instead made investments in larger programs that have the scope to reach more Americans during the economic downturn. These programs target vulnerable populations that have been particularly impacted by unemployment during the recession.

For example, the 2012 Budget provides more than $6 billion to the Department of Labor for job training and employment services. To encourage investment in effective training programs, the Budget sets aside roughly $300 million for innovation funds that will support evidence-based strategies and test promising program models. In addition, the Budget increases funding by 50 percent to prepare workers of all skill levels for jobs in green industries, increasing the Green Jobs Innovation Fund from $40 million to $60 million.

TERMINATION: CHILDREN'S HOSPITAL GRADUATE MEDICAL EDUCATION PAYMENT PROGRAM

Department of Health and Human Services

Facing limited Federal resources, the 2012 Budget focuses resources on competitive activities that support the expansion of primary care. Within the Health Resources and Services Administration (HRSA), the Budget proposes to prioritize funding for competitive health workforce grant programs that will train more primary care providers.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	318	0	-318

Justification

In 2010, the Congress appropriated $318 million for the Children's Hospital Graduate Medical Education (CHGME) payment program, which provides a general subsidy to free-standing children's hospitals through a statutory formula. The program was created to address the disparity in Federal support for Graduate Medical Education (GME) between freestanding children's hospitals and other teaching hospitals supported by Medicare.

Current estimates project that the United States will face a shortage of primary care physicians. Strengthening and growing our primary care workforce is therefore critical to reforming the Nation's health care system. Within the constrained budget environment, the Administration is directing health resources to competitive grant programs that create incentives for improved performance. Therefore, the 2012 Budget redirects CHGME resources to competitive and targeted activities that will support the training of more primary care providers. The Federal Government will continue to fund graduate medical education in children's hospitals through other sources, including Medicaid GME.

TERMINATION: CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

The Administration proposes no additional Federal funding for the Christopher Columbus Fellowship Foundation, which will continue to operate until its existing funds are expended.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1	0	-1

Justification

The Christopher Columbus Fellowship Foundation has nearly exhausted its endowed Trust Fund, which was established in 1992 for fellowships "to encourage and support research, study, and labor designed to produce new discoveries in all fields of endeavor for the benefit of mankind." The Foundation has not consistently demonstrated clear outcomes from its awards and has high overhead costs. No Administration has proposed funding for the Christopher Columbus Fellowship Foundation since the creation of the Foundation almost two decades ago.

TERMINATION: COAL TAX PREFERENCES (4 TERMINATIONS)

Department of Energy

To foster the development of a clean energy economy and reduce our dependence on fossil fuels that contribute to climate change, the Administration proposes to repeal tax provisions that preferentially benefit fossil fuel production. Coal subsidies are costly to the American taxpayer and do little to create incentives to boost production or reduce energy prices. Removing these subsidies would reduce greenhouse gas emissions and generate $2.6 billion of additional revenue over the next 10 years, an amount that represents only a small percentage of annual domestic coal revenues -- about one percent over the coming decade.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Total, Proposed Changes from Current Law	-136	-222	-236	-249	-265	-1,108	-2,579
Expensing of Exploration and Development Costs	-27	-45	-47	-49	-51	-219	-447
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels	-20	-35	-38	-39	-41	-173	-410
Percent Depletion for Hard Mineral Fossil Fuels	-78	-129	-129	-130	-135	-601	-1,353
Royalty Taxation	-11	-13	-22	-31	-38	-115	-369

Justification

Especially during a time of fiscal challenges, it makes little sense to provide incentives for fossil fuel producers when the Nation's priority is to increase the demand for and supply of clean energy. Repealing fossil fuel tax preferences helps eliminate market distortions, strengthening incentives for investments in clean, renewable, and more energy efficient technologies. This proposal would take effect beginning January 1, 2012.

In 2009, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2] In addition, removal of market distortions created by fossil fuel subsidies will lead to a more efficient allocation within the energy sector as well as across sectors, likely with positive impacts on national output and gross domestic product.

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

TERMINATION: COMMODITY STORAGE PAYMENTS

Department of Agriculture

The Administration proposes to eliminate payments to cotton and peanut producers that compensate them for their cost of storing their commodities that are put under loan with the Department of Agriculture. Cotton and peanuts are the only commodities for which the Government provides this assistance.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	1	0	0	0	0	1	1
Proposed Change from Current Law	-1	0	0	0	0	-1	-1

Justification

This proposal would eliminate cotton and peanut storage credits. The credits allow producers to store their cotton and peanuts at the Government's cost until prices rise. Therefore, storage credits have a negative impact on the amount of commodities on the market. Because storage is covered by the Government, producers may store their commodities for longer than necessary. There is no reason the Government should be paying for the storage of cotton or peanuts, particularly since it does not provide this assistance for other commodities.

TERMINATION: DEEP UNDERGROUND SCIENCE AND ENGINEERING LABORATORY

National Science Foundation

The Administration proposes to eliminate National Science Foundation (NSF) funding for pre-construction planning and design for the proposed Deep Underground Science and Engineering Laboratory (DUSEL) because the construction and operation of such a large, costly, and complex particle physics facility is outside of NSF's core mission responsibilities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	36	0	-36

Justification

NSF funding for the $1 billion Deep Underground Science and Engineering Laboratory (DUSEL) project at the former Homestake mine in South Dakota is being terminated following a series of reviews by the National Science Board (NSB), the Presidentially-appointed oversight and policy-setting body for NSF. Through these reviews, the Board came to a clear, unambiguous, and decisive conclusion -- the large cost and the scientific scope of DUSEL were inconsistent with NSF's traditional role in advancing fundamental research and education across many fields and disciplines. A particular concern raised by the Board was uncertainty regarding shared responsibility with the Department of Energy (DOE) and acceptance of risk during all stages of the project for the infrastructure required for the physics experiments being planned. Based on the unanimous NSB decision, NSF will not pursue design, maintenance, safety improvements or other funding to support the potential construction and operation of DUSEL as previously conceived and proposed.

Under the Administration's proposal, DOE will continue to pursue the design and development of its Long Baseline Neutrino Experiment (LBNE), which would have a significant presence at the Fermi National Accelerator Laboratory and possibly the Homestake site. In cooperation with the State of South Dakota, DOE will support minimal operations at the Homestake site while the Department carries out an alternatives analysis to determine if Homestake is the optimal location for the LBNE far detector. NSF will continue to solicit grant proposals for future particle physics research, including small-scale underground experiments that might be conducted at Homestake (should DOE decide to support the core infrastructure there) or at other existing sites in the United States and around the world.

TERMINATION: DIESEL EMISSIONS REDUCTION GRANT PROGRAM

Environmental Protection Agency

The Administration proposes to eliminate the Diesel Emissions Reduction Act (DERA) grant program. DERA grants are designed to help States and localities reduce emissions from diesel engines by retrofitting or replacing older, more polluting diesel engines. However, the marginal benefit of these individual retrofits is small given the large universe of existing diesel engines, and the grants only push forward in time reductions to emissions that would happen anyway, as the inventory of existing diesel engines turns over. Beginning in 2007, new diesel engines are subject to strict emissions controls that reduce particulate matter (PM) pollution by 90 percent and nitrogen oxides (NOx) emissions by 50 percent, compared to the previous standard.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	60	0	-60

Justification

The Diesel Emissions Reduction Act grant program was authorized as part of the Energy Policy Act of 2005 to fund retrofits and replacements of the oldest, most polluting diesel engines, complementing the stringent emissions standards on new diesel engines that EPA promulgated in 2007. To that end, the grant program has largely succeeded -- with the $469 million appropriated by the Congress from 2008-2010, the program has produced tangible reductions in NOx and PM emissions. In 2008, for example, the program retrofitted or replaced approximately 14,000 diesel engines, resulting in emissions reductions of 46,000 tons of NOx and 2,200 tons of particulate matter.[1] EPA has estimated these reductions occur at a cost to benefit ratio of up to 13:1, but as the program retrofits and replaces newer engines, its cost effectiveness decreases, because the same amount of grant funding results in less substantial emissions reductions.

Having achieved its short term objective to remove or retrofit the oldest and dirtiest engines, in the longer term any additional emissions reductions will occur even without DERA funding, as the inventory of existing engines turns over and new cleaner engines become the norm.

To the extent that certain locales may wish to further reduce emissions for diesel engines, other sources of funding are still available to fund retrofits or replacements. The Department of Transportation, for instance, typically funds diesel retrofits at $45 million annually through its Congestion Mitigation and Air Quality Improvement program. Separately, California's Proposition 1B finances projects to reduce diesel emissions from freight transportation. In addition, $7.1 million in diesel emission reduction projects is being provided through Supplemental Environmental Project enforcement agreements.

Citations

[1] Environmental Protection Agency, *Highlights of the Diesel Emissions Reduction Program*, Report to Congress, 2009.

TERMINATION: ECONOMIC ACTION PROGRAM

Department of Agriculture

The Administration proposes to eliminate funding for the Forest Service's Economic Action Program because the program is not targeted and is duplicative of other rural community assistance programs within the Department of Agriculture.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	5	0	-5

Justification

The Economic Action Program provides technical and financial assistance to communities and groups to enhance rural economies through the utilization of forest and related natural resources. This program is not targeted, and has previously provided funding for projects that have had marginal relation to the mission of the Forest Service or to forestry in general, including wastewater system designs, dredging studies, a water musical festival, and maritime technology program development. More recent funding has supported projects that better align with the Forest Service's mission, but are highly duplicative of other Department of Agriculture programs that can address priority needs in rural areas and assist forest-based industries. These programs include rural business and industry loans, biomass utilization grants, and biorefining assistance.

TERMINATION: EDUCATION RESEARCH CENTERS

Department of Health and Human Services

The 2012 Budget proposes to redirect funding for the Education and Research Centers (ERCs) Program within the National Institute for Occupational Safety and Health (NIOSH) at the Centers for Disease Control and Prevention (CDC) since the intended goals of the program have been met. These Centers provide seed money for academic institutions to develop occupational health training programs, which has already been accomplished.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	25	0	-25

Justification

ERCs were created in the mid-1970s to provide seed money for academic institutions to develop or expand occupational health and safety training programs for specialists currently practicing in the field. NIOSH currently supports 120 academic program staff, including 87 ERC grantee level academic programs. The original programmatic plan was to provide money for five years for institutions to develop and/or expand existing occupational health and safety training programs and for the grantees to become self-sustaining over time.

NIOSH has met the goal as originally intended for this program. In 2000, the Institute of Medicine (IOM) estimated that there were 175 Occupational and Safety Health programs across the United States. The IOM also estimated that "U.S. schools graduate about 300 students annually and approximately 400 master's-level industrial hygienists' graduate each year, a volume roughly equal to employer demand in the industrial sector that has most commonly used them."[1] According to the Bureau of Labor Statistics, there is an estimated 55,800 total jobs available for occupational safety and health in 2008, also level with the number of existing graduates in the occupational and safety health field.

NIOSH does not have a means for tracking the location and employment of ERC graduates or the percentage of graduates who work at Health Departments and there is no data on the number of graduates that have entered the field. ERCs also overlap with activities offered by the Department of Labor's Occupational Safety and Health Bureau through their Outreach Training Program, Resource Center Loan Program, and Training Institute Education Centers.

All of the ERC grants are jointly funded by both NIOSH and the Academic Center grantee. NIOSH contributions cannot exceed 50 percent of individual faculty and professional staff total salaries and fringe benefits. The Budget only eliminates the NIOSH portion. The non-Federal portion of the ERCs could still be continued albeit at a reduced level. The private sector could also increase funds for these activities.

Citations

[1] Safe Work in the 21st Century: Education and Training Needs for the Next Decade's Occupational Safety and Health Personnel (2000) Institute of Medicine.

TERMINATION: ELECTION REFORM GRANTS

Election Assistance Commission

The Budget proposes to terminate funding for Election Reform Grants. In 2010, the Congress reduced these grants by 25 percent and the 2011 Budget proposed to zero out funding for the grants. As of September 2009, States still had over $1 billion in unspent grant funds and interest earnings to use for elections administration improvements.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	75	0	-75

Justification

The Election Assistance Commission (EAC) administers Federal election administration grant funding to the States under the Help America Vote Act of 2002 (HAVA). Election Reform Grants are used to fund new and upgraded voting machines and support implementation of HAVA-mandated voter registration databases. Additional Federal funds are not needed to accomplish the purposes of HAVA since over $3 billion in Federal funds have been provided to the States since 2002, of which approximately $1 billion remains unspent as of September 2009. Besides eliminating unnecessary Federal spending, by providing no new Federal funding in 2012, States will be incentivized to spend current balances on HAVA-mandated programs to achieve State priorities for elections reform.

TERMINATION: EMERGENCY OPERATIONS CENTER GRANT PROGRAM

Department of Homeland Security

The Administration proposes to eliminate the Emergency Operations Center (EOC) Grant Program in the 2012 Budget because the program is largely comprised of congressionally-directed earmarks and award allocations that are not based on risk assessments. Also, other Department of Homeland Security grant programs can provide funding for the same purpose more effectively.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	60	0	-60

Justification

The 2008 EOC Grant Program was established to improve emergency management and preparedness capabilities for State and local communities by supporting flexible, sustainable, secure, and interoperable EOCs with a focus on addressing identified deficiencies and needs. However, this focus was compromised by congressional action, and by 2010, 78 percent of the EOC grant funds were for congressionally-directed earmarks, thus not allocated by merit-based criteria.

The EOC Grant Program uses award criteria that are not risk-based, and the Administration supports a risk-based approach to homeland security grant awards. This is the best way to allocate resources to the areas with the greatest need so as to maximize security gains for the Nation.

In addition, in 2009, EOC construction and renovation was approved as an allowable expense under the Emergency Management Performance Grant Program, thus providing a more effective funding mechanism through which potential grantees prioritize expenditures on EOCs against other emergency management initiatives.

TERMINATION: EP-X MANNED AIRBORNE INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE AIRCRAFT

Department of Defense

The Administration proposes to terminate the EP-X program -- a new surveillance and intelligence gathering aircraft -- since the strategic requirements for the program and the most effective means of meeting those requirements have not yet been determined.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	12	0	-12

Justification

For the EP-X program, the analysis of future intelligence, surveillance and reconnaissance requirements, and the most effective means of meeting those requirements is still not complete. As noted by the Government Accountability Office, such a process is the fundamental basis for sound programs and improved acquisition outcomes.[1] However, the EP-X program plans call for significant resources to be allocated to an extended development cycle before the program requirements have been fully defined. This contravenes a major tenet of the Administration's approach to improving the Government's acquisition practices, namely, that programs should be designed to meet defined threats (both current and anticipated), and reduce risk by using proven technologies whenever possible.[2]

The EP-X program was first proposed for termination in 2011. It is being proposed for termination again in 2012 since the strategic requirements for the program are still not defined.

Citations

[1] Government Accountability Office, *Defense Acquisitions -- Charting a Course for Lasting Reform,* GAO-09-663T (May 2009).

[2] Department of Defense, *Statement by the Secretary of Defense* (April 2009).

TERMINATION: EXPEDITIONARY FIGHTING VEHICLE

Department of Defense

The Administration proposes terminating the Expeditionary Fighting Vehicle (EFV), which was to be the Marine Corps' next generation amphibious assault vehicle. Cost overruns and technological problems have made the EFV unaffordable. At the same time, the EFV is vulnerable to improvised explosive devices and performs a specialized mission that can be met alternatively.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	293	0	-293

Justification

The Marine Corps had planned to procure 573 EFVs for use in amphibious landings and ground operations. Plans called for the 38 ton EFV to launch from Navy ships 25 miles off-shore, achieve speeds of 25 knots on water and 72 kilometers per hour on land, mount a 30 mm cannon, and carry and protect 17 Marines.[1,2]

Development of a vehicle with all these capabilities has proven challenging and expensive, however, and even with these capabilities the EFV would have vulnerabilities to current threats. The Marine Corps began refining the EFV concept in 1988, and began system development in 2000. Since system development began, the EFV's program unit cost has grown 177 percent, to $24 million; the scheduled date for full operational capability has slipped 10 years, to 2026; and the planned production quantity has fallen almost in half, from 1,013 to 573.[2,3] After $3 billion of appropriations and over two decades of work, the EFV has still been unable to meet minimum requirements for reliability and would require over $12 billion of further appropriations to complete development and acquire the planned total of 573 vehicles.[2] Planned EFV procurement would soon essentially swallow the entire Marine vehicle budget and much of its total procurement budget for years.[4] Operating and support would also be formidable, costing $26 billion over the lifetime of the fleet of operating vehicles.[2]

As the cost of meeting the EFV's original requirements has risen, new operational needs, that will be a challenge for the EFV to meet, have also arisen. The EFV's hull, designed to reach high speeds in the water, is vulnerable to improvised explosive devices; an armor appliqué kit would mitigate this threat, but it would only be usable on land. In addition, enemy anti-ship missiles, mines, and suicide boats and tactics have evolved so that amphibious ships may be too vulnerable operating in the EFV's range of 25 miles from shore.[1]

This decision does not call into question the Marines' amphibious mission. With savings from terminating the EFV the Marine Corps will be able to develop a more affordable amphibious vehicle, upgrade the EFV's predecessor -- the Amphibious Assault Vehicle (AAV) -- and acquire other tactical vehicles.

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended cancellation of the EFV as part of its illustrative savings options.[5]

Citations

[1] Feickert, Andrew, *The Marines' Expeditionary Fighting Vehicle (EFV): Background and Issues for Congress,* Congressional Research Service (September 2010).

[2] Department of Defense, *Selected Acquisition Report (SAR): EFV,* RCS: DD-A&T(Q&A)823-515 (December 2009).

[3] Government Accountability Office, *Defense Acquisitions: Assessments of Selected Weapon Programs* , GAO-10-388SP (March 2010).

[4] Gates, Robert M., "Statement on Department of Defense Budget and Efficiencies as Delivered by Secretary of Defense Robert M. Gates," The Pentagon, Thursday, January 6, 2011.

[5] National Commission on Fiscal Responsibility and Reform, December 2010.

TERMINATION: FARM SERVICE AGENCY LOAN PROGRAM - DIRECT CONSERVATION LOANS

Department of Agriculture

The Budget shifts funding from the Farm Service Agency's direct conservation loan program to the guaranteed conservation loan program to reduce the cost of conservation loans and to reduce the Government's risk exposure. This shift will allow the Government to continue to provide $150 million in conservation loans to our Nation's farmers.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1	0	-1

Justification

The Department of Agriculture conservation loan programs provide farm owners and farm-related business operators access to credit to implement conservation techniques that will conserve natural resources. Direct conservation loans are obtained through local Farm Service Agency (FSA) offices with loan limits up to $300,000, while guaranteed conservation loans up to $1,112,000 are available from lenders working with FSA. It is costlier to provide direct conservation loans than guaranteed loans, so in order to maintain a $150 million in total conservation loan level, funding was transferred from direct conservation loans to guaranteed conservation loans.

TERMINATION: FARM SERVICE AGENCY LOAN PROGRAM - GUARANTEED FARM OPERATING SUBSIDIZED LOANS

Department of Agriculture

The Budget does not fund the Farm Service Agency's guaranteed operating subsidized loans, because they are the costliest type of farm loan offered. The Budget shifts budget authority from guaranteed operating subsidized loans to direct operating loans in order to maximize assistance to farmers, better aligning available budgetary resources with the farm sector's needs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	24	0	-24

Justification

Guaranteed farm operating subsidized loans have a subsidy rate (a measure of the cost to the Government of providing these loans) of more than 14 percent, while direct farm operating loans have a subsidy rate of 5.63 percent. Therefore, the Government can provide significantly more assistance given a fixed level of funding via direct operating loans than through guaranteed farm operating subsidized loans. As a result, the Budget better aligns available budgetary resources with the farm sector's needs.

TERMINATION: FOREST RESOURCES INFORMATION AND ANALYSIS

Department of Agriculture

The Administration proposes to eliminate funding for the Forest Service's Forest Resources Information and Analysis program because the program is duplicative of other programs within the Department of Agriculture.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	5	0	-5

Justification

The Forest Resources Information and Analysis program provides cost-share assistance for State contributions to the Forest Inventory Analysis (FIA) program within Forest Service Research and Development (R&D). This assistance helps States improve the ongoing FIA assessments offered through R&D by improving sampling resolution, increasing sampling frequency, and tailoring assessments to address State-specific forest resource needs. The Forest Service currently provides a robust inventory of forest resources in the United States through R&D's FIA, and in 2008, contributions to the FIA program attributable to Forest Resources Information and Analysis amount to only six percent of total program funds.[1] Given the small contributions of the program to overall Forest Service inventory efforts and the highly localized value of program outputs to State natural resource agencies, the Administration does not support continued Federal funding.

Citations

[1] Department of Agriculture, U.S. Forest Service, *Forest Inventory and Analysis, Fiscal Year 2009 Annual Business Report*, (May 2010).

TERMINATION: GEOTHERMAL PAYMENTS TO COUNTIES

Department of the Interior

The Budget proposes to eliminate extra revenue sharing payments to certain counties from Federal geothermal leases, which are in addition to payments already provided to States. These payments to counties, established in the Energy Policy Act of 2005, are inconsistent with longstanding revenue sharing arrangements and reduce the return to Federal taxpayers from leases on Federal lands.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	7	7	7	7	7	35	74
Proposed Change from Current Law	-7	-7	-7	-7	-7	-35	-74

Justification

Mineral revenue collections from leases on Federal lands have historically been split equally between the Treasury and the State in which the lands were located. The Energy Policy Act of 2005, however, reduced the Federal share of geothermal lease receipts to 25 percent by allocating an additional 25 percent of geothermal revenues to counties in which the applicable Federal lands are located.

This treatment of geothermal lease revenues is inconsistent with longstanding revenue sharing arrangements and, if applied to other Federal leases, would cost the Treasury billions of dollars. This proposal would repeal these geothermal payments to counties and return to the traditional 50/50 Federal-State revenue sharing arrangement. States have the flexibility to allocate their share of revenue from Federal leases to counties, if appropriate.

TERMINATION: GRADUATE STEM FELLOWS IN K-12 EDUCATION

National Science Foundation

The Administration proposes to eliminate the Graduate Science, Technology, Engineering and Mathematics Fellows in K-12 Education (GK-12) program because: 1) the program has achieved its goal of providing models for graduate traineeships associated with K-12 Science, Technology, Engineering and Mathematics (STEM) education; 2) recent evaluation findings suggest that the effects of this program's fellowship experience in improving the trainees' research skills are mixed; and 3) the program design limits the ability of participants to gain enough in-depth experience in K-12 teaching to impact pupil learning.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	54	27	-27

Justification

GK-12 is a National Science Foundation (NSF) program, initiated in 1999, that provides traineeships for highly qualified U.S. graduate students in NSF-supported STEM disciplines to bring their leading research practice and findings into K-12 learning settings. While the program has achieved its overall goals, the Administration proposes to eliminate the GK-12 program starting in 2012. Funding for the program in 2012 will cover the outyear mortgage from previously-awarded grants.

Recent evaluation findings suggest that, while the experience benefits the graduate students' ability to explain STEM concepts to non-technical audiences, the effects of such traineeships in improving fellows' research skills are mixed.[1] It is challenging in K-12 schools to ensure that there is adequate time and depth of fellows' interaction to guarantee success. The design of the program did not allow for adequate time and depth of interaction of the Fellows in K-12 classrooms to assess and ensure improved K-12 STEM learning as a result. Based on the experiences gained during the ten years of GK-12 funding, NSF is interested in building on this foundation to widen the breadth of graduate traineeship experiences and to continue to ensure that K-12 students and teachers have access to cutting-edge science through other NSF programs. NSF's continuing strong commitment to K-12 STEM activities will be demonstrated through a number of new initiatives, all of which will help support the President's goal of improving the quality of STEM education and increasing STEM literacy.

Citations

[1] Abt Associates Inc., *Evaluation of the National Science Foundation's GK-12 Program: Final Report, Volume I and II: Technical Report and Appendices*, Contract # GS-10F-0086K, Order # NSFDACS06D1412 (November 2010).

TERMINATION: HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

The Administration proposes no additional Federal funding for the Harry S. Truman Scholarship Foundation, which will continue to operate on interest from its endowed trust fund.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1	0	-1

Justification

The Harry S. Truman Foundation will continue to operate on interest income from its trust fund and will be able to meet its statutory requirements without additional appropriated funding. Until 2009, the Truman Foundation had operated without new appropriations since it was originally endowed in the 1970s. No additional funds have been proposed for the Truman Foundation in any President's Budget since 1978.

TERMINATION: HEALTH CARE SERVICES GRANT PROGRAM

Department of Agriculture

The Administration proposes to support health care services in rural areas through Department of Health and Human Services (HHS) programs and eliminate the duplicative Department of Agriculture (USDA) Health Care Services grants program. USDA, unlike HHS, has no expertise providing grants for health care services.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	3	0	-3

Justification

USDA's Rural Utilities Service (RUS) provides grants, loans and loan guarantees for utility projects such as those dealing with electrification, telecommunications, water, wastewater, and sewer. The 2008 Farm Bill authorized a new program to address health needs in the Delta region. The authorization provides for grants for the development of health care services, health education programs, and health care job training programs. The 2010 appropriations provided $3 million for this program.

Health care services, health education, and health care training programs are not programs that USDA has experience evaluating or implementing. HHS, however, has expertise in this area and has programs that support similar goals. For example, HHS allocates over $2 billion for a Health Center grants program that supports services to the underserved in rural as well as urban areas. In addition, HHS has a variety of programs that support health education and the training of health care professionals. Since HHS has existing programs and funding that support a variety of health care goals, future needs should be funded through HHS.

TERMINATION: HEALTH RESOURCES AND SERVICES ADMINISTRATION (3 TERMINATIONS)

Department of Health and Human Services

The Budget proposes to eliminate funding for congressionally-directed earmarks in the Health Resources and Services Administration (HRSA), including Health Care Facilities and Construction, the Denali Commission, and the Delta Health Initiative. There are competitive sources of funding that can more effectively accomplish the goals of these programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Health Care Facilities and Construction	337	0	-337
Denali Commission	10	0	-10
Delta Health Initiative	35	0	-35

Justification

In 2010, the Congress appropriated $382 million for unrequested local health projects, including: Health Care Facilities and Construction ($337 million); the Denali Commission ($10 million); and the Delta Health Initiative ($35 million). Health Care Facilities and Construction support construction, renovation, and equipment acquisition for identified public and private sector recipients. These resources support 766 projects selected individually for funding by the Congress annually. The Denali Commission supports construction of health facilities in Alaska. The Delta Health Initiative funds construction of health care facilities, training of health professionals, and the purchase of equipment in Mississippi. Projects are not subject to a competitive or merit-based process. In many cases these funds pay for equipment and construction in private health care facilities. Furthermore, there are other sources of funding in the Federal Government that can accomplish these goals. A Government Accountability Office report identified 29 other programs across eight Federal agencies that support non-residential buildings and facilities construction.[1] Meritorious projects should be able to receive funding under a competitive process.

Citations

[1] Government Accountability Office, *Multiple Federal Programs Fund Similar Economic Development Activities*, GAO-08-691 (September 3, 2008).

TERMINATION: HIGH ENERGY COST GRANTS

Department of Agriculture

The Administration proposes to eliminate the High Energy Cost Grants program because it is duplicative of, and less effective than, the Rural Utilities Service's (RUS) Electric Loan Program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	18	0	-18

Justification

The RUS Electric Loan Program and High Energy Cost grants program are duplicative, having similar goals to provide reasonably priced electric service to rural residents. Low-interest electric loans are available to most rural areas with more favorable rates in areas where borrowers have low revenue per kilowatt sold and the average per capita income of residents is below the State average. In contrast, only Alaska, Hawaii, the territories, and a few isolated areas within the continental United States qualify for the grant program based on their high energy costs. The areas eligible for grants are also eligible for low-cost electric loans through the RUS. In particular, funds available through the RUS Hardship Electric Loan Program are used to support the provision of electric service in high-cost areas.

In addition, the way the program is currently designed, the bulk of the funding directly supports fossil fuel activities. The 2012 Budget supports the President's commitment to phase out fossil fuel subsidies by eliminating the High Energy Cost grants program.

TERMINATION: INTER-CITY BUS SECURITY GRANT PROGRAM

Department of Homeland Security

The Administration proposes to eliminate the Inter-City Bus Security Grant Program (IBSGP) since the awards are not based on risk assessment, and the homeland security investments in inter-city bus security should be evaluated in the context of the risks faced and relative benefits to be gained by Federal investments across all transportation sectors.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	12	0	-12

Justification

The 2010 IBSGP provides funding to operators of fixed-route inter-city and charter bus services to support security plans, facility security upgrades, and vehicle and driver protection. Recently, the funding has gone to private sector entities for business investments that they could be making without Federal funding.

The Government Accountability Office has recommended that the Transportation Security Administration conduct an in-depth risk analysis of the commercial vehicle sector per its recent report.[1] For now, this program should be eliminated in favor of funding initiatives aimed at mitigating verified transit threats. Funding for the inter-city bus industry should be included in the larger Public Rail/Transit Security Grant Program and prioritized against all transit-related security investments.

Citations

[1] Government Accountability Office, *Commercial Vehicle Security: Risk-Based Approach Needed to Secure the Commercial Vehicle Sector*, GAO 09-85 (February 27, 2009).

TERMINATION: INTERNATIONAL FORESTRY

Department of Agriculture

The Administration proposes to eliminate funding for the Forest Service's International Forestry programs because the program is duplicative of programs in other Federal agencies focused on international development assistance.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	10	0	-10

Justification

The International Forestry program promotes sustainable forest management internationally through the delivery of technical assistance, policy development, and disaster preparedness and response by trained forestry experts. This international focus is not consistent with the Forest Service's mission to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations. Other Federal agencies, including the U.S. Agency for International Development, have missions more centrally focused on promoting conservation in developing countries; the Forest Service's expenditures through International Forestry amount to only six percent of the Federal total for forest management and conservation abroad.[1]

Citations

[1] U.S. Agency for International Development, *USAID's Biodiversity Conservation and Forestry Programs, 2010 Report,* p.110.

TERMINATION: JOINT STRIKE FIGHTER ALTERNATE ENGINE

Department of Defense

The Administration proposes to terminate the Joint Strike Fighter (JSF) Alternate Engine Program (AEP) because it is no longer needed as a hedge against the failure of the main JSF engine program. The Department of Defense (DOD) first proposed cancelling the JSF AEP in the President's 2007 Budget, but, the Congress rejected the proposed cancellation and has added funding each year since 2007 to sustain the AEP program. The Administration proposed this termination in two previous budgets, and still believes that the program is unnecessary and should be terminated.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	465	0	-465

Justification

JSF AEP was started because DOD wanted to reduce technical risk in the development of a new engine for JSF. However, the main engine program for JSF is progressing well. A second engine program is, therefore, unnecessary and there is no need to continue to support two separate contractors. Moreover, financial benefits, such as savings from competition, have been assessed to be small, if they exist at all, because of the high cost of developing, producing and maintaining a second engine. The reasons for canceling AEP in 2007 remain valid today. Studies by both the Government Accountability Office and the Congressional Budget Office have questioned the affordability of the current defense program, particularly the high cost of modernizing tactical aviation.[1,2] Canceling the AEP will result in near-term savings of over $1 billion.

Citations

[1] Government Accountability Office, *Defense Acquisitions: Assessments of Selected Weapon Programs*, GAO-09-326SP (March 2009).

[2] Congressional Budget Office, *Long Term Implications of the Fiscal Year 2009 Future Years Defense Program* (January 2009).

TERMINATION: LANSCE REFURBISHMENT

Department of Energy

The Administration proposes to cancel refurbishment of the Los Alamos Neutron Science Center (LANSCE), which is a linear accelerator that was built 30 years ago and no longer plays a critical role in weapons research.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	20	0	-20

Justification

The Budget proposes to continue LANSCE operations but not to fund any major refurbishment. Operations at the LANSCE facility have been funded the last several years between $70 million to $80 million annually. Typically, funding has come from the following sources: the National Nuclear Security Administration (NNSA) ($62 million); the Department of Energy (DOE) ($12.8 million); and work for others ($2.6 million) for a total of about $77.4 million. The operational funding in 2012 is expected continue at about this level.

In the past, LANSCE was used for a variety of scientific investigations of nuclear weapons and basic science, but today its usefulness in these roles is limited.[1] For several reasons, including the fact that either more powerful, more flexible machines can meet these needs, the capability can be purchased at lower cost from other sources, critical questions in weapons research have migrated away from LANSCE, and the work done with LANSCE has been completed. Both internal and external analyses and descriptions of the stockpile, its associated research, and maintenance fail to mention any role for LANSCE in weapons activities.[2,3] The facility, however, continues to be of value for low-energy experiments, and increasingly it will have a limited lifetime before critical non-replaceable components fail. Contractor proposals for obtaining nuclear and materials data for the weapons program, the Office of Science, and Nuclear Energy are under consideration by NNSA, but a decision to commit to the refurbishment has not been made.

Considerable use of the facility is made by organizations outside of NNSA, including educational institutions and DOE. With the alternatives available for the information obtained from the LANSCE, and NNSA's 2006 report to the House questioning whether the refurbishment plan was the best upgrade option, DOE and NNSA do not consider LANSCE's refurbishment to be justified. From 2006 to 2012, NNSA has not proposed funding for it.

Citations

[1] NNSA Response to Direction in House Report 109-275 on H.R. 2419 (Energy and Water Appropriations Act, 2006), *Capability of Proton Radiography of the Los Alamos Neutron Science Center Facilities to Support Stockpile Stewardship Activities* (July 1, 2006).

[2] NNSA, *Fiscal Years 2010 -- 2014 Stockpile Stewardship Plan* (February 1, 2010).

[3] JASON Program Office, *Life Extension Options for the U.S. Nuclear Weapons Stockpile (U)* (September 11, 2009).

TERMINATION: LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM

Department of Education

The Administration proposes to eliminate the Leveraging Educational Assistance Partnership (LEAP) program, as it has fulfilled its purpose of encouraging States to provide postsecondary student financial assistance and is no longer the most optimal way of targeting such assistance to needy students.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	64	0	-64

Justification

The LEAP program provides grants to States to encourage them to provide need-based grants and community service work-study assistance to eligible postsecondary students. To receive LEAP funds, States must match every Federal dollar on at least a one-to-one basis. These funds are then disbursed to students based on how the State defines "substantial financial need."

The original goal of the LEAP program was to encourage States to provide grant aid and other financial assistance to their postsecondary students. This goal has been met. Between 1992 and 2008, average State grant aid has increased by 167 percent.[1] Additionally, in the 2009-2010 academic year, States provided nearly $1 billion dollars for need-based grant aid -- $950 million over the level generated by a one-to-one match. This demonstrates that States' support for postsecondary grant assistance rises and falls independently from this program.

The Administration strongly supports expanded student aid, as demonstrated by the proposed growth in Pell Grants, among other policies.

Citations

[1] The College Board, *Trends in Student Aid: 2008* (2009).

TERMINATION: LOCAL GOVERNMENT CLIMATE CHANGE GRANTS

Environmental Protection Agency

The Administration proposes to eliminate funding for a competitive grant program for local communities to reduce greenhouse gas emissions. The program lacks focus and applies to disparate sectors ranging from land use planning to methane capture and improving the energy efficiency of buildings. The Administration proposes to eliminate the program because it is less efficient than other greenhouse gas emission reduction programs across the Federal Government.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	10	0	-10

Justification

The Local Government Climate Change Grants program was established by the Congress in 2009 and lacks guidance, defined outcomes, and an effective means of targeting funds. Moreover, the program is too broad to effectively compare competing grant proposals and target funds. The Administration remains committed to achieving greenhouse gas reductions, and will rely on information, partnership, and research and development programs to encourage action by communities and local governments.

Energy Star, Smart Growth, and AgStar are some examples of established voluntary programs that generate emissions reductions from many of the same sectors that the grant program would target: appliances; buildings; development alternatives; and agricultural practices. The Administration will also seek greenhouse gas reductions through regulatory efforts such as the joint Environmental Protection Agency-Department of Transportation national program to reduce emissions from Model Year 2012-2016 cars and trucks, and will pursue regulatory options to address stationary source. These programs target the most significant sources of emissions and would be more effective in providing emission reductions than a Federal grant program.

TERMINATION: MANAGEMENT OF NATIONAL FOREST LANDS FOR SUBSISTENCE USES

Department of Agriculture

This program primarily supports fisheries and wildlife management activities in the areas of population assessment, forecasting, harvesting regulations, and law enforcement to ensure that the subsistence needs of qualified rural Alaskans are met under the Alaska National Interest Lands Conservation Act. The Budget proposes to fund these activities using National Forest System funding, which supports management and permitting activities at all forests and grasslands.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	3	0	-3

Justification

All activities supported by these funds can also be funded through and are routinely supplemented with funding from National Forest System funds. The Forest Service will continue to meet its responsibilities under the 1980 Alaska National Interest Lands Conservation Act through National Forest System funds.

TERMINATION: MOBILE ENFORCEMENT TEAM

Department of Justice

The Administration proposes to eliminate the Drug Enforcement Administration's (DEA) Mobile Enforcement Teams (MET). MET teams have a narrow focus, are duplicative of other Federal, State, and local law enforcement efforts and their effectiveness in reducing crime has not been demonstrated.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	31	0	-31

Justification

In April 1995, DEA created the MET program to attack drug trafficking organizations. MET teams were designed to be deployed on a temporary basis (average of six months) to work with Federal, State, and local law enforcement partners in the disruption and/or dismantlement of Priority Target Organizations (PTOs), including violent drug trafficking organizations and gangs. In December 2010, however, the Department of Justice, Inspector General (IG) found, that "despite its name, the Mobile Enforcement Teams were not mobile. Rather, they were being operated primarily in Metropolitan areas near DEA offices. Consequently, rural law enforcement agencies did not have the benefit of using MET resources to address either methamphetamine or violent gang problems within their jurisdictions."[1] Since 2008, MET has grown almost 75 percent in personnel and 90 percent in funding and have focused primarily on criminal street gangs and neighborhood drug trafficking operations. Again, according to the Justice Department IG, "DEA field divisions generally reported that after MET deployments ended, the target locations experienced decreases in drug sales and violent crime, and that community reaction and involvement was positive. However, DEA Post-Deployment reports showed that some types of violent crimes increased in the 6-month period after a deployment ended."[1] This would seem to indicate that the effects of MET deployments are transitory and perhaps poorly focused.

The Administration proposes to eliminate MET and transfer the 145 positions associated with the program to DEA's Diversion Control Fee Account (DCFA) to staff Tactical Diversion Squads (TDS). TDS investigate, disrupt, and dismantle those suspected of diverting and trafficking in licit pharmaceutical controlled substances or listed chemicals.

Citations

[1] Department of Justice, Office of Inspector General Audit Division, *Audit of the Drug Enforcement Administration's Mobile Enforcement Team Program,* Audit Report 11-08, (December 2010).

TERMINATION: MULTIFAMILY HOUSING AND COMMUNITY FACILITIES LOAN GUARANTEES

Department of Agriculture

The Administration proposes to terminate both the multifamily housing and the community facilities loan guarantee programs. Both programs recently became more expensive than earlier estimates, while serving less needy rural residents and communities than their direct loan counterpart.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	8	0	-8

Justification

These programs were originated to be an inexpensive alternative to the equivalent direct loan program, and to stimulate additional assistance to moderate income people/communities in rural areas. However, the defaults in these programs have been much higher than initially projected, and the increase has happened quickly, making them more expensive than their direct loan counterparts. In addition, the direct loan programs have very low defaults, even though they tend to serve the much lower income residents/communities. For 2012, the community facilities direct loan program has a negative subsidy rate and is funded at $1 billion, up from $295 million in 2010. The multifamily housing direct loan program is proposed at a $25 million increase, a 35 percent increase over 2010. The increases in the equivalent direct loan programs for these terminated guaranteed loan programs should ease the effects these terminations will have.

TERMINATION: MULTIFAMILY HOUSING REVITALIZATION DEMONSTRATION PROGRAM

Department of Agriculture

The 2012 Budget proposes to terminate the Rural Housing Service's multifamily housing demonstration program because the program primarily serves developers of multifamily housing properties, rather than the low- and very-low income tenant base that it is intended to help. Moreover, there is no authority for the demonstration program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	27	0	-27

Justification

For the multifamily housing programs, the Department of Agriculture's 2012 budget for the Rural Housing Service focuses assistance on the low- and very-low income tenant population. While repair and rehabilitation of the portfolio is important, this open-ended demonstration program has now funded the most cost-effective and justified repairs. At this point, additional funding in the demonstration program could be seen as over-subsidizing the multifamily housing property owners. The traditional way to fund revitalization has been through the multifamily housing direct loan program with rehabilitation loans. While the 2012 Budget proposes to terminate funding for the multifamily housing revitalization demonstration program, it proposes to increase the multifamily housing direct loan program from $70 million to $95 million, ensuring that more affordable rental housing opportunities are created for the very-low income tenant base in rural America.

TERMINATION: NATIONAL BIOLOGICAL INFORMATION INFRASTRUCTURE

Department of the Interior

The National Biological Information Infrastructure (NBII) is a database of the Nation's biological resources that is designed to provide access to data and products maintained by other contributors in government agencies, academic institutions, non-government organizations, and private industry. While helpful, this program is duplicative of other efforts both by the Federal Government and private sector to collect similar data into a single location.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	7	0	-7

Justification

NBII is designed to provide access to biological data and information that are owned and maintained by other organizations, including government agencies, academic institutions, non-government organizations, and private industry. There are similar efforts in the public and private sectors to gather available data and providing public access from a single location. For example, data.gov provides public access to various Federal datasets in a single location. Therefore, while the NBII serves a useful purpose, it is redundant with these other initiatives. Data currently accessed through NBII will continue to be available through their parent sites.

TERMINATION: NATIONAL STEM DISTRIBUTED LEARNING (DIGITAL LIBRARY)

National Science Foundation

The Administration proposes to terminate the National Science, Technology, Engineering and Mathematics (STEM) Distributed Learning program (formerly the National STEM Digital Library) based in part upon recent evaluation findings that point to the challenges of sustaining such a program in the face of changing technology and the ways educators now find and use classroom materials. The National Science Foundation (NSF) plans to fund related research in cyberlearning through other existing programs and activities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	16	0	-16

Justification

The National STEM Distributed Learning (NSDL) program, in its 10 years of existence, has been successful in meeting its original goals, but recent preliminary evaluation findings point to the challenges of sustaining the collection in the face of changing technology and raise concerns about the currency of the collections, peer review of collections, collaboration across pathways, and lack of standardization, and indicate a need for targeted research.[1] Much has been learned through NSDL about the challenges and opportunities in sharing digital content. The technological landscape is changing so rapidly that new approaches are being considered, based on the substantial NSDL experience. NSF plans to address key areas in cyberlearning through other programs and activities, such as Cyberlearning Transforming Education, and Teacher Learning for the Future, going forward. NSF's continuing strong commitment to K-12 STEM activities will be demonstrated through a number of new initiatives.

Citations

[1] RAND Corporation, *Steps Toward a Formative Evaluation of NSDL: Phase 2*, PM-3516-NSF (October 2010).

TERMINATION: NATIONAL WILDLIFE REFUGE FUND

Department of the Interior

The Administration proposes to eliminate the discretionary funding contribution to the National Wildlife Refuge Fund (NWRF), which is a low priority within the Fish and Wildlife Service (FWS). The mandatory receipts collected and allocated under the program would remain. While funds are directed to counties to offset local tax loss due to Federal land ownership, formulas for NWRF distribution do not account for the economic benefits, such as recreational tourism, that wildlife refuges provide.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	15	0	-15

Justification

The Refuge Revenue Sharing Act, as amended, authorizes revenues and direct appropriations to be deposited into a special fund, the NWRF, and used for payments to counties in lieu of taxes for lands acquired in fee or reserved from public domain and managed by the FWS.

Refuges, however, have been found to generate tax revenue for communities far in excess of tax losses from Federal land ownership. National Wildlife Refuge lands provide many public services, such as watershed protection, while placing relatively few demands on local governments for schools, fire, and police services. National Wildlife Refuges bring a multitude of visitors to nearby communities, which provide substantial economic benefits. Hunters, birdwatchers, beach goers, hikers and others bring money into local economies, generating millions of dollars in tax revenue to local, county, State and Federal levels. In 2006, for example, nearly 35 million people visited national wildlife refuges, creating almost 27,000 private sector jobs and producing approximately $543 million in employment income.[1] Such economic generators are not taken into consideration when determining NWRF payments.

Moreover, as payments collected by counties can be used in almost any capacity, FWS has labeled the NWRF a low priority in achieving conservation goals.

Local governments are also compensated through the Payment In Lieu of Taxes (PILT) program for lands that are withdrawn from the public domain. As both NWRF and PILT address losses in local tax base due to Federal land ownership, and, in some areas, PILT and NWRF payments overlap, the Administration proposes to address NWRF payments during consideration of PILT reauthorization next year.

Citations

[1] U.S. Fish and Wildlife Service, *Banking on Nature: The Economic Benefits of Local Communities of National Wildlife Refuge Visitation* (September 2007).

TERMINATION: NON-LINE OF SIGHT LAUNCH SYSTEM

Department of Defense

The Administration proposes to terminate development of the Non-Line of Sight Launch System (NLOS-LS), which is a self-contained box launcher system that can fire up to 15 precision attack missiles. The program has performed poorly and is no longer cost effective.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	92	0	-92

Justification

NLOS-LS was originally a part of the Army's now-terminated Future Combat Systems (FCS). NLOS-LS development was accelerated as an Early-Infantry Brigade Combat Team spin-out to quickly get equipment to soldiers in theater. However, according to a Department of Defense statement, "A detailed analysis of alternatives determined that the NLOS-LS does not provide a cost-effective precision-fire capability."[1] During limited user tests conducted between January and February of 2010, the NLOS-LS Precision Attack Missile failed to hit its target four out of six times.[2] As a result, the Army recommended terminating the program and the Under Secretary of Defense for Acquisition, Technology and Logistics concurred.[3]

Citations

[1] Department of Defense, Army Cancels Non-Line of Sight Launch System," under "Department of Defense News Release," http://www.defense.gov/releases/release.aspx?releaseid=13529 (accessed January 14, 2010).

[2] Department of Defense, *Director, Operational Test and Evaluation Operational Assessment of the Non-Line of Sight—Launch system Flight Limited User Test,* Memorandum by J Michael Gilmore. March 23, 2010.

[3] Department of Defense, *Army Modernization Follow-On to Future Combat Systems (FCS),* Memorandum by The Honorable Ashton B. Carter. May 14, 2010.

TERMINATION: OIL AND GAS COMPANY TAX PREFERENCES (8 TERMINATIONS)

Department of Energy

To foster the clean energy economy of the future and reduce the Nation's reliance on fossil fuels that contribute to climate change, the Administration proposes to repeal tax provisions that preferentially benefit fossil fuel production. Oil and gas subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices. Removing these subsidies would reduce greenhouse gas emissions and generate $43.6 billion of additional revenue over the next 10 years, an amount that represents only a small percentage of domestic oil and gas revenues -- about one percent over the coming decade. These terminations free up resources to invest in clean energy development and production, which is critical to the Nation's long-term economic growth and competitiveness.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Total, Proposed Changes from Current Law	-3,472	-5,360	-4,858	-4,601	-4,576	-22,867	-43,612
Repeal Enhanced Oil Recovery Credit	0	0	0	0	0	0	0
Repeal Credit for Oil and Gas Produced from Marginal Wells	0	0	0	0	0	0	0
Repeal Expensing of Intangible Drilling Costs	-1,875	-2,512	-1,762	-1,403	-1,331	-8,883	-12,447
Repeal Deduction for Tertiary Injectants	-6	-10	-10	-10	-10	-46	-92
Repeal Exception to Passive Loss Limitations for Working Interests in Oil and Natural Gas Properties	-23	-27	-24	-22	-21	-117	-203
Repeal Percentage Depletion for Oil and Natural Gas Wells	-607	-1,038	-1,079	-1,111	-1,142	-4,977	-11,202
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies	-902	-1,558	-1,653	-1,749	-1,842	-7,704	-18,260
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years	-59	-215	-330	-306	-230	-1,140	-1,408

Justification

Repealing fossil fuel tax preferences helps eliminate market distortions, strengthening incentives for investments in clean, renewable, and more energy efficient technologies. This proposal would take effect beginning January 1, 2012.

In 2009, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2] In addition, removal of market distortions created by fossil fuel subsidies will lead to a more efficient allocation within the energy sector as well as across sectors, likely with positive impacts on national output and gross domestic product.

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

TERMINATION: OIL AND GAS RESEARCH AND DEVELOPMENT PROGRAM

Department of Energy

To foster the clean energy economy of the future and reduce our reliance on fossil fuels that contribute to climate change, the Administration proposes to repeal provisions in the 2005 Energy Policy Act for the mandatory oil and gas research and development (R&D) program that promotes fossil fuel production. In addition, these R&D activities have historically funded development of technologies that can be commercialized quickly, and are thus activities which should instead be funded by the companies that benefit from the projects.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	50	50	50	30	10	190	190
Proposed Change from Current Law	-20	-40	-50	-30	-10	-150	-150

Justification

In 2009, at the urging of the United States, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2]

The Energy Policy Act of 2005 established a new mandatory oil and gas research and development (R&D) program funded from Federal revenues from oil and gas leases, the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research program.

The oil and gas industry has the incentive and resources to undertake this work without this Federal subsidy, and similar oil and gas R&D programs have been shown to provide little public benefit. These funds generally go toward incremental improvement of oil and gas technologies that can be commercialized quickly, activities that are more appropriate for the private-sector oil and gas industry to perform. In addition, according to a recent Government Accountability Office report, the Department of Energy (DOE) oil and gas programs are dwarfed by industry R&D ($20 billion for 1997-2006), and DOE has often conducted research in areas that were already receiving funding from the private sector, especially for evolutionary advances and incremental improvements.[3] The program is primarily operated by a private sector consortium; only 25 percent of the funding is spent through the National Energy Technology Laboratory.

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co-operation and Development.

[3] Government Accountability Office, *DOE Could Enhance the Project Selection Process for Government Oil and Natural Gas Research*, GAO-09-186 (December 2008).

TERMINATION: PARK PARTNERSHIP PROJECT GRANTS

Department of the Interior

The Administration proposes to eliminate Park Partnership Project grants so the National Park Service (NPS) can focus its available funding on the highest-priority park projects and needs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	5	0	-5

Justification

The Park Partnership program was established as the National Parks Centennial Initiative in 2008 to help prepare NPS for its 100-year anniversary in 2016. The program was designed to leverage private investments for projects in national parks, but the projects funded have generally not been among the NPS's highest priorities.

In addition, partners have not committed at the level envisioned, partly due to the flagging economy. The American Recovery and Reinvestment Act and other funds have recently been used to complete higher priority projects that could not secure partner support.

TERMINATION: PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

Department of Health and Human Services

The activities supported within the Preventive Health and Health Services Block Grant (PHHSBG) within the Centers for Disease Control and Prevention (CDC) can be more effectively implemented through the new Comprehensive Chronic Disease Program and the Prevention and Public Health Fund. Thus, the 2012 Budget does not propose funding for the PHHSBG.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	100	0	-100

Justification

PHHSBG currently funds 265 separate activities that could yield more positive health outcomes if they were better coordinated and integrated into CDC programs. These activities will be better coordinated through the new Chronic Diseased program and the Prevention and Public Health fund, which will also reduce duplicative activities within PHHSBG.

PHHSBG is less than one percent of State budgets and many of these activities could be continued through CDC's categorical programs and the Prevention and Public Health Fund. When PHHSBG was first authorized in 1981, there were minimal resources within CDC's budget allocated for categorical programs such as heart disease, diabetes, immunizations, and obesity and many States did not receive funding from CDC to support prevention of Chronic disease. However, since 1981, categorical programs at CDC have grown to over $860 million annually and PHHSBG now represents a much smaller percentage of State budgets when compared to total available CDC funding. In addition, the 2012 Budget proposes a new Comprehensive Chronic Disease program that will provide funding for every State to reduce the prevalence of chronic disease that will replace the PHHSBG.

State prevention efforts will also be supported by the Prevention and Public Health Fund, which was established by the Affordable Care Act (ACA). The Fund will expand national investments in prevention and public health to improve health outcomes and restrain health care costs. ACA appropriated $15 billion for the Fund for 2010-2019 and $2 billion annually thereafter.

TERMINATION: PUBLIC BROADCASTING GRANTS

Department of Agriculture

The Administration proposes to support public broadcasting through appropriations to the Corporation for Public Broadcasting (CPB), and eliminate the duplicative Department of Agriculture (USDA) Public Broadcasting Grants program. Public Broadcasting Grants provide funding to public broadcast companies to convert to digital transmission, an effort that is largely complete.[1]

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	5	0	-5

Justification

Since 2004, the USDA Public Broadcasting Grants program has provided grants to support rural public television stations' conversion to digital broadcasting. Digital conversion efforts mandated by the Federal Communications Commission are now largely complete, and there is no further need for this program. Moreover, the USDA Public Broadcasting Grants program is duplicative and significantly smaller than the digital conversion activities of CPB. Since CPB funds a variety of public broadcast needs, including digital conversion, future needs should be funded through CPB.

Citations

[1] Corporation for Public Broadcasting Appropriation Request and Justification 2010 and 2012. *http://cpb.org/aboutcpb/financials/appropriation/justification_10-12.pdf*.

TERMINATION: PUBLIC TELECOMMUNICATIONS FACILITIES GRANTS

Department of Commerce

The Budget supports public broadcasting through the Corporation for Public Broadcasting (CPB), and proposes to terminate new funds for the Public Telecommunications Facilities Grant Program (PTFP) in the Department of Commerce (DOC). PTFP funding is only four percent of that proposed for CPB in 2012 and most PTFP projects in recent years could have been eligible for funds from CPB.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	20	0	-20

Justification

The Administration proposes to support public broadcasters through CPB, and the Budget includes $6 million for CPB in 2012 in addition to its $445 million enacted advance appropriation, for total proposed 2012 resources of $451 million. The Budget also proposes an advance appropriation for CPB in 2014 of $451 million to support public broadcasters. CPB funds can support the same types of capital projects as PTFP funding has in the past, as well as stations' operating and programming costs.

PTFP, in contrast, was appropriated only $20 million in 2010, and provides a far less significant level of support to public broadcasters than CPB, while requiring separate overhead resources.

Also, a recent DOC study concluded that there are strong similarities between CPB and PTFP grants and that, in 2009, 68 percent of PTFP funding was awarded to projects that were eligible for CPB support. For comparison, the remaining one-third of PTFP funding would equal approximately $6 million, which represents just over one percent of the total funding proposed for CPB for 2012.

Moreover, the National Telecommunications and Information Administration (NTIA), the DOC bureau that has administered the PTFP program, is proposed to receive $7 billion as part of the President's Spectrum initiative, to help construct a nationwide public safety broadband network. Terminating PTFP will enable NTIA to focus on this effort, a major initiative for this small bureau.

Citations

[1] Department of Commerce, National Telecommunications and Information Administration, *A Clarification of Funding Authorities of the Funding Authorities of the Public Telecommunications Facilities Program and the Corporation for Public Broadcasting, Report to the Committee on Appropriations U.S. House of Representatives and Committee on Appropriations U.S. Senate* (2010).

TERMINATION: RESEARCH INITIATION GRANTS TO BROADEN PARTICIPATION IN BIOLOGY

National Science Foundation

The Administration proposes to eliminate the Research Initiation Grants to Broaden Participation in Biology program because it did not achieve the goal of broadening participation of members from groups under-represented in biology.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	2	0	-2

Justification

The Research Initiation Grants to Broaden Participation in Biology program was established with the goal of broadening participation of members from groups under-represented in biology. These grants were intended to increase the diversity of researchers who apply for and receive Biological Sciences Directorate (BIO) funding by helping them initiate research programs early in their careers. The program was found not to have the impact that was intended, i.e. the number of proposals submitted to BIO programs by individuals from underrepresented groups did not increase, and therefore this program is expected to be completed in 2011.

TERMINATION: RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM

Department of Agriculture

The Administration proposes to eliminate the Resource Conservation and Development (RC&D) program. First begun in 1962, the program has outlived the need for continued Federal support.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	51	0	-51

Justification

The RC&D program funds Federal coordinators for 375 RC&D Districts in every State, the Caribbean, and the Pacific Basin. First begun in 1962, the program was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local funding sources for the community's benefit. After 47 years, this goal has been accomplished. These councils have developed sufficiently strong Federal, State, and local ties and the Administration believes it is no longer necessary to provide Federal funding for council coordinators. This was reinforced by SAVE Award suggestions, some of which recommended terminating the RC&D program as coordinators are no longer needed and funds for the coordinators could be better used elsewhere. Moreover, councils are now able to secure funding for their continued operation without assistance from the RC&D program. According to a Department of Agriculture report to the Congress, RC&D supplies only 16 percent of councils' total administrative and financial funding, with the remaining 84 percent coming from other Federal, State, and non-governmental sources.[1] After several decades, these councils have a proven track record of success, showing that they have outlived the need for Federal RC&D funding.

Citations

[1] Department of Agriculture, Natural Resources Conservation Service, *Report to Congress on the Resource Conservation and Development Program* (January 2006).

TERMINATION: REVENUE FORGONE FROM REDUCED RATE MAIL

Postal Service

The Budget proposes terminating the $29 million annual appropriation to reimburse the Postal Service (USPS) for prior years' lost revenue from legislatively mandated reduced postage rates for non-profit mailers. This appropriation was authorized to compensate USPS for lost revenues that occurred in the early-1990s and ended in 1998, and is not related to any current USPS activities. While the funds serve to very marginally increase postal revenues, the Budget proposes far greater, though temporary financial relief to USPS to provide it an opportunity to evaluate and adjust its overall business framework.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	29	0	-29

Justification

In 1994, the Congress authorized $1.2 billion to be appropriated to USPS in $29 million increments over a 42-year period. The purpose of this authorization was to compensate USPS for congressionally-mandated postage discounts that USPS was required to provide to a growing non-profit sector in the 1980s. As of the end of 2010, USPS has been reimbursed $493 million. In 2010, the $29 million appropriated to USPS represented only 0.04 percent of USPS' gross revenue of $69.2 billion.

The Administration proposes terminating this appropriation because the Budget provides USPS with $4 billion in temporary financial relief in 2011 by returning to it, on an installment basis, surplus amounts it has paid for its share of Federal Employee Retirement System costs, and restructuring retiree health benefits payments to match its accruing costs, with a one-year deferral of the new payment. These measures will provide USPS with time for needed restructuring of its operations and business model to make it viable for the medium- and long-term.

TERMINATION: RURAL COMMUNITY FACILITIES

Department of Health and Human Services

The Administration proposes to eliminate the Rural Community Facilities program. The program is duplicative of other wastewater treatment programs in the Department of Agriculture (USDA) and the Environmental Protection Agency (EPA). These agencies have the expertise to manage water treatment programs in rural communities, whereas the Administration for Children and Families administers social service programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	10	0	-10

Justification

The mission of the Administration on Children and Families (ACF) is to promote the economic and social well-being of families, children, individuals, and communities. ACF oversees Federal programs that provide social services and promote economic self-sufficiency among vulnerable and disadvantaged populations. ACF staff does not have the expertise to effectively and efficiently administer a water treatment program. The Administration strongly supports helping communities create access to safe and clean water and has included funds for this purpose in the EPA and USDA, which are best suited to administer water treatment programs.

EPA administers Clean Water and Drinking Water State Revolving Funds (SRFs) which provide grants to states to loan funds to local communities for waste water and drinking water systems. The President's Budget includes $1.6 billion for the Clean Water State Revolving Fund and $1 billion for the Drinking Water State Revolving Fund.

USDA provides direct loans, loan guarantees, and grants for rural water and waste water management programs. The Budget includes $489 million for these programs.

TERMINATION: RURAL FIRE ASSISTANCE

Department of the Interior

The Administration proposes to terminate the Department of the Interior (DOI) Rural Fire Assistance program as it is duplicative of other fire assistance grant programs. The items and activities funded by these grants, such as basic wildland fire safety equipment and tools, communication devices, wildland fire training, and community wildfire prevention and education activities, are supported through existing Department of Homeland Security (DHS) and Department of Agriculture (USDA) Forest Service grant programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	7	0	-7

Justification

The DOI Rural Fire Assistance program started as a pilot program in 2001 to provide grants to rural fire protection districts that serve communities of less than 10,000. The grants require a 10 percent local cost share and are used for the purchase of fire engines and other firefighting equipment, as well as for firefighter training and other related support.

DHS and USDA's Forest Service both operate much larger grant programs that provide similar services to rural fire departments across the country.

TERMINATION: RURAL HOUSING SERVICE - SMALL LOAN AND GRANT PROGRAMS

Department of Agriculture

The Rural Housing Service's (RHS) very small loan and grant programs are not being funded in 2012. The 2012 Budget funds the Department of Agriculture's (USDA's) single family housing activities primarily through the more efficient and effective single family housing guaranteed loan program. The $24 billion guaranteed loan level allows the RHS to provide more assistance for single family housing in rural areas than has ever been provided with all the other RHS housing programs combined. Without having to focus on the small loan and grant programs, RHS staff will be able to focus on the programs that most effectively achieve USDA's housing goals. The programs that are not funded include: housing repair loans; self-help housing loans; self-help housing grants; housing assistance grants (except housing repair grants which is significantly reduced); and loans to deal with inventory property referred to as "credit sales."

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	61	0	-61

Justification

These loan and grant programs have remained constant at very low program levels for over 10 years. The programs do not make a measurable impact, due to a national allocation process that dilutes effectiveness and labor-intensive review processes. The largest termination is self-help housing grants, which function only in tandem with the single family housing direct loan program. Because the single family housing direct loan program is significantly reduced with the remaining funds targeted to Administration priorities, there is less need for self-help housing grants in 2012. In addition, the administrative cost of funding the remainder of the small programs has become unjustifiably costly.

TERMINATION: SAVE AMERICA'S TREASURES AND PRESERVE AMERICA

Department of the Interior

The Administration proposes to eliminate the Save America's Treasures (SAT) and Preserve America (PA) grant programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	30	0	-30

Justification

SAT and PA are National Park Service matching grant programs that support historic preservation efforts. SAT was started in 1999 as a two-year initiative to commemorate the Millennium by restoring historic buildings and collections. PA was started in 2003 to promote heritage tourism.

These historic preservation grants to non-Federal entities provide mostly local benefits and while there have been many high quality projects, at least half of SAT projects are annually earmarked by Congress, without using merit-based criteria. These programs contribute to community and State-level historic preservation and heritage tourism efforts, but in a time of difficult trade-offs funding is being focused on nationwide historic preservation goals, such as increasing grants-in-aid to States and Tribes to carry out Federal responsibilities under the National Historic Preservation Act.

TERMINATION: SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY PROGRAM (SHOP)

Department of Housing and Urban Development

The Administration proposes to eliminate the Self-Help Homeowner Opportunity Program (SHOP). Existing larger programs to address the same needs are more efficient and place a lower administrative burden on the Department of Housing and Urban Development (HUD).

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	27	0	-27

Justification

SHOP provides low-income and very low-income families the opportunity to become homeowners by contributing sweat equity to make housing more affordable. Eligible activities include land acquisition and infrastructure improvements. However, SHOP activities are eligible under the much larger HOME Investment Partnerships Program (HOME), for which the 2012 Budget provides $1.65 billion. The Administration is encouraging State and local government grantees of the larger HOME program to fund SHOP projects.

In addition, SHOP grantees operate outside the local planning process, in particular, the Consolidated Plan. The Consolidated Plan, which is a collaborative process whereby a community establishes a unified vision for community development actions. The Consolidated Plan approach is required for HUD formula block grant programs, and is community-oriented, with a five year strategic plan and annual performance reports.

TERMINATION: SM-2 BLOCK IIIB MISSILE

Department of Defense

The Administration proposes to terminate the Navy's Standard Missile (SM) 2 Block IIIB surface-to-air missile, which provides area defense for the Navy's cruisers and destroyers. This program is proposed for termination due to the planned transition to the more capable SM-6 Block I missile. The last year of SM-2 Block IIIB missile procurement is 2011.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	98	0	-98

Justification

The Navy first introduced the SM-2 Block IIIB in 1999 as an evolutionary improvement to the previous versions of the SM-2. The SM-2 has provided the Navy surface-to-air defense since then and has become an integral part of the Aegis Weapon System aboard Ticonderoga-class cruisers and Arleigh Burke-class destroyers. With the evolving threat of modern fixed- and rotary-wing aircraft, unmanned aerial vehicles, and land-attack anti-ship cruise missiles, the Navy requires a more capable, longer range missile.

TERMINATION: SMALL CATEGORICAL GRANTS (3 TERMINATIONS)

Department of Health and Human Services

The Administration proposes to redirect funding away from certain small categorical grant programs administered by the Health Resources and Services Administration (HRSA). These activities are of a lower priority in 2012 as they have largely met their original purpose or have not demonstrated that they have a national impact.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Patient Navigators	5	0	-5
Rural Access to Emergency Devices	3	0	-3
Health Workforce Activities Including Allied Health and Other Disciplines	2	0	-2

Justification

The 2012 Budget redirects resources away from the following lower priority activities: Rural Access to Emergency Devices (-$3 million); health workforce activities including Allied Health and Other Disciplines (-$2 million); and Patient Navigators (-$5 million). Rural Access to Emergency Devices was created in 2002 to help communities purchase defibrillators. Much of the demand for these medical devices has been met through prior grants and future demand can be met through other rural health activities in HRSA. Moreover, costs of defibrillators have become more affordable in the last ten years from over $10,000 to under $2,000 today. Allied Health and Other Disciplines supports Chiropractic Demonstration Projects that since 2009 have developed research protocols focused in the treatment of lower back pain. The Patient Navigator program was first funded in 2008 and supports local programs that help coordinate health care services for the chronically ill. There is no performance data associated with this program. The 2012 Budget redirects resources from these lower-priority health workforce programs to activities that more directly fund the training of primary care providers as current estimates project that the United States will face a shortage of primary care physicians. Strengthening and growing the Nation's primary care workforce is critical to reforming the Nation's health care system.[1]

Citations

[1] American Association of Medical College, Center for Workforce Studies, *Physician Shortage to Worsen Without Increase in Residency Training*, (October 2010).

TERMINATION: SMALL COMMUNITY HEALTH GRANTS (2 TERMINATIONS)

Department of Health and Human Services

The 2012 Budget proposed to integrate the Racial and Ethnic Approaches to Community Health (REACH) program and the Healthy Communities program into the new Community Transformation Grants (CTGs) supported within the Prevention and Public Health Fund.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Racial and Ethnic Approaches to Community Health	39	0	-39
Healthy Communities	23	0	-23

Justification

REACH and Healthy Communities programs support small-scale community-based participatory approaches to improve health in communities, health care settings, schools, and work sites. Although some of these activities may have improved health outcomes in some settings, there have been no overall health outcome measures for these activities and they have not been scalable at the national level. The 2012 Budget will transition to a large-scale national program with specific health outcome measures focusing on evidence-based interventions through the Community Transformation Grants (CTGs) authorized in the Affordable Care Act. The CTGs will focus on reducing the Leading Causes of Death (LCD) and racial and ethnic disparities by providing sustained investments in the health systems of big cities and large metropolitan areas.

The Centers for Disease Control and Prevention will transfer the lessons learned from both REACH and Healthy Communities to the CTGs in 2012. For example, grantees will provide a detailed plan describing how they will reduce racial and ethnic disparities similar to the REACH program. All grant recipients directly funded through REACH and Healthy Communities in 2011 will be eligible to apply for funding under the new CTGs.

TERMINATION: SMALL DEPARTMENT OF EDUCATION PROGRAMS (12 TERMINATIONS)

Department of Education

The Administration proposes to terminate the following twelve programs in the Department of Education, saving a total of $83 million in 2012: the B.J. Stupak Olympic Scholarship program; the Byrd Honors Scholarship program; the Exchanges with Historic Whaling and Trading Partners program; the Legal Assistance Loan Repayment program; the Underground Railroad Educational and Cultural program; the Vocational Rehabilitation Recreational programs; the Women's Educational Equity program; Erma Byrd Scholarship Program; College Textbook Rental Pilot Initiative; Centers for Excellence for Veteran Student Success; Training for Realtime Writers; and Off-Campus Community Service.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
B.J. Stupak Olympic Scholarship	1	0	-1
Byrd Honors Scholarship	42	0	-42
Historic Whaling and Trading Partners	9	0	-9
Legal Assistance Loan Repayment	5	0	-5
Underground Railroad	2	0	-2
Vocational Rehabilitation Recreational Program	2	0	-2
Women's Education Equity	2	0	-2
Erma Byrd Scholarship Program	2	0	-2
College Textbook Rental Pilot Initiative	10	0	-10
Centers for Excellence for Veterans Student Success	6	0	-6
Training for Realtime Writers	1	0	-1
Off-Campus Community Service	1	0	-1

Justification

The programs listed below are not means-tested, overlap with other programs, have completed their purpose, or no longer serve a national need and would be more appropriately supported with private funding. None have performance data that makes a compelling case for continued funding.

B.J. Stupak Olympic Scholarship. This program provides financial assistance of up to $15,000 to athletes who are pursuing postsecondary education and training at the U.S. Olympic Education Center or another U.S. Olympic training center. The scholarships can cover the cost of tuition, books and supplies, room and board, travel, and sports equipment.

The Department of Education supports student financial aid through a variety of generally available grant and loan programs. This program offers scholarships for a limited number of athletes, fewer than 150 scholarship beneficiaries in 2008-2009, and is not means-tested. The Department lacks evidence on the degree to which this particular program enhances educational attainment outcomes for students. Athletes who can demonstrate financial need may still receive grant, work-study, and loan assistance through other programs.

Byrd Honors Scholarship. This program is intended to promote academic excellence through grants to States that support up to four years of scholarship assistance to high-performing high school students entering an undergraduate course of study. The scholarships are for up to $1,500 and around 7,000 new scholarships are awarded nationwide each year.

Byrd Scholarships are only available to a small number of elite students (around 0.3 percent of first-time postsecondary students receive the scholarship), and States are prohibited from considering financial need when awarding the scholarships. Reliable performance data are not available, and the design of the program suggests these scholarships do not generally facilitate postsecondary education opportunities that would not otherwise be possible for awardees. Given the high academic performance of the students who receive the award, many of these students would still enter an undergraduate course of study and graduate even without receiving the scholarship. The Department of Education supports student financial aid through a variety of generally available grant and loan programs. During this period of difficult budget choices, the Administration is focusing its Budget on areas where students face barriers to higher education such as financial need.

Exchanges with Historic Whaling and Trading Partners. This program provides non-competitive grants to support culturally-based educational activities for Alaska Natives, Native Hawaiians, children and families of Massachusetts, and (as amended by Public Law 109-149) any federally recognized Indian tribe in Mississippi. Funds are provided only to five museums named in statute and have been awarded to the Mississippi Band of Choctaw Indians since 2006, rather than making awards based on a competition or merit.

The Department has no reliable performance data on the grantees in this program. The design of the program, non-competitive funding distributed each year to the same grantees, makes it difficult to evaluate effectiveness and circumvents the merit-based process of grant-making at the Department. The program's narrow goals are more appropriately served with State, local, and private funding.

Legal Assistance Loan Repayment. This program was authorized by the Higher Education Opportunity Act of 2008, and allows qualified individuals who enter and continue employment as civil legal assistance attorneys to receive up to $40,000 in loan forgiveness benefits. The program has no income limitation.

Civil legal service attorneys already qualify for loan forgiveness benefits under the Public Service Loan Forgiveness provisions of the William D. Ford Direct Student Loan program.

Underground Railroad. This program provides grants to nonprofit educational organizations to establish facilities that house, display, and interpret artifacts relating to the history of the Underground Railroad, as well as to make the interpretive efforts available to institutions of higher education.

Federal funds provided in prior years have enabled a number of program grantees to make progress in securing private support by using public-private partnerships and creating endowment funds to support ongoing operations. The types of museum exhibits that are supported by this program are also eligible for funding under several broader grant competitions through the Institute of Museum and Library Services. Furthermore, the narrow purpose of this program limits the pool of eligible applicants. Since 2002, the program has had nine grantees, a few of which received multiple awards year after year.

Vocational Rehabilitation Recreational Program. This program supports projects that provide recreation and related activities for individuals with disabilities to aid in their employment, mobility, independence, socialization, and community integration. While the Administration strongly supports helping individuals with disabilities become full and active members in society, this program has limited national impact. The Administration believes recreational programs would be more appropriately financed by State and local agencies and the private sector. For example, the National Sports Center for the Disabled (NSCD) is one of the Nation's largest therapeutic recreational organizations. In 2000, the NSCD spent $5 million dollars to teach and provide equipment for over 20,000 lessons.

Women's Educational Equity. This program promotes educational equity for girls and women, including those who face multiple aspects of discrimination based on gender and on race, ethnicity, national origin, disability, or age. Activities funded under WEEA focus mostly on local implementation of gender-equity policies and practices. Funds may also be used for research and development of model training programs for teachers and other school personnel. The most recent competition placed priority on activities that enabled students to achieve proficiency in mathematics and science.

In place of this small, narrowly targeted program, the Administration's reauthorization proposal of the Elementary and Secondary Education Act includes a number of broader programs with more robust funding that would provide continued educational support for women and could include activities currently funded under WEEA. This proposal supports innovative and interdisciplinary practices to improve curriculum and instruction through programs such as Effective Teaching and Learning: Literacy, Effective Teaching and Learning: Science, Technology, Engineering, and Math, and Effective Teaching and Learning for a Well-Rounded Education.

The programs listed below are authorized under the Higher Education Act, except for the College Textbook Rental Pilot which is authorized separately through the Higher Education Opportunity Act. These programs are proposed for elimination because of their narrow scope, and because many of the activities supported by these grantees can be covered through other programs at the Department or by other agencies:

Erma Byrd Scholarship Program. This program provides scholarships to individuals pursuing a course of study that will lead to a career in industrial health and safety occupations, including mine safety.

College Textbook Rental Pilot Initiative. This pilot initiative provides competitive grants to institutions of higher education to support pilot programs that expand the services of bookstores to provide the option for students to rent course materials in order to achieve savings for students.

Centers of Excellence for Veteran Student Success. The program provides competitive grants to institutions of higher education to encourage model programs to support veterans pursuing postsecondary education by coordinating services to address their academic, financial, physical and social needs. The TRIO Veterans Upward Bound program is already designed to motivate and assist veterans in the development of academic and other requisite skills necessary for acceptance and success in a postsecondary education program.

Training for Realtime Writers. The program provides grants for the recruitment, training and assistance, and job placement of individuals who have completed a court reporting training program as realtime writers.

Off-Campus Community Service. The program supports innovative projects that recruit and compensate students for work assignments in off-campus community service jobs.

TERMINATION: STATE HEALTH ACCESS GRANTS

Department of Health and Human Services

The goals of the State Health Access Program will be met by the Affordable Care Act (ACA), which is projected to help about 32 million uninsured individuals receive health care coverage. The Administration, therefore, proposes redirecting funding for the State Health Access Program to other, higher priority activities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	74	0	-74

Justification

The State Health Access Program was created in 2009 and supports grants to States to implement a program design that will expand access to affordable health care coverage for uninsured populations. ACA contains numerous provisions that will help 32 million uninsured individuals gain access to health care coverage.[1] While ACA will not be fully implemented until 2014, other activities will provide immediate relief to uninsured populations. Young adults may now stay on their parents' coverage up to the age of 26 if they lack access to job-based insurance of their own, and insurers cannot deny coverage to children because of a pre-existing condition. Many uninsured Americans with pre-existing conditions have already enrolled in the Pre-existing Condition Insurance Plan (PCIP), which provides private insurance to those locked out of the insurance market because of a pre-existing condition. The PCIP program serves as a bridge until 2014, when insurance companies can no longer deny or limit coverage or charge higher premiums because of a pre-existing condition.

Citations

[1] Congressional Budget Office, *H.R. 4872, Reconciliation Act of 2010*, (March 18, 2010).

TERMINATION: SURFACE LAUNCHED ADVANCED MEDIUM RANGE AIR-TO-AIR MISSILE PROGRAM

Department of Defense

The Administration proposes to cancel procurement of the Surface Launched Advanced Medium-Range Air-to-Air Missile (SLAMRAAM) short-range missile defense system following completion of research and development in 2012. SLAMRAAM would require excessive funds to procure in sufficient quantities and is designed to destroy aircraft, helicopters, cruise missiles, and unmanned aerial vehicles, which are deemed to be a lower priority threat relative to ballistic missiles, rockets, artillery, and mortars.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	56	19	-37

Justification

The SLAMRAAM system, with an 18 kilometer range, was initiated in 2004 to replace the Avenger system, with a 5 kilometer range, as the Army's primary short-range mobile air defense platform for U.S. ground forces.

The cost to procure SLAMRAAM missile interceptors has tripled since initial estimates. Furthermore, recent threat analyses show that ballistic missile, rocket, artillery, and mortar threats pose significantly greater risk to U.S. forces than the threats that SLAMRAAM was designed to defeat. However, recognizing that the future is uncertain and that the threat situation can change, the Administration will provide 2012 funding to complete research and development of the SLAMRAAM system so the design can be retained for future procurement should the need arise.

TERMINATION: SYNCHROTRON RADIATION CENTER

National Science Foundation

The Administration proposes to terminate National Science Foundation (NSF) funding for the Synchrotron Radiation Center facility at the University of Wisconsin. This decision was based on new opportunities, the capabilities available at current and planned Department of Energy facilities, and the result of a competitive peer-reviewed competition.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	3	0	-3

Justification

NSF funding for the Synchrotron Radiation Center at the University of Wisconsin was initiated 30 years ago as a result of a facilities proposal. The goal of the program has been to provide synchrotron radiation based instruments to a broad array of researchers, and the facility has a long history of achieving that goal. However, more powerful and capable facilities that surpass the capabilities of the SRC facility have come on-line since 1980.

TERMINATION: TARGETED AIRSHED GRANTS

Environmental Protection Agency

The Administration proposes to eliminate $10 million in funds that the Congress provided solely to California to retrofit existing diesel engines and $10 million in targeted airshed grants.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	20	0	-20

Justification

The Congress added provisions to the 2010 appropriations law providing $20 million in special grants for California and targeted airsheds to fund pollution reduction through diesel retrofits and replacements. In the future, these reductions will occur anyway as older engines wear out and are replaced by newer engines subject to stringent regulations. The 2007 diesel emissions standards require controls for new diesel engines that reduce particulate matter pollution by 90 percent and nitrogen oxides emissions by 50 percent, compared to the previous standards. The California-specific grant is not authorized. The targeted airshed grants do not explicitly apply only to California, but the majority of the funds will go to that State. Furthermore, the $10 million in targeted airshed grants is being made available to fund emissions reductions that are already required to achieve compliance with Federal and State laws.

Other sources of funding are available to fund retrofits or replacements. The Department of Transportation typically funds diesel retrofits at $45 million annually through its Congestion Mitigation and Air Quality Improvement program. Separately, California's Proposition 1B finances projects to reduce diesel emissions from freight transportation. In addition, $7.1 million in diesel emission reduction projects is being provided through Supplemental Environmental Project enforcement agreements.

TERMINATION: TARGETED WATER INFRASTRUCTURE GRANTS

Environmental Protection Agency

The Administration proposes to eliminate $157 million provided in 2010 for water infrastructure projects. The 2010 enacted level included 333 wastewater and drinking water projects targeted to specific communities, not provided through a competitive or merit-based allocation. This approach to funding projects duplicates funding available through more effective formula allocation programs to States and bypasses the normal State prioritization process that funds the most important projects from a health and environmental standpoint.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	157	0	-157

Justification

These funds are targeted for wastewater or drinking water infrastructure projects in the Environmental Protection Agency's (EPA's) State and Tribal Assistance Grants account. These grants are duplicative of funding available for such projects through the Clean Water and Drinking Water State Revolving Funds (SRFs), but are not subject to the State priority-setting process for these programs, which typically funds cost-effective and higher priority activities first. These types of projects require more oversight and technical assistance than standard grants because many recipients are unprepared to spend or manage funds. Such projects also generally take several years to complete, requiring EPA resources for an extended period of time.

The 2012 Budget continues robust funding for SRFs, following an unprecedented increase provided in 2010. It proposes $1.55 billion for the Clean Water State Revolving Fund and $990 million for the Drinking Water State Revolving Fund. SRF programs provide loans to wastewater and drinking water systems to support infrastructure improvements, including those in small and disadvantaged communities.

TERMINATION: TELECOMMUNICATIONS DEVELOPMENT FUND

Federal Communications Commission

The Administration proposes to provide no new funds to the Telecommunications Development Fund (TDF). The fund has not demonstrated significant success in meeting its statutory goals, and the resources would be better devoted to alternative uses.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	7	7	7	7	7	35	70
Proposed Change from Current Law	-7	-7	-7	-7	-7	-35	-70

Justification

The Telecommunications Development Fund (TDF) was created in 1996 with the objective of promoting access to capital for small businesses, enhancing competition in the telecommunications industry, and improving the delivery of telecommunication services to rural areas. TDF receives interest earnings from deposits on spectrum auctions, and invests a portion of these earnings in small telecommunications firms and uses the rest for its administrative costs.

Since 1996, TDF will have collected over $100 million in interest that would have otherwise been deposited in the Treasury and directly benefited taxpayers. The Budget proposes that no additional funds be provided to TDF, as the program has not had a significant impact on its statutory goals, and has generally experienced losses on the funds that it has invested in telecommunications firms. The proposal would allow TDF to retain previously invested funds and income from investments. The Administration supports other programs, including multi-billion dollar universal service programs -- and related funding to expand wireless broadband access -- and small business credit programs, which have much more impact and accountability.

TERMINATION: TRADE ADJUSTMENT ASSISTANCE FOR FIRMS

Department of Commerce

The Administration proposes to eliminate the Economic Development Administration (EDA) Trade Adjustment Assistance for Firms (TAAF) program, which provides Government subsidies to companies adversely impacted by trade so that the companies can hire consulting services. The non-profit Trade Adjustment Assistance Centers that administer the program are chosen non-competitively and have high overhead rates. The Administration believes that it would be more effective to concentrate EDA's resources on public investments in infrastructure and institutions that promote innovation and entrepreneurship.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	16	0	-16

Justification

TAAF program provides matching grants of up to $75,000 to firms that have been impacted by trade so that the firms can hire private-sector consultants to help them become competitive. The program is administered through a network of regional, non-profit Trade Adjustment Assistance Centers (TAACs), which are chosen non-competitively. These TAACs have traditionally charged overhead rates equal to approximately 60 percent of grant funding, and the Government Accountability Office has questioned the program's effectiveness and administrative costs.[1]

For a variety of reasons, the Administration believes it is more effective to direct EDA's funding towards programs that make investments to promote globally competitive regions, rather than to assist specific firms that have been harmed by trade. Programs such as the Department of Commerce's Manufacturing Extension Partnership are available to assist firms in improving and expanding operations.

EDA will continue to focus on building capacity of regions to engage in the global economy. For example, it has entered into a partnership with the Department of Commerce's International Trade Administration to increase communities' access to foreign investments and export markets. EDA also plans to utilize its other programs -- particularly its Economic Adjustment Assistance, 21st Century Infrastructure Program, and Regional Innovation Program, to foster greater regional competitiveness.

Citations

[1] Government Accountability Office, *Trade Adjustment Assistance: Impact of Federal Assistance to Firms is Unclear, GAO-01-12* (December 2000).

TERMINATION: TRANSITIONAL JOBS DEMONSTRATION

Department of Labor

The 2012 Budget for the Department of Labor would not fund another round of grants for demonstration of transitional jobs programs, which combine short-term subsidized or supported employment with case management services to improve the employment outcomes of individuals with significant barriers to employment. In 2011 the Administration will launch a $45 million demonstration, including a random-assignment evaluation, to test the effectiveness of enhanced transitional jobs programs focused on non-custodial parents and ex-offenders. Results from this evaluation can be used to improve existing transitional jobs programs and inform decisions about the models that should be supported in the future. In addition, the 2012 Budget's proposed Workforce Innovation Fund provides almost $380 million to test and replicate evidence-based approaches to preparing individuals for the workforce, which might include transitional jobs programs. Through the Workforce Innovation Fund and other programs across the Government, the Administration is committed to supporting effective programs to help those with barriers to employment prepare for, and find, good jobs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	45	0	-45

Justification

Before considering more significant investments in transitional job models, the Administration seeks to integrate evidence from recent evaluations and the current demonstration. Three recent random-assignment evaluations of transitional job programs for ex-offenders and Temporary Assistance for Needy Family program recipients provide mixed results about the effectiveness of these programs.[1,2] The current demonstration will test enhanced transitional jobs models, designed to provide more substantive subsidized jobs and better services to help participants succeed in unsubsidized employment. The Administration hopes to explore whether modifications to the program -- for example, more of a focus on the transition from the subsidized job -- would improve employment outcomes. While the demonstration is underway, some funds from the proposed Workforce Innovation Fund could support additional targeted testing of transitional jobs.

Citations

[1] Dan Bloom, *Transitional Jobs: Background, Program Models, and Evaluation Evidence*, 2010.

[2] Cindy Redcross et al, *Work After Prison: One Year Findings from the Transitional Jobs Reentry Demonstration*, 2010.

TERMINATION: UNIVERSITY COMMUNITY FUND

Department of Housing and Urban Development

The Administration proposes to terminate the University Community Fund. Existing, larger programs serve the same purposes and populations.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	25	0	-25

Justification

The University Community Fund provides competitive grants to assist universities in revitalizing surrounding communities, with special attention to Historically Black Colleges and Universities, Tribal Colleges and Universities, Alaskan Native/Native Hawaiian institutions, and Hispanic Serving Institutions. The Minority Serving Institution programs within the Department of Education serve similar populations, and activities currently funded by the University Community Fund are eligible activities of the Community Development Block Grant program. In addition, there are no comprehensive and independent evaluations of the program, indicating the program lacks clear indicators of effectiveness and impact.

TERMINATION: UNRESTRICTED ABANDONED MINE LANDS PAYMENTS

Department of the Interior

The Administration proposes to terminate mandatory payments from the Treasury to States and tribes that have finished restoring their abandoned coal mines. These payments can now be used for any purpose, and therefore do not contribute to the goal of addressing these hazards. This proposal is modified from previous Budget proposals in 2010 and 2011 to competitively allocate the remaining funding to address reclamation of the Nation's highest priority abandoned coal mine sites.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	138	186	180	104	79	687	1,230
Proposed Change from Current Law	-138	-186	-180	-104	-79	-687	-1,230

Justification

Coal producers pay a fee on production to fund the reclamation of abandoned coal mines around the country. This abandoned mine land (AML) fee was created so that the coal industry as a whole would take responsibility for cleaning up abandoned coal mines, regardless of where the fees were collected or where the mines were located. However, the funds were authorized to be distributed by a formula based in part on the production volume in each state. Over time, as some States completed their coal reclamation sites and were "certified" as complete, the goal of the AML Program was increasingly distorted as "certified" States and tribes continued to receive the formula grant payments equal to half of the fees collected within their borders.

These payments to "certified" States and tribes may be used for any purpose, so they do not contribute to the original purpose of restoring abandoned coal mine lands. The Administration proposes to focus AML fees on coal mine reclamation by eliminating these unrestricted payments to certified States and tribes, saving approximately $140 million in 2012 and $1.2 billion over 10 years. This action will affect four States and three tribes, in addition to any States that become certified in the future.

Noncertified States will continue to receive payments, but the allocation process would be reformed to address the Nation's most hazardous sites each year. Instead of the current production-based formula, a new competitive grant program would be used to ensure that the Nation's highest priority coal sites are addressed before the AML fee expires.

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended this termination, eliminating payments to States and Tribes that have already been certified as completing this reclamation of abandoned coal mines.[1]

Citations

[1] National Commission on Fiscal Responsibility and Reform, December 2010.

TERMINATION: VALLES CALDERA

Department of Agriculture

The Valles Caldera Preservation Act of 2000 (P.L. 106-248) provided for the acquisition of the Baca Ranch, located in the Jemez Mountains of New Mexico. The Act requires management of the Preserve by the Valles Caldera Trust, a wholly-owned Government corporation. The Act provided for interim management of the Preserve by the Forest Service with appropriated funds until the Trust assumes full responsibility for the Preserve. The Trust assumed management authority over the Preserve in August 2002.

The Preserve was established to protect various natural resources within its boundaries, and for providing multiple-use and sustained-yield of renewable resources within the Preserve. Receipts are derived through multiple uses of the Preserve, including hunting, fishing, recreation, and grazing.

The Budget proposes to eliminate separate funding for this activity since the Preserve is required by the Act to be self-sustaining by 2015 and the same activities are funded for all forests and grasslands out of the National Forest System account.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	4	0	-4

Justification

The Trust receives funding through receipts generated from hunting, fishing, recreation, grazing, and other uses. In addition, the Forest Service will continue to supplement this funding as necessary. These receipts should be the primary funding mechanism for necessary management activities. In addition, the Forest Service performs similar activities on all National Forest System lands. There is no need to have a separate funding line item for these activities and, if necessary, the Forest Service can fund them out of the regular National Forest System appropriations.

TERMINATION: VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES GRANTS

Department of Health and Human Services

The Administration proposes to terminate 2012 funding for the Voting Access for Individuals with Disabilities grant program, given States have large unexpended balances available. These grants assist States in making polling places accessible to individuals with disabilities and in training election workers on how best to promote access and participation of individuals with disabilities in elections.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	17	0	-17

Justification

States have balances of over $35 million in unexpended funds from prior year appropriations for this program. In addition, at the start of 2011, almost $1 million in funds lapsed and was returned to the Treasury. State obligations relating to voting access for people with disabilities are unchanged by the 2012 funding level, and States may use untapped funds to meet those obligations.

TERMINATION: WATER AND WASTEWATER TREATMENT PROJECTS

Corps of Engineers

Water and wastewater treatment projects, often referred to as "environmental infrastructure" projects, are outside the Corps of Engineers' main mission areas of commercial navigation, flood and storm damage reduction, and significant aquatic ecosystem restoration. Therefore, as in past years the Budget does not include funding for these projects, but rather redirects these resources to other, higher-performing projects that are within the Corps' main missions.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	129	0	-129

Justification

In 2010, the Congress directed funding to water and wastewater treatment projects in the Corps' budget even though these projects are outside of the Corps' main mission areas. Since 1992, the Congress has authorized approximately 450 sewage and wastewater treatment projects and has directed hundreds of millions of dollars toward them. The Corps does not assess the economic and environmental costs and benefits of these water and wastewater treatment projects and, therefore, has no basis to determine the value of these projects to the Nation. Providing funding in the Corps of Engineers' budget for environmental infrastructure projects is not cost effective and duplicates funding for these types of projects in other Federal agencies, including the Environmental Protection Agency and the Department of Agriculture. Congressional funding for these projects through the Corps bypasses those agencies' processes for setting funding priorities. The Budget continues to propose no funding for these types of projects for the Corps.

TERMINATION: WATER RESOURCES RESEARCH ACT PROGRAM

Department of the Interior

The Administration proposes to eliminate Geological Survey (USGS) grants to 54 Water Resources Research Institutes, as there is not a Federal need or a clear Federal responsibility for this research.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	7	0	-7

Justification

Each State, as well as the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam, operates a Water Resources Research Institute at their land grant institute to conduct applied research on water quality and availability, as well as drought and flood hazards at the local scale. This research, however, is not a high priority for USGS, which is responsible for studying water issues across the Nation. As a Federal science bureau, USGS monitors surface water through the nationwide network of stream gages, assesses water quality through the National Water Quality Assessment, and studies and models groundwater quality and availability. These programs at the regional and national scales are used by stakeholders across the country and take precedent over grants that do not address national needs.

TERMINATION: WATERSHED AND FLOOD PREVENTION PROGRAM

Department of Agriculture

The Administration proposes to terminate the Watershed and Flood Prevention Operations program. The Congress has provided funding entirely to specific projects without any merit-based criteria, such as cost-effectiveness.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	30	0	-30

Justification

This program was first implemented under the authorities of the Watershed Protection and Flood Prevention Act of 1954 (Public Law 83-566) and the Flood Control Act of 1944 (Public Law 78-534). In 2010, almost 75 percent of the program was directed to specific projects, eliminating the Natural Resource Conservation Service's (NRCS's) ability to use project evaluations as a basis for prioritizing funding. In addition, a 2003 Office of Management and Budget analysis showed that this NRCS program has a lower economic return than other Federal flood prevention programs (such as those in the Army Corps of Engineers or the Federal Emergency Management Agency).[1]

Citations

[1] Army Corps of Engineers, *2003 Budget*, pp. 294-295.

TERMINATION: WATERSHED REHABILITATION PROGRAM

Department of Agriculture

The Administration proposes to eliminate funding for the Department of Agriculture (USDA) Natural Resources Conservation Service's (NRCS's) Watershed Rehabilitation program as the program's mission is inconsistent with underlying Federal role in local dam rehabilitation.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	40	0	-40

Justification

Since 2000, the Watershed Rehabilitation program has funded rehabilitation activities for flood control dams originally constructed with Federal support as dams reach the end of their 50-year design life. Flood control dams were originally constructed with the understanding that local sponsors would be responsible for continuing operations and maintenance. Furthermore, local communities have increased the financial risk of dam failure by allowing residential and commercial development in vulnerable floodplain areas around dams. The localized benefits of dam rehabilitation should be funded through local sources.

REDUCTION: ADMINISTRATIVE EFFICIENCY INITIATIVE

Government-wide

The Administration proposes to reduce funding by $2.1 billion on a wide range of administrative expenses across civilian agencies. This initiative is in addition to the effort by the Department of Defense to reduce administrative overhead.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	---	-2,123	-2,123
Department of Agriculture	---	-86	-86
Department of Commerce	---	-142	-142
Department of Education	---	-15	-15
Department of Energy	---	-111	-111
Department of Health and Human Services	---	-200	-200
Department of Homeland Security	---	-404	-404
Department of Housing and Urban Development	---	-8	-8
Department of the Interior	---	-99	-99
Department of Justice	---	-71	-71
Department of Labor	---	-10	-10
Department of State	---	-91	-91
Department of Transportation	---	-98	-98
Department of the Treasury	---	-199	-199
Department of Veterans Affairs	---	-240	-240
Corps of Engineers -- Civil Works	---	-24	-24
Environmental Protection Agency	---	-40	-40
General Services Administration	---	-12	-12
International Assistance Programs	---	-36	-36
National Aeronautics and Space Administration	---	-142	-142
National Science Foundation	---	-17	-17
Office of Personnel Management	---	-1	-1
Small Business Administration	---	-37	-37
Social Security Administration	---	-40	-40

Justification

In support of the President's message on fiscal discipline and spending restraint, the Administration is pursuing an aggressive Government-wide effort to curb non-essential administrative spending. In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended cutting Federal travel, reducing unnecessary printing costs and other efficiencies as part of its illustrative savings options.[1]

The Federal Government spends extensive amounts on services or products that may be characterized as administrative or overhead. Over the past five years, spending on certain of these activities has grown substantially. While most of these expenses are essential for supporting agencies' missions, the Administration required each agency to review its budget to find and cut unnecessary spending as well as ensure the agency is buying what it does need as efficiently as possible. Agencies are busy putting in place the processes and policies during 2011 that will enable them to realize these savings in 2012. While agencies are pursuing a broad range of efforts to save $2.1 billion in administrative expenses, much of the savings will come from the following categories of expenditures:

Travel and Relocation Costs. Although most Governmental travel is necessary to execute agency missions, agencies have reviewed their travel and determined that a portion could be eliminated or replaced by technologies such as webinars or videoconferencing. For example, the Department of Education is expanding the use of web-based conferencing in order to reduce its travel budget. Similarly, the Department of Justice is tightening its requirements for paying relocation expenses for employees. In addition to decreasing travel, agencies are taking a wide range of steps to ensure they are spending no more than is necessary on essential travel by booking travel early and choosing destinations based on cost where possible. For example, the General Services Administration plans to achieve $10 million in savings in 2012 by deploying advanced teleconferencing technology, consolidating and co-locating conferences, and reducing non-mission critical travel.

Printing. Technology has increasingly enabled interactions with the public and among Government employees to be done electronically. Agencies have adopted and continue to adopt such technologies. One of the many benefits of this development is that certain printing is now unnecessary, which both saves money and produces less waste. For example, the Department of the Treasury will save approximately $4 million by eliminating printing and mailing of certain forms, publications and inserts. However, some printing cannot and should not be eliminated. For these documents, agencies are taking steps to ensure they are printing in the most cost-effective manner. For example, in response to a SAVE Award submission, the Department of State and the United States Agency for International Development are phasing in restrictions on desktop printers, shifting more printing to larger multi-functional devices that print more efficiently and will decrease the cost per printed page.

Professional and technical services. Spending on professional and technical services has grown disproportionately over the past few years. Agencies often pay for these services using time-and-materials and labor-hour contracts, which are prone to wasteful spending because contractors receive payment for what they spend rather than for completed tasks. In addition to the risk of cost overruns, excessive use of advisory services may suggest that an agency is overly reliant on the knowledge of contractors to shape agency decisions. To address these concerns, agencies have reviewed their requirements for technical and professional services to evaluate where they can buy less, pay lower rates, and, whenever possible, acquire these services using fixed-priced arrangements that create a greater incentive for efficiency. For example, the Department of Education plans to use more price analysts and contract specialists to negotiate lower prices and restructure cost-reimbursement contracts to become fixed-price. In addition, agencies are increasing contract oversight and making sure an effective balance exists between in-house personnel and contract support so that agencies do not lose control of their mission and operations.

Supplies and materials. Agencies are working to reduce spending on supplies and materials both by decreasing how much they purchase as well as purchasing more efficiently. The Administration is working to leverage the Government's buying power within and across agencies. In the past, Government spending has typically been fragmented across multiple departments, programs, and functions. As a result, the Government acts more like scores of unrelated medium-sized businesses rather than the world's largest purchaser, and agencies often rely on hundreds of separate contracts for many commonly used items, with prices that vary widely. This often prevents agencies from receiving the best price they could, leading to an unacceptable waste of taxpayer dollars. To address this waste, agencies have reviewed their internal buying patterns and identified opportunities to improve conditions of contracts to achieve significant savings for recurring requirements. For example, the Department of Commerce has set a goal of saving $24 million in 2012 through a strategic sourcing initiative in several different commodity areas. The Department of Education also plans to obtain lower prices by better tracking of pricing and purchasing history. Additionally, the General Services Administration is leading Government-wide efforts to obtain the lowest prices for all agencies on certain common commodities such as office supplies.

Citations

[1] National Commission on Fiscal Responsibility and Reform, December 2010.

REDUCTION: AGRICULTURAL RESEARCH SERVICE BUILDINGS AND FACILITIES

Department of Agriculture

The Budget proposes to cancel $224 million in unobligated balances from lower-priority research construction projects.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	71	-224	-295

Justification

The 2012 Budget proposes to cancel $224 million in unobligated balances from projects that were not proposed by the Administration. Much of the funding is for uncompleted, lower-priority projects. The Administration believes that only the highest-priority projects should be funded. In addition, the Congress provides small amounts of funding for more than 20 different projects every year, which results in the buildup of large and ongoing balances. An analogy would be trying to pay off several credit cards by making only small payments every month. Some facilities have received funding during a period of 10 years or more. The result of scattering funding in this manner is that unobligated balances increase since few if any of the projects are able to reach the critical threshold of funding that would allow construction to begin. It also delays the completion of these projects for many years, as well as significantly increasing the amount of funding needed to complete the projects. Fully completing all projects that have received appropriations would cost an additional $1.4 billion, not including staff and increased operating costs.

REDUCTION: ALASKA CONVEYANCE PROGRAM

Department of the Interior

The Administration proposes to reduce funding for the Bureau of Land Management (BLM) Alaska conveyance program as part of an effort to reevaluate and streamline the conveyance process, so that available resources are focused on completing the goal of transferring title to 150 million acres the agency is required to convey. BLM has already issued final or interim conveyance on most of these acres but now needs a strategy to complete final transfers.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	34	17	-17

Justification

BLM is statutorily required to transfer title to 150 million acres of Federal lands in Alaska to the State of Alaska, Alaska Native Corporations, and individual Alaska Natives through the Alaska conveyance program. Conveyance work has been ongoing since the 1960s. The Alaska Land Transfer Acceleration Act of 2004 provided BLM with new authorities, allowing BLM to streamline land conveyances, improve business practices, and reduce costs.

By the end of 2010, BLM had surveyed and patented 87 million acres, or 58 percent, of the original 150 million acres. Approximately 55 million acres, or 37 percent, of the acres are under some form of tentative conveyance but have not been surveyed. Additionally, about eight million acres, or five percent, of the lands need to be both surveyed and conveyed.

The Administration will evaluate options for additional program reforms and efficiencies to complete final transfers in a timely manner, which may include legislation to convert interim conveyances into final patents.

REDUCTION: ASSISTANCE FOR EUROPE, EURASIA, AND CENTRAL ASIA

Department of State and Other International Programs

The Administration proposes a significant decrease in resources for the Assistance for Europe, Eurasia and Central Asia (AEECA) account, reflecting the achievement of some assistance goals and the need to focus resources on the highest priorities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	742	627	-115

Justification

In response to the unique circumstances of the fall of the Iron Curtain and collapse of the Soviet Union, the Congress authorized assistance under the Support for East European Democracy (SEED) Act and FREEDOM Support Act (FSA), established in 1989 and 1992 respectively, to bring strategic direction and coherence to U.S. assistance programs in the former communist countries of the region, with the overarching goal of fostering the emergence of stable, democratic states with market economies. In 2009, the Congress created a new appropriations account, the AEECA account, in order to consolidate funding authorized in the SEED and FSA legislation.

While a number of important national security interests and difficult development challenges in the region remain, the successful transition of a number of countries to market democracies has enabled the United States to decrease assistance provided under these authorities over time: eleven of these countries have essentially graduated from U.S. development assistance; 12 have joined the North Atlantic Treaty Organization (NATO); and 10 have acceded to the European Union (EU). In the context of a tightly constrained budget environment, the significant decrease in resources in the Administration's 2012 Budget for AEECA reflects the success of sustained U.S. assistance efforts over the last 20 years, a shift of priorities to more pressing needs in other regions and for the global initiatives, and, consistent with the Administration's policy on development, an increased focus in areas where the United States has a comparative advantage relative to other donors in the provision of foreign assistance. The sharpest reductions are made to AEECA recipient countries perceived to be most firmly on track to membership in Euro-Atlantic institutions.

REDUCTION: ASTHMA, CHILDHOOD LEAD, AND HEALTHY HOMES PROGRAM

Department of Health and Human Services

The Administration proposes to consolidate the Asthma, Lead, and Healthy Homes program into a new integrated Healthy Environment Program. In a constrained fiscal environment, the Budget reduces overall funding for these activities by 50 percent but some of this reduction can be offset by improved efficiencies and coordination of the activities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	66	33	-33

Justification

The Budget consolidates the Asthma, Lead, and Healthy Homes program into one new comprehensive program at the Centers for Disease Control and Prevention (CDC). CDC is developing a new healthy homes approach that recognizes and mitigates not only lead and asthma but also an expanded range of home based hazards such as the absence of radon, smoke, and the presence of asthma triggers. The Task Force on Community Preventive Services recommends the use of home-based multi-trigger, multi-component interventions with an environmental focus for children and adolescents with asthma based on evidence of effectiveness in improving overall quality of life and productivity.[1]

The Budget reduces total funding for these activities by 50 percent; some of this is offset from estimated savings and efficiencies from an integrated approach. This completes the transition from a standalone program to a comprehensive and integrated approach that CDC initiated a few years ago when they began transitioning the Lead prevention activities with the Healthy Homes program.

Asthma will also be more effectively addressed as part of this new comprehensive program as there are currently limited proven means of asthma prevention. In asthma care, the key intervention is to increase use of inhaled corticosteroids, which will be facilitated by expansion of coverage to the uninsured populations through the Affordable Care Act. The comprehensive approach will also focus on reducing asthma triggers.

Citations

[1] Guide to Community Preventive Services. Asthma control: home-based multi-trigger, multicomponent interventions. www.thecommunityguide.org/asthma/multicomponent.html.

REDUCTION: BALDRIGE PERFORMANCE EXCELLENCE PROGRAM

Department of Commerce

The Administration proposes to reduce funding for the Baldrige Performance Excellence Program, formerly known as the Baldrige National Quality Program, with the goal of transitioning the program out of Federal funding. During 2012, the Baldrige Program would explore alternative (non-Federal) funding sources and continue to operate an awards process. While the program has been useful in disseminating information on performance excellence to businesses and other organizations, the program's functions could be performed and supported through other means that do not require Federal funding.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	10	8	-2

Justification

The Baldrige National Quality Program was created in 1987 to address the perception that American companies needed to focus on quality in order to compete in an increasingly competitive global market. The Baldrige Program promotes organizational excellence through an annual awards program, outreach, and development of criteria that can be used by businesses and other organizations to evaluate their own quality improvement efforts. Businesses and an increasing number of nonprofits, including those in health care and education, are using Baldrige criteria as self assessment tools. The widespread usage of Baldrige criteria is evidenced by the approximately two million downloads of the Baldrige Criteria. State and local governments have implemented quality award programs based on these criteria.

While the Baldrige Program has been useful in educating organizations on performance excellence, its core functions could be funded by non-Federal organizations, which may also be better-suited to provide performance management education than the Federal Government. The Baldrige Program's authorizing language allows the Commerce Department to seek donations from public and private sources and to charge fees to cover the cost of the program.[1] The program already receives between $1 and $2 million annually from the endowment of the Foundation for the Malcolm Baldrige National Quality Award.

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended eliminating the Baldrige National Quality Program as part of its illustrative savings options.[2]

Citations

[1] Malcolm Baldrige National Quality Award authorizing language, 15 USC Sec. 3711a.

[2] National Commission on Fiscal Responsibility and Reform, December 2010.

REDUCTION: BUREAU OF INDIAN AFFAIRS REAL ESTATE SERVICES

Department of the Interior

The Administration proposes to reduce funding for the Bureau of Indian Affairs' (BIA) Real Estate Services Program, which can achieve savings by managing records more efficiently.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	152	125	-27

Justification

During the last two centuries, the Congress has passed multiple laws affecting Native Americans covering virtually the entire range of Federal, state, and local government, including real estate services. The BIA Real Estate Program supports activities on nearly 56 million acres of land held in trust by the Federal Government on behalf of tribes and individual Indians. Responsibilities of the program include ensuring that the trust lands are protected, managed, accounted for, and utilized in a manner that achieves the highest and best use of the lands in accordance with the wishes of the tribes and individual Indian owners. The program covers ownership record-keeping duties, the leasing of the lands, and probate services. The program also uses cadastral surveys to determine the legal boundaries of Indian lands for leasing purposes and protection of natural resources on trust lands.[1,2]

The Budget reflects efficiency gains for the Land Records Improvement activity, which includes the maintenance and reporting of ownership data. BIA is transitioning from a paper-based leasing system to the new digital Trust Asset and Accounting Management System (TAAMS) in all regions. TAAMS images documents for delivery and recording at the Land Titles and Records Office (LTRO). The imaging operation takes the place of copying and mailing documents to the LTRO for recording and/or data entry. This streamlines the recordation process and eliminates the time delay for the physical approval and delivery of completed documents. In addition, increased funding provided by newly enacted legislation to purchase individual Indian lands and convert the lands to tribal ownership will reduce the costs to account for small ownership interests as individual Indian accounts are eliminated in TAAMS and there is no longer a need to perform a probate when an accountholder dies.[3] Finally, the Budget reduces funding for cadastral surveys. When these surveys are necessary, BIA can increasingly provide them on a reimbursable basis, by deducting the costs from the proceeds of the lease.

Citations

[1] 25 U.S.C. 176 (Reorganization Plan No. 3 of 1946), 60 Stat. 1097.

[2] 25 U.S.C. 393 (The Act of March 3, 1921), 41 Stat. 1232, Public Law no. 66-359.

[3] Claims Resolution Act of 2010, Individual Indian Money Account Litigation Settlement, Public Law no. 111-291, (December 8, 2010).

REDUCTION: BUYOUT OF FARM SERVICE AGENCY POSITIONS

Department of Agriculture

The Farm Service Agency (FSA) has approximately 14,000 full time positions. There were multiple SAVE Award proposals about reducing the size of FSA and creating efficiencies through the elimination of management and unnecessary staff. In response, FSA plans to buy out approximately 500 positions in 2012 to create efficiencies.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	0	-27	-27

Justification

FSA's function has changed over time, but its structure has not changed accordingly. As one example, in the past FSA would hold large stocks of commodities, but now FSA holds little to none. If it receives commodities via forfeiture, it sells the commodities immediately rather than holding them. However, FSA still has many positions devoted to commodity operations. Some of these personnel procure food for other Department of Agriculture (USDA) programs, but the commodity office has not substantially changed with the change in USDA's mission. As a result, FSA has reviewed this and other agency priorities, looked at whether current staff allocations are appropriate, and determined that buying out approximately 500 positions would result in a more efficient organization.

Based on this reduction in staff, savings in 2012 would be a net of approximately $27 million ($43.5 million in salary savings offset by the estimated cost of $16.8 million for the proposed buyout). The estimated savings through 2015 based on the lower staff level is approximately $174 million.

REDUCTION: CAREER AND TECHNICAL EDUCATION AND TECH PREP EDUCATION STATE GRANTS

Department of Education

The Administration proposes to consolidate the Career and Technical Education (CTE) State Grants program and Tech Prep Education State Grants and reduce the program to $1 billion. The activities conducted under Tech Prep may also be conducted under the larger CTE State Grants program and separate funding streams and additional administrative processes are inefficient.

The combined reduction of the CTE State Grants program and consolidation of the Tech Prep Education State Grants program would generate a savings of $264 million.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1,264	1,000	-264

Justification

The objective of these two programs is to develop the academic, career, and technical skills of students in high schools and community colleges by helping States develop challenging standards; promoting the integration of academic, career, and technical instruction; and supporting State and local program improvements.

However, the CTE State Grants program is not among the Department of Education's (ED's) most effective investments in improving secondary or postsecondary education. States have wide latitude in how they use program dollars, and ED cannot hold States accountable for improving performance. In addition, States can set their own performance measures and goals, raising questions about the validity of data and making it difficult for ED to provide technical assistance and identify promising practices. Evaluation findings of the CTE State Grants program have also been mixed, and point to several deficiencies in the program.[1] However, the Administration plans to work with the Congress during the upcoming reauthorization of the Perkins Act in 2013 to strengthen the accountability provisions of the statute, and to make it a strong vehicle for supporting the President's 2020 completion goal and the Department's secondary school agenda.

The purpose of the Tech Prep program is to support development and implementation of sequential courses of study that incorporate secondary education and postsecondary education with work-based learning experiences. However, the CTE State Grants program also requires States to develop these types of programs, and to do so within the larger context of CTE programs within the State, and consistent with the State's CTE plan.

States already have the ability to fold all or some of their Tech Prep funding into the CTE State Grants program allocation. During the 2009-2010 school year, 26 States chose to exercise this option and gain flexibility while still working toward the goals of the Tech Prep program. States that are currently not pursuing this flexibility would be able to continue all Tech Prep activities under the consolidated program. All States would be subject to fewer administrative burdens and reporting requirements.

Citations

[1] Department of Education, Office of the Under Secretary, Policy and Program Studies Service, *National Assessment of Vocational Education (NAVE), Final Report to Congress (2004).*

REDUCTION: CLEAN WATER AND DRINKING WATER STATE REVOLVING FUNDS

Environmental Protection Agency

The Administration proposes to reduce funding by $947 million total for the Clean Water and Drinking Water State Revolving Funds (SRFs). The Environmental Protection Agency's (EPA's) SRFs provide grants to States to capitalize their State-run revolving funds, which provide loans to support improvements in municipal wastewater and drinking water systems. The Administration proposes $1.55 billion for the Clean Water SRF and $990 million for the Drinking Water SRF. This is a reduction from the historically high funding levels provided in 2010, but a total of $1 billion more than provided in regular appropriations in 2009.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	3,487	2,540	-947

Justification

The Administration continues robust support for SRFs and is focusing on working with States and municipalities to enhance their technical, managerial and financial capacity. Future budgets for SRFs gradually adjust through 2016 with the goal of providing, on average, about five percent of water infrastructure spending annually. In 2010, SRFs made available $8.8 billion in financing to local communities (this does not include American Recovery and Reinvestment Act funding).

Federal funding provided through the SRFs will act as a catalyst for efficient system-wide planning and ongoing management of sustainable water infrastructure as EPA works with States and municipalities to implement its Sustainable Water Infrastructure Policy. As part of this policy, the Budget requires that States use at least 20 percent of their Clean Water SRF capitalization grant and 10 percent of their Drinking Water capitalization grant for green infrastructure projects. The Administration also recognizes a need, particularly in disadvantaged communities, for additional Federal assistance in supporting water and wastewater infrastructure.

The Administration's proposal of $2.5 billion total for SRFs maintains the President's commitment to helping provide clean and safe water and represents a four-year investment (2009 to 2012) totaling almost $17 billion.

REDUCTION: COMMODITY PAYMENTS TO WEALTHY FARMERS

Department of Agriculture

The Administration proposes to limit farm subsidies to wealthy farmers by reducing the cap on Direct Payments by 25 percent, and reducing each of the Adjusted Gross Income (AGI) commodity payment eligibility limits for farm and non-farm income by $250,000 over three years. This proposal will allow the Department of Agriculture (USDA) to target payments to those who need and can benefit from them most, while at the same time preserving the safety net that protects farmers against low prices and natural disasters.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	4,319	5,207	5,578	5,422	5,289	25,815	52,110
Proposed Change from Current Law	0	-228	-261	-312	-315	-1,116	-2,511

Justification

This proposal would reduce the cap on Direct Payments from $40,000 per person per year to $30,000 per person per year and reduce the two AGI commodity payment eligibility limits by $250,000 each. Direct Payments are payments made to farmers based on historical production, regardless of whether they currently produce crops. They distort production and drive up the value of farm land. Currently, farmers can collect Direct Payments as long as their average farm AGI (the portion of their AGI that is attributable to activities related to farming, ranching, or forestry) is $750,000 or less, and they can receive Direct Payments and all other commodity payments if their average non-farm AGI (the difference between a person's average AGI and their farm AGI) is $500,000 or less. This proposal would reduce the farm AGI limit to $500,000 and the non-farm AGI to $250,000. This would allow USDA to target commodity payments to those who need and can benefit from them most, while at the same time preserving the safety net that protects farmers against low prices and natural disasters.

The President wants to maintain a strong safety net for farm families and beginning farmers while ensuring fiscal responsibility.

REDUCTION: COMMUNITY DEVELOPMENT BLOCK GRANT

Department of Housing and Urban Development

The Budget reduces funding for the Community Development Block Grant formula program to $3.7 billion, a 7.5 percent reduction from current levels.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	3,983	3,684	-299

Justification

The Community Development Block Grant (CDBG) is a formula grant program that provides flexible funding to support local initiatives and priorities for a wide range of community and economic development activities to benefit low- to moderate-income families. State and local governments use CDBG funds to improve infrastructure, rehabilitate affordable housing, create and retain jobs, and provide public services, such as child care.

The current formula for CDBG was established in statute over 30 years ago and legislative efforts to update the formula have been unsuccessful. As a result, the distribution of funds is not targeted to the most economically distressed communities, and communities in similar distress do not receive similar allocations.[1]

While flexibility may be one strength of the CDBG program, the use of funds and how States and communities distribute their funds lead to resources spread across many activities, diverse constituencies, and geographies without clear or focused impact.[2] This makes the demonstration of outcomes difficult to measure and evaluate.

As with most block grant programs, CDBG funding is scalable. The Budget's reduced funding level reflects the need to balance Federal budget constraints with the difficult fiscal conditions confronting State and local governments.

Citations

[1] "CDBG Formula Targeting to Community Development Need," HUD Policy Development and Research, 2005. The report illustrated that the CDBG formula's ability to target to community development needs has declined over time (i.e., other variables may better capture community development need).

[2] "The Impact of CDBG Spending on Urban Neighborhoods." Urban Institute, 2002.

REDUCTION: COMMUNITY ECONOMIC DEVELOPMENT PROGRAM

Department of Health and Human Services

The Administration proposes to reduce funding for the Community Economic Development (CED) program and to target remaining funds for the Health Food Financing Initiative (HFFI), an interdepartmental initiative that will help increase availability of affordable, healthy foods in underserved urban and rural communities, primarily through the development of grocery stores and other healthy food retailers.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	36	20	-16

Justification

Economic development is not the primary focus of the Department of Health and Human Services, and recent evidence suggests mixed results for the CED program. According to HHS's most recent report to the Congress, only one out of five funded projects within the CED program were successful.[1] Three out of five were incomplete. One out of five were unsuccessful, having been unable to finalize the necessary activities needed to complete a project. Although grants are competitive, many of the same grantees receive funding year after year.

This proposal would target resources to projects that help facilitate access to healthy food while reinvigorating the program's competitive funding process. CED would fund projects that help increase the availability of grocery stores and other healthy food retailers, which are important economic anchors for a community's commercial and residential development. More than 23 million people in the U.S. live in a "food desert" and have limited access to fresh and healthy food. The Administration is committed to eliminating food deserts in the United States within the next seven years.

Citations

[1] Fiscal Year 2006 Report to Congress on Community Services Block Act Discretionary Activities - Community Economic Development (CED) and Rural Facilities (RF) Programs. HHS Office of Community Services.

REDUCTION: COMMUNITY FACILITIES SELECT GRANT AND SET ASIDES

Department of Agriculture

The Budget proposes $38 million for Department of Agriculture (USDA) Community Facilities Grants, but includes no funding for economic impact grants nor the tribal college grants. The base community facilities grant program can be used to funds those needs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	45	38	-7

Justification

The base community facilities grant program can fund the same activities as the economic impact grants and the grants for tribal colleges. Moreover, the regular community facilities grant program targets limited funds to the most needy based on set criteria laid out in the regulations. Specifically, priority projects are those that: serve small communities -- with the highest-priority going to projects located in a community with a population of 5,000 or less; serve low-income communities -- with the highest-priority going to projects serving communities with median household incomes below the higher of the poverty line or 60 percent of the State non-metropolitan median household income; and provide healthcare, public safety, or public and community services.

REDUCTION: COMMUNITY SERVICES BLOCK GRANT

Department of Health and Human Services

The Administration proposes to reduce funds for the Community Services Block Grant (CSBG) by half and target the $350 million provided to the highest performing Community Action Agencies through a competitive process.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	700	350	-350

Justification

The Community Services Block Grant (CSBG) program provides grants to States, territories and Indian tribes for redistribution to pre-designated eligible entities -- primarily Community Action Agencies (CAAs) -- that provide services and activities to reduce poverty. Annual awards for CSBG funds are not open for competition, and many of the CAAs receiving funding have remained unchanged since 1964. The current CSBG program guarantees funding for these entities, unless a State takes formal action to revoke an entity's eligibility -- a difficult and time-consuming process. States usually pursue termination only when there is a determination that the CAA is grossly financially negligent. A series of reports from the Government Accountability Office and the Inspector General of the Department of Health and Human Services have documented failures in program oversight and accountability -- with the likely result that even grossly negligent CAAs continue to receive funding.[1] In addition, because of weak reporting in the current statute, the Federal Government does not know what different CAAs are accomplishing as a result of receiving CSBG funds.

The Administration recognizes that many CAAs play an important role in the Nation's communities -- providing much needed and adaptable anti-poverty programs to those in most need of assistance. In order to ensure that CSBG funding is used most effectively, the Administration proposes to cease funding the CSBG program through the existing, non-competitive funding structure. Instead, the Budget provides $350 million to fund the highest performing Community Action Agencies so that scarce taxpayer dollars are targeted to high-performing agencies that are most successful in meeting important community needs.

Citations

[1] See for example: Government Accountability Office, *Community Services Block Grant Program: HHS Should Improve Oversight by Focusing Monitoring and Assistance Efforts on Areas of High Risk*, GAO-06-627 (June 2006); Government Accountability Office*, Community Services Block Grant Program: HHS Needs to Improve Monitoring of State Grantees, GAO-06-347 (February 2006);* Department of Health and Human Services: Office of Inspector General, *Review of Nevada's Monitoring of the Community Services Block Grant Program*, A-09-10-01009 (January 2011); Department of Health and Human Services: Office of Inspector General, *Review of Connecticut's Monitoring of the Community Services Block Grant Program*, A-01-10-02502 (October 2010); Department of Health and Human Services: Office of Inspector General, *Alert: Community Service Block Grant Recovery Act Funding for Vulnerable and In-Crisis Community Action Agencies*, A-01-09-02511 (December 2009).

REDUCTION: CROP INSURANCE - REIMBURSEMENT ON CATASTROPHIC PREMIUM

Department of Agriculture

In an effort to continue to find efficiencies in the crop insurance program, the 2012 Budget assumes a legislative proposal to make the amount charged for the catastrophic (CAT) coverage on crop insurance policies more accurate. The proposal is expected to save of $1.8 billion over 10 years, while reducing the CAT premium in most instances.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Proposed Change from Current Law	-161	-166	-176	-179	-180	-862	-1,782

Justification

This legislative proposal would change the amount charged for CAT coverage on crop insurance policies. The premium for CAT is fully subsidized for the farmer. Changing the amount charged for the premium affects only payments to the crop insurance companies. The CAT premium covers losses of 50/55 (losses exceeding 50 percent of the yield are covered at 55 percent of the price), but the Risk Management Agency (RMA) uses a default premium for CAT using the premium set for 50/100 coverage, which slightly overstates the CAT premium for most crops. If RMA lowers the premium to reflect it accurately, the program will realize savings.

REDUCTION: DEVELOPMENTAL DISABILITIES PROJECTS OF NATIONAL SIGNIFICANCE

Department of Health and Human Services

The Budget proposes to reduce funding for the Developmental Disabilities Projects of National Significance, which supports projects that address current and emerging issues affecting people with developmental disabilities and their families.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	14	8	-6

Justification

In light of the tight fiscal environment, the Budget proposes reduced funding for the Developmental Disabilities Projects of National Significance so that resources can be preserved in priority programs with a stronger track record. Many projects supported by this program in recent years were not measured or evaluated, reached only a few families, and were not scalable or sustainable. Funding proposed for 2012 will focus on expanding best practices and innovative approaches that can be evaluated and replicated if successful. Activities may include support for helping youth with significant disabilities transition into adult life, family support for military families, and strengthened longitudinal data collection and evaluation to identify the most successful strategies. This new focus will better support the program's goals by demonstrating how cost-effective systems changes can yield improved outcomes for large numbers of individuals with developmental disabilities.

REDUCTION: ELECTRONIC RECORDS ARCHIVES

National Archives and Records Administration

The Electronic Records Archives (ERA) system enables the National Archives and Records Administration (NARA) to preserve and provide sustained access to the Federal Government's electronic records. The reduction in funding reflects a planned transition from the development stage to operations and maintenance. ERA development will end after 2011.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	86	49	-37

Justification

ERA funding has included information technology investment (IT) and operations and maintenance for ingestion, preservation, and provision of public access to archived records. NARA is completing the development, modernization, and enhancement phase of the IT project with 2011 funds. This reflects a reprioritization of work and an acceleration of rollout of services to all Federal agencies in 2011. The 2012 Budget provides for ERA operations and maintenance only, as the system will have developed its necessary operating capabilities with 2011 funding. ERA will meet its core objectives, including safely preserving the Government's electronic records and providing online public access.

REDUCTION: EMERGENCY STEEL GUARANTEED LOAN PROGRAM

Department of Commerce

The Administration proposes to cancel $43 million of unneeded Emergency Steel Guaranteed Loan Program (ESGLP) funds. ESGLP was enacted in 1999 to help steel firms suffering financial losses from low prices and the inability to obtain financing for continued operations and facility reinvestment. However, only three loans were awarded through the program, and no new loans have been guaranteed since 2003.

The program was set to expire at the end of the 2009 calendar year, but the Consolidated Appropriations Act, 2010 extended the program through December 31, 2011.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	0	-43	-43

Justification

Beginning in 2004, international demand and prices for steel increased significantly and numerous consolidations occurred in the domestic steel production market. Despite the recent slowdown in commercial construction, the 2010 price index of steel mill products through December 2010 is 82 percent higher than when the program was enacted. Demand for guarantees has been much lower than expected. There are no active loans and none are anticipated.

This proposal would reduce ESGLP by $43 million to provide funds for more urgent activities. The proposal would maintain $5 million in the program in case it is needed in the future.

REDUCTION: EPA HOMELAND SECURITY ACTIVITIES

Environmental Protection Agency

The Administration proposes to reduce funding for Homeland Security activities within the Environmental Protection Agency's (EPA) portfolio commensurate with significant progress made in the areas of laboratory and decontamination preparedness, the completion of modeling methodologies, and the installation of five full-scale contamination warning system demonstration pilots in public water systems under the Water Security Initiative. In addition, reductions in staffing and technology resources are proposed to reflect the increased capacity of other agencies to address certain environmental forensics work associated with potential homeland security incidents.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	154	104	-50

Justification

EPA provides resources to coordinate and support protection of the Nation's critical public infrastructure from terrorist threats and all-hazard threats. A multi-step approach to coordinating this effort included the determination of risk through vulnerability, threat, and consequence assessments, the installation of security enhancements, and the development of response protocols. EPA completed certain activities in the initial ramp up phase of this effort, including the development of modeling methodologies and the installation of five full-scale contamination warning system demonstration pilots in public water systems. EPA also coordinated with other agencies responsible for Homeland Security efforts, providing training and support for environmental forensic response to potential terrorist threats. With the initial ramp-up activities completed, EPA will now move into the next phase of its Homeland Security responsibilities, focusing on continued support and evaluation activities. These activities do not require the same level of funding as the initial ramp-up activities, resulting in the reduction proposed by the Administration.

REDUCTION: FOREST AND RANGELAND RESEARCH

Department of Agriculture

The Forest Service's Forest and Rangeland Research conducts ecological and social science research to understand ecosystems, how humans influence those ecosystems, how those ecosystems respond to climate change, and how forests can be managed sustainably to enable both environmental conservation and economic expansion. Forest Service research and development provides scientific information and new technologies to support sustainable management of the Nation's forests and rangelands. The Budget focuses activities on new and emerging science needs while reducing funding for mature or low priority projects.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	344	325	-19

Justification

The Forest Service conducts research on a wide variety of topics. Because some of these research projects are mature or low priority, significant benefits will not accrue. The proposed reduction reflects shifting focus away from mature or low-priority research to allow for emphasis on new and emerging science needs.

REDUCTION: FOREST SERVICE CAPITAL IMPROVEMENT AND MAINTENANCE

Department of Agriculture

The Capital Improvement and Maintenance (CIM) program improves, maintains, and operates facilities, roads, trails, and infrastructures to facilitate recreation, research, fire, and other administrative uses on Forest Service lands. The Budget proposes focusing on rehabilitation and restoration of existing facilities, roads and trails.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Total, Budget Authority	457	341	-116
Facilities	135	101	-34
Roads	237	158	-79
Trails	85	82	-3

Justification

The 2010 appropriations funded the facilities, roads and trails at $457 million. The Forest Service also continues use of authorities that permit the agency to apply proceeds from the sale of excess facilities to perform needed rehabilitation work on existing facilities. The Budget includes a reduction in funding for new road construction activities since the Budget's focus on erosion control, watershed health, and forest restoration reduces the need to build new forest roads. The Budget also reflects a reduction in new facility construction to allow the Forest Service to focus on health and safety risks at agency owned buildings and recreation sites and reducing critical deferred maintenance.

REDUCTION: FOSSIL ENERGY RESEARCH AND DEVELOPMENT

Department of Energy

To foster the clean energy economy of the future and reduce the Nation's reliance on fossil fuels that contribute to climate change, the Budget proposes to eliminate discretionary research and development (R&D) programs that promote fossil fuel production and focus limited resources on clean energy technology, namely carbon capture and storage. This proposal terminates oil and gas R&D within the Fossil Energy R&D account, program areas that typically fund development of technologies that are more appropriate for the private-sector to perform. Terminating these programs will save $38 million compared to 2010 funding levels. This proposal prioritizes support of R&D with potential benefits for both the existing fleet and new power plants -- namely, post-combustion capture R&D and geologic carbon storage R&D -- while funding for Advanced Fossil Energy Systems is reduced. In total, the Budget proposes to reduce funding for Fossil Energy R&D by $219 million relative to 2010 enacted levels.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Total, Budget Authority	672	453	-219
Oil and Gas Research and Development	38	0	-38
Advanced Fossil Energy Systems Research and Development	187	64	-123
Carbon Capture and Storage Research and Development	188	184	-4
Congressionally-Directed Projects	37	0	-37
Other Fossil Energy Research and Development	222	205	-17

Justification

The President's 2012 Budget does not support R&D at the Department of Energy of hydrocarbon exploration and production. In 2009, member states at the G-20 summit committed to phase-out fossil fuel subsidies in the medium term.[1] A recent Organization for Economic Co-Operation and Development analysis indicates that commitment from all G-20 member states to phase-out fossil fuel subsidies could reduce global greenhouse gas emissions by 10 percent.[2]

The Natural Gas Technology, Oil Technology, and Unconventional Fossil Technology R&D programs are similar to the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum mandatory R&D program, also proposed for termination. The industry has the incentive and resources to undertake this work without this Federal subsidy.

According to the Government Accountability Office, the Department's R&D funding for fossil energy production is dwarfed by industry's ($20 billion for oil and gas R&D between 1997 and 2006), and the Department has often conducted research in areas that were already receiving funding from the private sector, especially for evolutionary advances and incremental improvements.[3]

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended eliminating energy research for fossil fuels as part of its illustrative savings options.[4]

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. *http://www.pittsburghsummit.gov/mediacenter/129639.htm* (Accessed January 2010).

[2] OECD. 2009. The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012. Paris, France: Organization for Economic Co operation and Development.

[3] Government Accountability Office, *DOE Could Enhance the Project Selection Process for Government Oil and Natural Gas Research*, GAO-09-186 (December 2008).

[4] National Commission on Fiscal Responsibility and Reform, December 2010.

REDUCTION: GRANTS AND ADMINISTRATION

National Endowment for the Arts

The National Endowment for the Arts is the largest funder of the nonprofit arts in the United States. During this period of difficult budget choices, the Budget proposes to reduce funding for the Endowment by $22 million.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	168	146	-22

Justification

In the current fiscal environment, the Administration has chosen to reduce funding for grants programs at the National Endowment for the Arts. The National Endowment for the Arts is working with its sister agency, the National Endowment for the Humanities, to better coordinate and/or consolidate their administrative functions in areas of mutual interest. Such efforts will help to reduce overhead costs at both Endowments, which could produce savings that can be reallocated to partially offset some of the grants programs.

REDUCTION: GRANTS AND ADMINISTRATION

National Endowment for the Humanities

The National Endowment for the Humanities is one of the largest funders of humanities programs in the United States. During this period of difficult budget choices, the Budget proposes to reduce funding for the Endowment by $22 million.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	168	146	-22

Justification

In the current fiscal environment, the Administration has chosen to reduce funding for grants programs at the National Endowment for the Humanities. The National Endowment for the Humanities is working with its sister agency, the National Endowment for the Arts, to better coordinate and/or consolidate their administrative functions in areas of mutual interest. Such efforts will help to reduce overhead costs at both Endowments, which could produce savings that can be reallocated to partially offset some of the grants programs.

REDUCTION: GRANTS-IN-AID FOR AIRPORTS

Department of Transportation

Recognizing difficult fiscal circumstances -- and understanding the need to explore circumstances where other funding sources are available -- the Budget lowers funding for the airport grants program to $2.4 billion, a reduction of $1.1 billion, by eliminating guaranteed funding for large and medium hub airports. The Budget focuses the traditional Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges. Thereby, the Budget envisions giving the larger airports greater flexibility to generate their own revenue.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Obligation Limitation	3,515	2,424	-1,091

Justification

To assist those airports that need the most help, the Administration proposes to focus Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital and reduce grants for larger airports. In 2009, the 65 largest commercial airports accounted for 88 percent of passenger boardings. Therefore, these airports have access to multiple sources of financing such as bonds, airport landing fees, concession and parking revenue, and non-Federal passenger facility charges. The Budget would eliminate Federal grants and allow larger airports to increase non-Federal passenger facility charges, creating for them an opportunity and flexibility to generate their own revenue as they see fit. In addition, the Budget provides a one-time $3.1 billion for the airport grants program to fulfill the President's Labor Day commitment to renew and expand America's roads, railways and runways. As eligible recipients for the $3 billion competitive grant program, large and medium hub airports could use the funding to support runway safety projects as well as other long term capital projects that are currently underway. Further, if enacted, a transportation-focused National Infrastructure Bank could support nationally significant airport and aviation projects.

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended eliminating grants to large and medium hub airports as part of its illustrative savings options.[1] In addition, the Congressional Budget Office has made a similar recommendation in their Budget Options volume.[2]

Citations

[1] National Commission on Fiscal Responsibility and Reform, December 2010.

[2] Congressional Budget Office, Budget Options Volume 2, August 2009.

REDUCTION: GREAT LAKES RESTORATION INITIATIVE

Environmental Protection Agency

The Administration proposes $350 million for the Environmental Protection Agency-led (EPA) Great Lakes Restoration Initiative (GLRI), a $125 million reduction from 2010.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	475	350	-125

Justification

The 2010 Budget proposed -- and the Congress fully funded -- a new interagency initiative to protect and restore the Great Lakes ecosystem. This initiative focuses on five high priority issues: 1) toxic substances and designated Areas of Concern; 2) invasive species; 3) nearshore health and nonpoint source pollution; 4) habitat and wildlife protection; and 5) accountability, monitoring, and evaluation. Funds are appropriated to EPA, who administers the initiative and distributes the funds to other Federal agencies as appropriate to accomplish restoration objectives.

This initiative is important to improving the environmental health of the Great Lakes ecosystem. However, the Nation's fiscal challenges require us to make deep cuts to reduce the deficit; the $125 million reduction to the GLRI reflects one of those tough choices.

Over much of the past year, EPA and other agencies have been working together and with stakeholders to get administrative and accountability functions in place, including an action plan that will guide restoration efforts. These funds complement a significant base program among Federal agencies that totaled over $700 million in 2010.

REDUCTION: HEALTH CARE (MEDICAID PROPOSALS)

Department of Health and Human Services

The Administration proposes to strengthen the Medicaid program.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	269,365	288,606	353,660	394,011	431,091	1,736,733	4,387,091
Proposed Changes from Current Law, Total	-210	-420	-470	-550	-700	-2,350	-10,570
Limit Medicaid reimbursement of durable medical equipment (DME) based on Medicare rates	-210	-420	-470	-550	-700	-2,350	-6,400
Rebase Medicaid Disproportionate Share Hospital (DSH) allotments in 2021	0	0	0	0	0	0	-4,170

Justification

In addition to a robust package of legislative proposals intended to improve Medicaid program integrity, the Administration has put forth two additional Medicaid savings proposals. The Medicare program is in the process of implementing innovative ways to increase efficiency for payment of durable medical equipment (DME) through the durable medical equipment, prosthetic, orthotic items or services (DMEPOS) Competitive Bidding Program, which is expected to save more than $17 billion in Medicare expenditures over ten years. The first proposal extends some of these efficiencies to Medicaid, by limiting Federal reimbursement for a State's aggregate Medicaid spending on certain DME services to what Medicare would have paid in the same State for the same services.

The Budget also includes a proposal that continues the Affordable Care Act policy to better align Medicaid disproportionate share hospital (DSH) payments with reductions in the number of uninsured in 2021 and beyond. Supplemental DSH payments are intended to help support hospitals that provide care to disproportionate numbers of low-income and uninsured individuals. The Affordable Care Act reduced State DSH allotments by $18.1 billion through 2020 to reflect the reduced need as a result of the increased coverage provided in the Act. This proposal would compute 2021 State DSH allotments based on States' actual 2020 DSH allotments, better aligning future Medicaid supplemental payments to hospitals with reduced levels of uncompensated care.

REDUCTION: HEALTH CARE (MEDICARE PROPOSALS)

Department of Health and Human Services

The Administration puts forth a number of legislative proposals to strengthen the Medicare program. These proposals increase efficiency in the Quality Improvement Organization (QIO) program and repeal a provision that places Medicare electronic health record meaningful use penalties in the Medicare Improvement Fund.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	468,047	501,343	529,295	553,576	600,659	2,652,920	6,133,272
Proposed Changes from Current Law, Total	-30	-70	-150	-280	-350	-880	-6,490
Require the Secretary to determine the geographic scope of QIO contracts to maximize efficiency	-20	-50	-110	-190	-230	-600	-2,220
Eliminate the conflict of interest between beneficiary protection and quality improvement activities for QIOs	-10	-20	-30	-60	-80	-200	-710
Expand pool of contractors eligible for QIO work	0	0	-10	-20	-20	-50	-170
Extend the QIO contract length from three years up to five years	0	0	0	-10	-20	-30	-160
Align QIO contract terminations with Federal Acquisition Regulations	0	0	0	0	0	0	0
Dedicate EHR penalties to improving Medicare program financing	0	0	0	0	0	0	-3,230

Note: The savings estimates for these proposals may not include all interactions.

Justification

The Administration has put forward a number of proposals to strengthen the Medicare program by improving efficiency in the Quality Improvement Organization (QIO) program. QIOs are private, mostly not-for-profit organizations which contract with Medicare to improve the effectiveness, efficiency, economy, and quality of services delivered to Medicare beneficiaries. Like previous efforts in Medicare to modernize contracting by consolidating 40 fiscal intermediaries to 15 Medicare Administrative Contractors, these proposals will increase competition, align procedures with the Federal Acquisitions Regulations, and strengthen the Trust Funds. Specifically, the five proposals included in the Budget will save almost $3.3 billion over 10 years. First, by requiring the Secretary to determine the geographic scope of contracts, including overlapping contracts in local, regional, or national areas when appropriate, this proposal will increase competition and eliminate overhead. The Budget also proposes to eliminate conflicts of interest between beneficiary protection and quality improvement activities which may arise when a single contractor is responsible for building relationships with providers to improve quality while also functioning as the entity charged by Medicare to hold providers accountable for failures in the delivery of care to beneficiaries. Third, the Budget proposes to expand the pool of contractors eligible for QIO work, which will increase competition, and ensure that beneficiaries and providers are served effectively by contractors with specific skills. Extending the QIO contract length from three years to up to five years, and aligning QIO contract terminations with Federal Acquisition Regulations will improve efficiency and increase the Secretary's flexibility in administering these contracts.

Additionally, the Budget includes a proposal to repeal a provision that places Medicare electronic health record meaningful use penalties in the Medicare Improvement Fund. This proposal will allow these funds to be dedicated to improving the solvency of the Medicare Trust Funds, strengthening the Medicare program, and lowering beneficiary premiums.

REDUCTION: HEALTH CARE (PHARMACEUTICAL PROPOSALS)

Department of Health and Human Services

The Administration is proposing to give consumers more access to affordable pharmaceuticals by: 1) reducing the exclusivity period for brand biologics to encourage faster development of generic biologics; and 2) giving the Federal Trade Commission the authority to prohibit brand and generic drug companies from entering into anticompetitive or "pay-for-delay" agreements intended to keep more generics off the market. The Administration is also proposing to streamline pharmacy benefit contracting in the Federal Employee Health Benefits Program to obtain greater value for enrollees.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays (Medicare and Medicaid)	737,412	789,949	882,955	947,587	1,031,750	4,389,653	10,520,363
Baseline Outlays (FEHB)	10,845	11,659	12,532	13,475	14,500	63,011	153,951
Proposed Changes from Current Law, Total	-609	-728	-827	-1,000	-1,271	-4,435	-12,897
Modify length of exclusivity to facilitate faster development of generic biologics	0	0	0	-80	-250	-330	-2,340
Prohibit brand and generic drug companies from delaying the availability of new generic drugs	-540	-590	-680	-760	-850	-3,420	-8,790
Streamline pharmacy benefit contracting in the FEHB program	-69	-138	-147	-160	-171	-685	-1,767

Note: The savings estimates for these proposals may not include all interactions.

Justification

Generic Biologics. Under current law, innovator brand biologics have 12 years of exclusivity and broad "evergreening" authority, whereby innovator manufacturers are able to make relatively minor changes to the "potency, purity, and safety" of their products to receive an additional 12 years of exclusivity.

Under the Administration proposal, beginning in 2012, innovator brand biologic manufacturers would have 7 years of exclusivity and would be prohibited from receiving additional exclusivity by "evergreening" their products. According to the Federal Trade Commission, 12-year exclusivity is unnecessary to promote innovation by brand biologic drug manufacturers and can potentially harm consumers by directing scarce research and development funding toward developing low-risk clinical data for drug products with proven mechanisms of action rather than toward new products to address unmet medical needs.[1] The Administration policy strikes a balance between promoting affordable access to medication while at the same time encouraging innovation to develop needed therapies.

Pay-for-Delay. In these agreements, a brand name company settles its patent law suit by paying the generic firm to delay entering the market. Such deals can cost consumers billions of dollars because generic drugs are typically priced significantly less than their branded counterparts. The Administration proposal would give the Federal Trade Commission the authority to prohibit pay-for-delay agreements in order to facilitate access to lower-cost generics.

FEHB Program Pharmacy Benefit Contracting. Under current law, health plans participating in the Federal Employee Health Benefits (FEHB) program contract with pharmacy benefits managers who negotiate prices with drug manufacturers and pharmacies on behalf of their enrollees. Under the current contracting arrangement, prescription drug costs have risen significantly and now consume roughly 30 percent of total FEHB program expenditures. Under the Administration proposal, the Office of Personnel Management would be given authority to streamline pharmacy benefit contracting within the FEHB program and leverage enrollees' purchasing power to reduce costs and obtain greater value for enrollees.

Citations

[1] Federal Trade Commission, *Emerging Health Care Issues: Follow-on Biologic Drug Competition,* p.27 (June 2009).

REDUCTION: HOME INVESTMENT PARTNERSHIPS PROGRAM

Department of Housing and Urban Development

The Administration proposes to reduce funding for the HOME Investment Partnerships Program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1,825	1,650	-175

Justification

The HOME Investment Partnerships Program is a formula block grant program that provides funding to increase the supply of affordable housing for low-income families.

HOME has sound performance metrics and evaluations suggesting that it accomplishes its goal of increasing the supply of low-income housing.[1,2] However, given current fiscal constraints and the program's scalability, the Administration proposes to reduce funding for HOME in 2012. The Administration continues to work with the Congress to capitalize a similar but more targeted program, the Affordable Housing Trust Fund, at $1 billion in 2011 and 2012 to further increase affordable housing supply, especially rentals, but for a more needy, lower-income population.

Further, a combined $7 billion was appropriated for the Neighborhood Stabilization Program through the Housing and Economic Recovery Act, the American Recovery and Reinvestment Act, and the Wall Street Reform and Consumer Protection Act. The Neighborhood Stabilization Program (NSP) funds activities that address the foreclosure crisis, create jobs, and grow local economies by providing communities with the resources to purchase and rehabilitate foreclosed homes and convert them to affordable housing for very low- and moderate-income families. NSP will make a significant contribution to the supply of affordable housing over the near term.

Citations

[1] Urban Institute, *Expanding the Nation's Supply of Affordable Housing: An Evaluation of the HOME Investment Partnerships Program* (1998).

[2] Urban Institute, *Implementing Block Grants for Housing: An Evaluation of the First Year of HOME* (1995).

REDUCTION: IN-HOUSE RESEARCH PROGRAMS

Department of Agriculture

The 2012 Budget continues to emphasize increases in high-priority research that satisfies national needs while recognizing the need to make every dollar count. The Budget includes significant increases for priority research, while reducing resources for lower-priority research, including congressionally-directed earmarks.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1,180	1,138	-42

Justification

The net reduction of $42 million in the 2012 Budget includes increases of $59 million and reductions in lower-priority projects of $101 million.

The priority increases include funding to improve the safety of the U.S. food supply, establish regional biofuel feedstock research centers, child and human nutrition, development of production systems to support sustainable agriculture, and to help adapt American agriculture to a changing global climate. Other increases focus on improvements to livestock and crop production and protection, including crop breeding and management systems that optimize genetic potential and protect the environment. Proposed increases for preserved and living plant and animal biological/genetic collections will play a key role in responding to the current and future needs and challenges facing American agriculture, such as invasive species, biosecurity, climate change, dwindling water tables, and the preservation of genetic variation due to habitat loss.

The reductions include $42 million in congressionally-directed earmarks, as well as other lower-priority, in-house research and extramural projects that can no longer be funded in a time of constrained budgetary resources. Examples include: tropical aquaculture feeds; papaya ringspot; pear thrips; red imported fire ants; locoweed, and formosan subterranean termites.

REDUCTION: INDIAN GUARANTEED LOAN PROGRAM

Department of the Interior

The Administration proposes to reduce funding for the Bureau of Indian Affairs' (BIA) loan program, pending an evaluation of the program's effectiveness. The program has been poorly managed in the past, and it has had little success in promoting economic development in Indian Country.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	8	3	-5

Justification

The BIA loan program was created by the Congress in 1974 to narrow the credit gap in Indian Country and help tribal entities transition from dependence on the Federal Government to self-sufficiency.[1] Today there are numerous credit programs available to tribes, including within the Small Business Bureau and the Department of Agriculture's (USDA) Rural Development program, but they are not specifically targeted to Native Americans.

The BIA loan program, however, has not been effectively managed to respond to the reported demand in Indian Country for economic development loans. For example, the program did not obligate nearly $7 million of the $10 million provided under the American Recovery and Reinvestment Act, resulting in the funding being rescinded.[2]

Under the Administration's proposal, BIA would subsidize nearly $25 million in loan principal, although this is a lower volume than the $90 million range BIA has subsidized in the past. BIA's primary focus in 2012 will be to better facilitate the use of other existing loan programs by Native Americans by improving collaboration with other agencies (particularly SBA and USDA) that provide loans to minority businesses and ensuring these loans reach Indian Country. In addition, BIA will begin a results-oriented evaluation of how it can achieve its intended objectives through BIA or other Federal loan programs.

Citations

[1] Indian Financing Act of 1974, Public Law no. 93-262 (April 12, 1974).

[2] FAA Air Transportation Modernization and Safety Improvement Act, Public Law no. 111-226, Sec. 310 (2010).

REDUCTION: INTEGRATED WIRELESS NETWORK

Department of Justice

The Administration proposes to suspend further development of the Integrated Wireless Network (IWN) program in 2012, providing only funding for operations and maintenance in 2012. Other approaches can help deliver better communications capabilities to the Department of Justice (DOJ) agents more quickly than the current plan, and IWN has become cost-prohibitive.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	206	103	-103

Justification

The IWN program was created in 1998, and a wireless management office was established to "oversee and direct the department-wide approach to wireless communications." Since that time, the program has updated communications capabilities in the northwestern United States and National Capital Region. The costs to operate and maintain DOJ's antiquated legacy network and its new equipment increasingly consume the program's budget. These costs are expected to rise to $108 million in 2012, and continuing on the current approach will further delay nationwide implementation (currently planned by 2017).

Additionally, the current approach is at risk of becoming obsolete more quickly than other approaches. This impedes the project's ability to meet any changes in requirements and integrate industry advances in wireless technology over the procurement life-cycle.[1] A range of alternatives now exist that were not available when the project was originally conceived. These alternatives, alone or in combination with each other and/or the current approach, can help accelerate delivery of better communications capabilities, such as data, video, and applications more cheaply. They include:

-- commercial wireless companies offering voice, data, video, and "apps" on 3G or 4G Long Term Evolution (LTE) technologies, as well as their commercial infrastructure (e.g., towers, antennas, etc.);

-- other innovative communication programs within DOJ providing data and voice capabilities that already satisfy many agent communications needs (e.g., DOJ mobile devices and surveillance technologies); and

-- opportunities to leverage communications platforms of other Federal, State, and local partners (e.g., the Department of Homeland Security on the southwest border, large metropolitan police departments, etc.).

DOJ is re-examining its communications requirements and gaps. This analysis will serve as basis for assessing how different alternatives can address DOJ's communications needs.

Citations

[1] Department of Justice, Office of the Inspector General, *Progress Report on Development of the Integrated Wireless Network in the Department of Justice,* Audit Report 07-25, March 2007, located at: http://www.justice.gov/oig/reports/OBD/a0725/final.pdf.

REDUCTION: JAMES WEBB SPACE TELESCOPE

National Aeronautics and Space Administration

After years of overruns, the James Webb Space Telescope (JWST), the successor to the Hubble, is placed on a stable funding path that allows for completion of the project while allowing the National Aeronautics and Space Administration (NASA) to re-establish strong program management and maintain a balanced astrophysics program.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	439	375	-64

Justification

NASA's JWST is intended to be the scientific and programmatic successor to the Hubble Space Telescope. However, the program's estimated lifecycle costs and the length of time until the mission is ready to launch have consistently grown since 2003. An Independent Comprehensive Review Panel (ICRP) of experts found that the program had a "fundamentally broken estimate of cost and schedule."[1]

The ICRP also found that "It is critical to the successful completion of JWST to establish credible program and cost control capabilities" within the NASA offices that hold responsibility for the development of JWST. As an element of its management response to the independent report, NASA recently established a JWST Program office at NASA Headquarters that reports directly to senior NASA leadership.

The 2012 Budget reduced JWST spending by $64 million below 2010 enacted levels. Providing JWST with stable, sustainable funding at fiscally responsible levels will allow the new management team time to address the ICRP recommendations and regain credibility as they work to define a sustainable plan for completing JWST.

Citations

[1] James Webb Space Telescope (JWST) Independent Comprehensive Review Panel (ICRP), *Final Report, the National Aeronautics and Space Administration* (October 2010).

REDUCTION: JOB CORPS
Department of Labor

The 2012 Budget proposes $1.7 billion for Job Corps, roughly level with 2010 enacted. To offset an increase in the Operations budget for a new center opening in Iowa and inflationary increases in operations costs, the Budget proposes a reduction in new funding for construction, rehabilitation, and acquisition (CRA). Job Corps received a large infusion of Recovery Act funds, the majority of which was used for construction, and has been spending more slowly from available construction balances, which are currently about $250 million. This lower level will be sufficient to meet the program's high-priority construction needs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	1,708	1,700	-8

Justification

The 2012 Budget proposes $1.7 billion ($8 million below 2010 enacted) for the Job Corps program, including $1.6 billion for center operations, $79 million for the construction, rehabilitation, and acquisition (CRA), and $31 million for administration. Job Corps provides training and educational services to over 60,000 disadvantaged youth annually at 125 primarily residential centers nationwide, which operate through contractual or interagency agreements. The level will support a planned capacity of 45,315 student slots, 365 more than 2010.

Job Corps uses its CRA budget for activities related to the construction of new centers, renovation of existing centers, and land or property acquisition. Job Corps regularly receives more than $100 million in annual appropriations for this activity and funds are available for obligation for three years. On average, the program carries forward unobligated balances of around $200 million at the end of each fiscal program year.

More recently, the program has been spending more slowly from its available balances, due in large part to the infusion of American Recovery and Reinvestment Act funding the program received, but also as a result of center construction projects that have either been delayed or put on hold. For example, at the end of last year, Job Corps still had more than $200 million (66 percent) of their available funds unobligated. The proposed funding level of $79 million for CRA, $27 million below 2010, would allow the program to cover its high-priority construction needs.

REDUCTION: LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

Department of Health and Human Services

The Administration proposes to return Low Income Home Energy Assistance Program (LIHEAP) funding to historic levels, consistent with those provided in 2008 prior to energy price spikes.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	5,100	2,570	-2,530

Justification

During this period of tough budget choices, the President's 2012 Budget provides $2.57 billion for the Low Income Home Energy Assistance Program (LIHEAP) to help low-income families offset a portion of their home heating and cooling costs. This includes $1.98 billion in base grants and $590 million in contingency funds to allow the Administration to respond to energy-related emergencies. The 2012 Budget does not re-propose the mandatory funding trigger that was included in prior Budgets. Reflecting current forecasts for more moderate energy prices in winter 2011-2012, this returns LIHEAP funding to historic levels received for 2008 prior to the energy price spikes.

Current energy price forecasts predict relatively moderate price increases for winter 2011-2012 compared to this winter, with prices remaining well below the peaks experienced in 2008. For example, the West Texas Intermediate spot price for crude oil is expected to be $95 per barrel in the fourth quarter of 2011 compared to a peak of nearly $124 per barrel in the second quarter of 2008. Likewise, the Henry Hub spot price for natural gas is expected to be $4.52 per thousand cubic meters in the fourth quarter of 2011, compared to a peak price of $11.72 per thousand cubic meters in the second quarter of 2008.[1]

The Administration will continue to monitor energy prices going forward and will be willing to revisit program needs if there are significant price increases.

Citations

[1] Department of Energy, Energy Information Administration, *Short Term Energy Outlook* (January 11, 2011).

REDUCTION: LOW-PRIORITY CONSTRUCTION PROJECTS

Corps of Engineers

The Congress generally appropriates hundreds of millions of dollars annually in unrequested funds to the Corps of Engineers civil works program (Corps) to construct projects that provide a low return on the public's investment or that should be the responsibility of non-Federal interests, such as projects designed primarily for recreation. The 2012 Budget focuses funds on those projects within the three main mission areas of the Corps -- commercial navigation, reducing the risk of flood and storm damage, and restoring significant aquatic ecosystems -- that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives. The 2012 Budget also reduces funding for lower priority programs and activities, such as the Formerly Utilized Sites Remedial Action Program and the operation and maintenance of navigation projects with a low level of commercial use.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	317	0	-317

Justification

The 2012 Budget funds those construction projects within the three main mission areas that provide the best returns from a National perspective in achieving economic, environmental, and public safety objectives. Projects that are funded due to their economic benefits have been ranked based upon their benefit-cost ratio, and the Budget includes such projects with benefit-cost ratios of 2.5 or higher. The Budget also supports multiple-purpose projects that integrate environmental principles into traditional infrastructure efforts.

The Budget's proposal to reallocate funds from dozens of low-performing construction projects to projects that have a substantial positive economic and/or environmental return will enable the Corps to provide taxpayers with a better overall return on their investment from the civil works program. Allocating these funds to the highest performing projects will expedite their completion and thereby help realize their commercial navigation, flood and storm damage reduction, environmental and other benefits sooner.

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended eliminating low-priority construction projects as part of its illustrative savings options.[1]

Citations

[1] National Commission on Fiscal Responsibility and Reform, December 2010.

REDUCTION: MATERNAL AND CHILD HEALTH SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE

Department of Health and Human Services

The 2012 Budget focuses resources on competitive activities that support the expansion of primary care and reduce overlap among some existing activities. As such, the Administration proposes to redirect $17 million from Maternal and Child Health (MCH) Special Projects of National Significance (SPRANS) in the Health Resources and Services Administration (HRSA) to higher priority primary care activities. Some of the activities proposed for reduction are the focus of other Federal grant programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	92	75	-17

Justification

In 2010, the Congress appropriated $92 million for Maternal and Child Health (MCH) Special Projects of National Significance (SPRANS), which supports research on and training in such areas as genetic services, newborn screening, sickle cell disease, and hemophilia.

Several congressionally-directed activities funded through MCH SPRANS are supported by other Federal grant programs, including: Maternal and Child Health Block Grants for States; Sickle Cell Service Demonstration grants; Newborn Screening for Heritable Disorders; and the Congenital Disabilities program. The 2012 Budget redirects $17 million from these MCH SPRANS grants to activities that support the training of health care providers and fund direct health care services. Many of these congressionally-directed SPRANS activities can be continued through other MCH SPRANS grants, for which the 2012 Budget proposes $75 million.

REDUCTION: MCGOVERN-DOLE PROGRAM

Department of Agriculture

In 2010, funding was provided within the McGovern-Dole Food for Education program that allows up to $10 million in no-year funding be used to conduct pilot projects to field test new and improved micronutrient fortified food products for the program. Currently, only one applicant has applied and was approved for their $1 million proposal. The Administration recommends reducing McGovern-Dole program by the $9 million remaining balance since it is unclear whether there is a need to conduct these pilot projects.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	210	201	-9

Justification

The Administration did not propose the $10 million in no-year funding for the purpose of field testing new micronutrient food products for this program. There is little demand for these funds. In addition, there are other programs that can support field testing new micronutrient food products.

REDUCTION: MENTORING CHILDREN OF PRISONERS PROGRAM

Department of Health and Human Services

Mentoring can be an effective strategy for helping at-risk youth. A range of federal programs currently support mentoring, and the evidence suggests that the Mentoring Children of Prisoners (MCP) program has not fully utilized the most effective mentoring practices. The Administration proposes to reduce funding for the Mentoring Children of Prisoners Program and redirect funding to other initiatives with a stronger focus on evidence-based practices. At the same time, the Administration is launching a Government-wide effort to ensure that mentoring programs use evidence-based practices that have been shown to improve social and behavioral outcomes.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	49	25	-24

Justification

The Administration proposes to reduce funding for the MCP program and redirect funding to other initiatives with a stronger focus on evidence-based practices. The Administration is working to ensure that Federal investments in mentoring activities are coordinated, effective, and focused on those in need. Research has shown that high-quality mentoring relationships lasting for twelve months or longer can have positive impacts on youth, but that mentoring matches lasting three months or less can have harmful effects on youth.[1] According to MCP program performance data, each year fewer than half of MCP program participants are in matches that last at least twelve months. In 2008 as many as 27 percent of matches which ended prematurely ended within the first three months. The high rate of premature terminations appears to be driven by program performance rather than demographics: an evaluation of one of the funded MCP programs revealed that more than one-third of the matches ended within the first six months, a rate much higher than many other previously evaluated mentoring programs, and youths in matches that ended prematurely had the same demographic characteristics and risk factors as those youth who were in longer-lasting relationships.[2]

The youth served under MCP can be supported through other competitive grant programs in the Department of Health and Human Services (HHS), Education, Labor, Justice and other agencies that provide education, training, and support services for at-risk youth. Some of these programs, such as Promise Neighborhoods and the Budget's proposed Workforce Innovation Fund, utilize evidence-based practices and are receiving funding increases this year.

The Administration is strongly committed to expanding evidence-based mentoring practices in Federal programs. The Administration is establishing an interagency working group that will identify and disseminate the best available research on mentoring to Federal program managers and grantees.

Citations

[1] Grossman, J.B., & Rhodes, J.E. (2002) The test of time: Predictors and effects of duration in youth mentoring programs. *American Journal of Community* Psychology (30), 199-219.

[2] Schlafer, Rebecca J., Poehlmann, Julie, Coffino, Brianna, Henneman, Ashley (2009). Mentoring Children with Incarcerated Parents: Implications for Research, Practice, and Policy. *Family Relations* (58), 507-519.

REDUCTION: NATIONAL CAPITAL ARTS AND CULTURAL AFFAIRS GRANT PROGRAM

Commission of Fine Arts

The Administration proposes to reduce funding for the National Capital Arts and Cultural Affairs (NCACA) grants from $9.5 million to $5 million, and to transform this program to a competitive grants program administered by the District of Columbia. NCACA grants currently support a small group of art organizations in the District of Columbia.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	10	5	-5

Justification

NCACA grants were established by the Congress in 1986 as a non-competitive Federal grant program that provides funding for overhead costs to support artistic and cultural programs in the District of Columbia, such as the Washington National Opera, the Kennedy Center for the Performing Arts, the Choral Arts Society, Arena Stage and the National Children's Museum, among others. The funds are provided based on a 25 year-old formula and do not address performance factors or the actual needs of an organization. In fact, the formula provides the largest amount of funds to those recipients with the highest annual income. The organizations must have an annual income, exclusive of Federal or pass-through Federal funds, in excess of $1 million for each of the three years prior to their application for the grant. No post-award follow-up is performed to check on what the grants have accomplished. In general, these institutions are also able to apply for Federal funding from other resources. For example, in 2009, the Meridian International Center received approximately $21 million in Federal funding from the Department of State and the Trade and Development Agency, and approximately $342,000 (approximately 5.5 percent of its operating income) from the NCACA grant.

The Budget recommends reducing the amount of funding for NCACA grants by $5 million, and transferring the administration of NCACA grants from the Commission on Fine Arts, a Federal entity, to the District of Columbia Commission on Arts and Humanities to fund, on a competitive basis, local entities whose primary purpose is performing, exhibiting, and/or presenting the arts in the District. This will result in grants being awarded more reliably to non-profit art organizations that serve the people of the District .

REDUCTION: NATIONAL DRUG INTELLIGENCE CENTER

Department of Justice

The Administration proposes to reduce funding for the National Drug Intelligence Center (NDIC) which remains largely duplicative of other Federal and State and local drug intelligence centers and produces documents, research and reports which are available from other sources. The Department of Justice (DOJ) is tasked with developing a role for NDIC that will make the best use of its personnel and resources and fill a necessary gap in the counternarcotics and organized crime arena.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	44	25	-19

Justification

NDIC first received Federal funding in 1992 and was later formally established in the Defense Appropriations Act of 1993 (Public Law 102-396). Although funding was provided by the Department of Defense, the Attorney General was given direction and control over the Center. NDIC's original mission was "to coordinate and consolidate drug intelligence from all national security and law enforcement agencies, and produce information regarding the structure, membership, finances, communications, and activities of drug trafficking organizations."[1] In 2010, funding for NDIC was proposed by and provided to DOJ, thus consolidating the appropriations and authority over NDIC at DOJ. Since 1992, NDIC has received approximately $30 million to $40 million in appropriations annually and supported between 230 and 400 Federal employees.

NDIC has attempted to serve a variety of masters over the years -- with mixed results. As the General Accounting Office noted in 1993, and which is still the case today, numerous Federal agencies operate counternarcotics intelligence centers, including the Department of Defense, the Defense Intelligence Agency, DOJ, the Department of Homeland Security, the Department of the Treasury, and the Central Intelligence Agency.[2] In addition, the Office of National Drug Control Policy's High Intensity Drug Trafficking Area (HIDTA) program includes a nationwide drug intelligence system that links 57 designated HIDTA Intelligence and Investigative Support Centers (IISCs) with Federal, State, and local law enforcement personnel and networks to share tactical, operational, and strategic intelligence. HIDTA's IISCs identify new and emerging drug targets and trends, develop threat assessments, provide deconfliction for law enforcement targets and events, and manage cases.[3]

Other constraints to NDIC's effectiveness include its inability to access certain "proprietary" law enforcement information and data, its remote location in Johnstown, Pennsylvania, and the duplication of computer forensics software produced by NDIC and that of a subsidiary of the National Institute of Science and Technology. For many agencies, NDIC has become a staffing resource for specialized and longer-term projects and research. NDIC's location in Johnstown removes it from central policy discussions, access to stakeholders and adequate oversight.

Under the Administration's proposal, NDIC would continue to provide support to law enforcement and the intelligence community with a focus on fulfilling requests for document and computer exploitation in major law enforcement and intelligence community investigations and operations and less on augmenting the staff and resources of other agencies on special projects.

Citations

[1] Department of Defense Appropriations Act of 1993, P.L. 102-396, Section 9078.

[2] General Accounting Office (GAO), Briefing Report to the Chairman, Committee on Government Operations, House of Representatives, *Drug Control, Coordination of Intelligence Activities,* GAO/GGD-93-83BR (April 1993).

[3] United States, Office of National Drug Control Policy, Fact Sheet, High Intensity Drug Trafficking Area (HIDTA) Program, 2011.

REDUCTION: NATIONAL HERITAGE AREAS

Department of the Interior

The Administration proposes to reduce grants to non-Federal National Heritage Areas (NHAs) so the National Park Service can focus its available resources on managing national parks and other activities that most closely align with its core mission. State and local managers of NHAs continue to rely heavily on Federal funding, even though the program was not intended as a pathway to long-term Federal funding. This proposed reduction supports the directive in the 2010 Interior Appropriations Act for NHAs to work toward becoming self-sufficient.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	18	9	-9

Justification

The Congress has authorized 49 NHAs, including 30 since 2000. Local organizations administer NHAs to promote tourism and protect natural and cultural resources. The NPS Heritage Partnership program provides technical assistance and grants, authorized up to $1 million annually for up to 10 to 15 years that serve as "seed money" to help NHA organizations become established. Since 1986, the Congress has appropriated more than $150 million for NHA grants.

Consistent with congressional directives in 2009 and 2010 Interior Appropriations Acts, the Administration proposes to focus most NHA grants on recently authorized areas and phase out funds to those well-established recipients that have not necessarily worked to become self-sufficient. Since 1984, when the first NHA was designated, 17 areas reached or nearly reached their original sunset dates, but received extensions and continue to receive funding. To date, criteria have been not been established to evaluate potentially qualified NHA sties for designation.[1] As a result, sites have been authorized that do not necessarily warrant designation. However, the Administration strongly supports the development of criteria to evaluate potentially qualified NHA sites for designation.

Citations

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

REDUCTION: NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

National Archives and Records Administration

The National Historical Publications and Records Commission (NHPRC) issues grants to support projects that preserve and make accessible historically significant non-federal records. This proposal will reduce NHPRC by $5 million.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	10	5	-5

Justification

Given the current fiscal environment and competing priorities within the National Archives and Records Administration (NARA), available resources are focused on the agency's mission critical activities. The Budget maintains support for NHPRC, but at a reduced level, that will enable work on high priority activities, like the Founding Fathers project, to continue. Non-Federal archival projects are also eligible for grant funding from other public and private programs.

REDUCTION: NEW CONSTRUCTION OF HOUSING FOR THE ELDERLY AND DISABLED (2 REDUCTIONS)

Department of Housing and Urban Development

The Administration proposes to reduce funding for new awards for the Housing for the Elderly and Housing for Persons with Disabilities programs. The Budget provides a total of $953 million for the two programs, of which $499 million will be used to expand the number of affordable housing units assisted.
Projects under construction and support for existing units will not be affected.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Housing for the Elderly	825	757	-68
Housing for Persons with Disabilities	300	196	-104

Justification

The Housing for the Elderly program (Section 202) and Housing for Persons with Disabilities program (Section 811) provide capital advance grants and operating subsidies to nonprofit sponsors to construct multifamily housing for very low-income elderly and very low-income people with disabilities. Due to budget constraints, the Administration proposes to provide funding at a reduced level for new construction and awards for Section 202 and Section 811 projects. Implementing and building on recently enacted reforms of the Section 202 Supportive Housing for the Elderly Act of 2010 and the Frank Melville Supportive Housing Investment Act of 2010, the Administration will seek ways to maximize use of these limited expansion funds, leveraging other capital resources and targeting funds to serve populations most in need of affordable supportive housing.

As new construction continues to be funded annually and the total number of assisted units increases, the cost to maintain operating subsidy contracts for units in service increases annually and adds to outyear costs. The 2012 Budget provides $344 million to amend and renew rental assistance contracts, an increase of $167 million above 2010 enacted. By 2020, operating subsidy contract renewal costs for these programs will exceed $700 million. Continued investment in new construction creates long-term financial commitments; to maximize the benefit of this investment, new projects must be well-targeted and as cost effective as possible.

Housing for the Elderly. The Budget proposes $757 million for Section 202, including: $387 million for new construction and expansion; $259 million to renew and amend operating subsidy contracts; $91 million for grants to support service coordinators and congregate housing services; and $20 million to support grants to convert elderly housing to assisted living facilities or service enriched housing.

Housing for Persons with Disabilities. The Budget proposes $196 million for Section 811, including: $111 million for new awards and $85 million to renew and amend operating subsidy contracts. The Budget also shifts fiscal responsibility of the Section 811 Mainstream Vouchers program to the Tenant-Based Rental Assistance program ($113.6 million is provided under Tenant-Based Rental Assistance to convert and renew approximately 15,000 Section 811 Mainstream Vouchers).

REDUCTION: NON-CRITICAL FUNCTIONS IN THE U.S. CENSUS BUREAU

Department of Commerce

In light of the current fiscal environment, the Census Bureau will eliminate funding for non-mission critical functions and reports in order to fund higher priority programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	11	0	-11

Justification

As a result of an extensive review, the Census Bureau determined that the *Current Industrial Reports* function is not necessary as the Bureau currently produces other, complementary manufacturing data. The Federal Financial Statistics Program is also not mission critical, as core information will continue to be available at www.usaspending.gov. The Foreign Research and Analysis Program's international focus is also not central to the Bureau's mission; some of its activities may continue via reimbursable agreements. In addition, the Census Bureau will cease production of the *Statistical Abstract*, as related information is available through other outlets.

REDUCTION: NONPOINT SOURCE GRANTS

Environmental Protection Agency

The Budget proposes $165 million for Section 319 Nonpoint Source Grants, a $36 million reduction from 2010. This decrease reflects the Environmental Protection Agency's (EPA) shift in emphasis to its core programs, as well as the fact that the number of nonpoint source sectors has decreased as EPA has brought formerly nonpoint source sectors such as concentrated animal feeding operations and stormwater under regulation as point sources.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	201	165	-36

Justification

Section 319 Nonpoint Source Grants help States implement their own nonpoint source management programs. Through these grants, States fund nonpoint source staff, watershed planning, and project implementation to address water pollution runoff from urban, agricultural, and other sources.

In 2012, EPA is emphasizing its core permitting programs that address point source pollution. Additionally, the number of nonpoint source sectors has declined over time as EPA has brought formerly nonpoint source sectors such as concentrated animal feeding operations and stormwater under regulation as point sources. Some of this program's work also is duplicative with the Department of Agriculture conservation programs.

REDUCTION: OFFICE OF EDUCATION

National Aeronautics and Space Administration

The Administration proposes to reduce the National Aeronautics and Space Administration's (NASA) Office of Education by eliminating congressionally-directed spending and reducing low-priority programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	184	138	-46

Justification

NASA's Office of Education directly funds education grant programs, such as the NASA Space Grant program, the Minority University Research and Education Program, and others. The Office of Education also coordinates the Education efforts conducted within the other Mission Directorates and by the NASA Centers. The Administration proposes to reduce NASA's Office of Education by eliminating congressionally-directed spending and reducing low-priority programs.

The Administration's proposal prioritizes Federal investments towards STEM education activities at the K-12 and undergraduate levels that will improve student learning outcomes, using consistent criteria for effectiveness. The reductions include $37.5 million in congressionally-directed spending, as well as other lower-priority projects that can no longer be funded in a time of constrained budgetary resources.

REDUCTION: OFFICE OF HISTORICAL TRUST ACCOUNTING

Department of the Interior

The Administration proposes to reduce funding for activities conducted over the past several years related to claims in a class action suit over historical accounting of assets held in trust by the Federal Government for individual Indians due to the resolution of the suit.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	47	31	-16

Justification

In 1887, the Congress authorized the subdivision of tribal lands to individual Indians with the hope the Indians would take up farming and assimilate into the non-Indian society and culture.[1] The Act provided that the Secretary of the Interior would hold the lands in trust for 25 years, after which the individual Indians would be free to sell or encumber the lands as they saw fit. In the 1930s, the Congress ended the allotment process and required the Federal Government to hold the lands in trust indefinitely.[2] In addition, the Government was tasked with leasing the lands and serving as trustee for individual Indian accountholders for any revenue resulting from the leases.

Over the years there were many allegations of mismanagement on the part of the Government, and in 1996 a class action lawsuit *(Cobell)* was filed alleging that the Government was negligent in its management of the trust funds.[3] The *Cobell* plaintiffs asked the U.S. District Court to order Interior to provide an accounting of the assets to the individual Indians. As a result, in July 2001 the Office of Historical Trust Accounting was created to plan, organize, direct, and execute the historical accounting for individual Indians accountholders, as well as for tribal trust funds, which were being contested in separately filed lawsuits.

In December 2010, the President signed legislation that resolved the *Cobell* lawsuit and ended the need for additional historical accounting for the individual Indian accountholders.[4] The Budget proposes to reduce funding for historical accounting of individual Indian accounts, but retains funding for the historical accounting of tribal trust funds.

Citations

[1] *An Act to Provide for the Allotment of Lands in Severalty to Indians on the Various Reservations (General Allotment Act or Dawes Act), Statutes at Large* 24, 388-91, NADP Document A1887.

[2] *An Act to conserve and develop Indian lands and resources; to extend to Indians the right to form business and other organizations; to establish a credit system for Indians; to grant certain rights of home rule to Indians; to provide for vocational education for Indians; and for other purposes* (The Indian Reorganization Act of 1934), Public Law no. 73-383 (June 18, 1934).

[3] *Cobell v. Babbitt*, U.S. District Court for the District of Columbia, Case Number 1:96CV01285, (June 10, 1996)

[4] Claims Resolution Act of 2010, Individual Indian Money Account Litigation Settlement, Public Law no. 111-291, (December 8, 2010).

REDUCTION: PEST AND DISEASE PROGRAMS

Department of Agriculture

The 2012 Budget for the Animal and Plant Health Inspection Service (APHIS) continues, and in some instances enhances, key programs for its major program areas: pest and disease exclusion; monitoring and surveillance; management; scientific and technical services; as well as animal care; while eliminating low priority activities.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	912	837	-75

Justification

The purpose of APHIS programs is to prevent the introduction and spread of pests and diseases that could affect agriculture and other resources. The 2012 Budget, while a reduction from 2010, supports and when appropriate proposes increases for high consequence pests. The following programs are being proposed for increases: the Asian Longhorned Beetle; the Light Brown Apple Moth; and the recently introduced European Grape Vine Moth. Increases have also been proposed for biotechnology, veterinary diagnostics, and support for the Lacey Act. Total increases for the agency are $64 million.

Other programs, in which Federal support may no longer be appropriate have been reduced or eliminated. This is because Federal support either may no longer be needed or appropriate at the current level, or may have no real impact in responding to the infestation (e.g., the infestation may no longer be able to be controlled). Examples of such programs are: Johne's Disease; cotton pest programs; karnal bunt; pseudorabies; sirex; and tropical bont tick. In some cases the reductions assume additional support from State and local cooperators. In addition, funding for congressionally-directed earmarks has been eliminated (-$27 million). In addition, funding for the agency has been reduced due to a reorganization which should improve program management, and increase efficiency. Total reductions for the agency are $138 million.

REDUCTION: PREPAREDNESS AND RESPONSE ACTIVITIES (6 REDUCTIONS)

Department of Health and Human Services

The Administration proposes to reduce the Hospital Preparedness Program Grants in the Public Health and Social Services Emergency Fund (PHSSEF) and the Public Health Emergency Preparedness Grants in the Centers for Disease Control and Prevention (CDC), given recent supplemental funding and budget constraints. These grant programs are a lower priority in 2012 and the small CDC grants, which are proposed for elimination, do not directly go to the States. In addition, the Administration proposes to eliminate Anthrax Vaccine Research in CDC, a program that was proposed for elimination in 2011. The program has achieved its goals of reducing the number of vaccine doses, simplifying the administration route and conducting long term safety surveillance.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Public Health Emergency Preparedness Cooperative Agreements	715	643	-72
Hospital Preparedness Program	426	380	-46
Centers for Public Health Preparedness	30	0	-30
Advance Practice Centers	5	0	-5
Anthrax Vaccine Research	3	0	-3
Other State and Local Preparedness	11	8	-3

Justification

The Federal Government has provided over $11 billion to support State, local, and hospital preparedness and response activities between 2002 and 2010. In addition, the 2009 Supplemental Appropriation Act provided $350 million to the programs to respond to the pandemic flu outbreak and over $800 million to implement the vaccination campaign, of which some States continue to have balances. Given this previous funding and a constrained budget environment, the 2012 Budget redirects resources away from the following lower-priority preparedness activities: CDC's Centers for Public Health Preparedness (-$30 million) and Advance Practice Centers (-$5 million) and reduces funding from the Public Health Emergency Preparedness Cooperative Agreements (-$72 million) and Hospital Preparedness Program grants (including the Emergency System Advanced Registration of Volunteer Health Professionals, -$46 million). This reduction is for grants for Centers for Public Health Preparedness and Advance Practice Centers which have not demonstrated effectiveness. While they work to provide training and conduct research in public health preparedness and create tools and resources to support local public health jurisdictions, these programs have not provided measurable direct impact on overall preparedness. The reduction to the Public Health Emergency Preparedness Cooperative Agreements will be partially offset by Prevention and Public Health Fund allocation of $40 million for CDC's Epidemiology and Laboratory Capacity Grants which will also support the State and local public health laboratories' preparedness and response. Both the State and Hospital grant programs will enable maintenance of adequate staffing and the ability to plan, exercise, and respond to terrorism or other emergencies. These reductions reflect the overall need for fiscal discipline in the current economy.

The anthrax vaccine research program has achieved its initial goals and is proposed for termination (-$2.6 million). The program was initiated at CDC in 1999 as a result of a congressional mandate. CDC conducted studies of safety and efficacy of the U.S. licensed anthrax vaccine, Anthrax Vaccine Adsorbed (AVA, BioThrax). The goals of the program have been to: 1) support human clinical trials to optimize and reduce the doses for the vaccination schedule; 2) change the administration route while ensuring efficacy, and; 3) to conduct surveillance for long-term safety studies. The program at CDC has achieved its stated goal as exemplified by the Advisory Committee on Immunization Practices (ACIP) approval of a reduced dose schedule (five doses instead of six) and vaccination into the muscle tissue rather than under the skin.[1,2,3] CDC plans to continue to support research and support for anthrax vaccines out of CDC Preparedness and Response Capability funds as needed.

Citations

[1] http://www.cdc.gov/mmwr/pdf/rr/rr5906.pdf.

[2] FDA Product Approval Information letter to Emergent BioSolutions, dated December 11, 2008 http://www.fda.gov/BiologicsBloodVaccines/Vaccines/ApprovedProducts/ucm124462.htm.

[3] Pittman, PR et al., "Anthrax vaccine: immunogenicity and safety of a dose-reduction, route-change comparison study in humans," Vaccine 2002 Jan 31;20(9-10):1412-20.

REDUCTION: REINTEGRATION OF EX-OFFENDERS PROGRAM

Department of Labor

The 2012 Budget includes $90 million for the Department of Labor's (DOL's) Reintegration of Ex-Offenders program. While a reduction from the 2010 enacted level, this funding would continue support for adult ex-offender activities and provide $20 million for a competitive grant program for intermediary organizations serving school dropouts and young ex-offenders in high-crime, high-poverty areas. In tandem with the Justice Department's $130 million grant portfolio for this population, this would provide a robust level of funding for ex-offender and juvenile justice programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	108	90	-18

Justification

The Budget proposes $90 million, for the Reintegration of Ex-Offenders program. Through this activity, DOL funds competitive grants for training, mentoring, and other services to adult ex-offenders, juvenile offenders, and youth at risk of becoming offenders. The proposed level will allow DOL to continue grants for programs serving adult ex-offenders, an initiative currently undergoing a rigorous evaluation, and provides $20 million to support competitive grants to national and regional intermediary organizations serving young ex-offenders and school dropouts in high-crime, high poverty areas. It reflects the termination of continuation funding for the persistently dangerous schools grants. This project funds school-based reform efforts that are outside of DOL's core mission and is largely directed to Pennsylvania schools because a substantial number of the eligible schools are located in that state.

The Budget also supports a number of other programs that provide job training and prisoner re-entry services. The 2012 Budget includes $130 million in the Department of Justice for prisoner reentry-related grant programs, including $100 million for grants authorized by the Second Chance Act and $30 million for the Residential Substance Abuse Training program. Additionally, the Budget's proposed Workforce Innovation Fund will provide an opportunity for States to strengthen their workforce systems and make them more responsive to the needs of at-risk populations.

REDUCTION: RURAL HOSPITAL FLEXIBILITY GRANT PROGRAMS

Department of Health and Human Services

The 2012 Budget focuses resources on competitive grant programs that support the expansion of primary care, including those in rural settings. The Administration proposes to redirect $15 million from the Rural Hospital Flexibility program in the Health Resources and Services Administration's (HRSA) Office of Rural Health to these competitive grants that expand access to primary care.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	41	26	-15

Justification

In 2010, the Congress appropriated $41 million for the Rural Hospital Flexibility program, which consists of three grant activities that support a range of activities focusing on rural hospitals. Two of those grant programs, the "Rural Hospital Flex" program and "Mental Health and other health services for veterans in rural areas" program support the expansion of primary care in rural areas.

The third grant activity, the Small Hospital Improvement Program (SHIP) distributes funding to hospitals to purchase new hardware and software for billing systems and enhanced surveillance data. Within the constrained budget environment, the 2012 Budget redirects funding for SHIP to grant programs that directly expand access to primary care in rural areas rather than specific business activities that could otherwise be supported by private entities.

REDUCTION: SCIENCE OF LEARNING CENTERS

National Science Foundation

The Administration proposes to reduce funding for the Science of Learning Centers (SLC) program due to findings from the on-going review process for center renewals and a general consensus from an external advisory committee that the National Science Foundation should phase the program down as funding for individual centers comes to a close, shifting resources wherever possible to enhance support for the science of learning using non-center mechanisms.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	26	20	-6

Justification

The Science of Learning Centers (SLC) program currently supports six centers that contribute to the intellectual, organizational, and physical infrastructure needed for the long-term advancement of science of learning research. It supports research that harnesses and integrates knowledge across multiple disciplines to create a common groundwork of conceptualization, experimentation, and explanation that anchor new lines of thinking and inquiry towards a deeper understanding of learning. The goals of the SLC program are to advance the frontiers of all the sciences of learning through integrated research; to connect the research to specific scientific, technological, educational, and workforce challenges; to enable research communities to capitalize on new opportunities and discoveries; and to respond to new challenges.

NSF plans to begin phasing down funding for the SLC program beginning in 2012. This decision is based on both the on-going review process for center renewals and an initial May 2010 NSF Advisory Committee discussion on planning for the future of the SLC program and the learning sciences. The general consensus within the committee was that NSF should phase the program down as funding for individual centers comes to a close, shifting resources wherever possible to enhance support for the science of learning using non-center mechanisms.

REDUCTION: SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

Department of Health and Human Services

The 2012 Budget proposes $450 million for the Senior Community Service Employment Program (SCSEP) and proposes to transfer the program to the Department of Health and Human Services (HHS). Transferring the program to HHS will foster better coordination between SCSEP and the many other senior-serving programs at the Administration on Aging (AoA), strengthening SCSEP's focus on improving the comprehensive well-being of seniors, and achieving administrative efficiencies within both SCSEP and existing AoA programs.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	825	450	-375

Justification

Authorized by the Older Americans Act (OAA), SCSEP provides minimum-wage community service employment opportunities at non-profit and government agencies for low-income unemployed individuals, ages 55 and older. SCSEP's statutory goals are to foster individual economic self-sufficiency, provide community service opportunities for low-income seniors, and increase their participation in unsubsidized employment. The program provides an average of about $150 per week to participants. There is little evidence that SCSEP successfully promotes unsubsidized employment or provides cost-effective community service.

The 2012 Budget proposes to transfer SCSEP to HHS's Administration on Aging. Because AoA administers other programs under the OAA, this shift would improve SCSEP's coordination with other programs supporting low-income seniors. In conjunction with these other programs, SCSEP could better support not only employment, but also health, wellness, and independence for seniors. Because of its expertise in senior issues, AoA is also well positioned to provide strong support and technical assistance to SCSEP grantees.

Although the Budget reduces funding for SCSEP, it continues to fund other caregiver and senior-serving programs in AoA. The 2012 Budget represents a decrease of $150 million from SCSEP's regular appropriation of $600 million, and a decrease of $375 million (45 percent) from the 2010 enacted level, which included a one-time $225 million special appropriation intended to supplement Recovery Act efforts. The Department of Labor and HHS will collaborate on the upcoming 2011 competition for the national grantees to facilitate a seamless transition of the program and coordinate the grant process with other AoA programs.

REDUCTION: SHIFT FUTURE UNIFORMED SERVICES FAMILY HEALTH PLAN ENROLLEES INTO TRICARE-FOR-LIFE/MEDICARE

Department of Defense

The Administration proposes to shift future enrollees of the Uniformed Services Family Health Plan into Medicare and the TRICARE-for-Life wraparound program when the enrollees become Medicare-eligible at age 65.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Proposed Change from Current Law	-1	-4	-12	-4	-13	-34	-279

Justification

The Department of Defense offers a managed care option known as the Uniformed Services Family Health Plan (USFHP) through six specific health care providers in six geographic areas: Johns Hopkins Medicine in Maryland; Martin's Point Health Care in Maine; Brighton Marine Health Center in Massachusetts; Saint Vincent Catholic Medical Center in New York; Christus Health in Texas; and Pacific Medical Center in Washington State. USFHP beneficiaries are the only TRICARE beneficiaries who are not required to enroll in Medicare and the TRICARE-for-Life wraparound benefit upon reaching age 65. The enrollees are currently allowed to remain in USFHP.

The proposal would require TRICARE-for-Life/Medicare enrollment for all military retirees upon reaching age 65. Current USFHP enrollees would be unaffected by the proposal. The shift into Medicare and TRICARE-for-Life would result in reduced Federal payments to private sector health care providers.

REDUCTION: SINGLE FAMILY HOUSING DIRECT LOANS AND HOUSING REPAIR GRANTS

Department of Agriculture

Single family housing direct loans and housing repair grants are both funded at significantly reduced levels for 2012, reflecting the change in direction of the U.S. Department of Agriculture (USDA) single family housing assistance programs: to provide single family housing assistance primarily through the more efficient and effective loan guarantee program. The $24 billion guaranteed loan level allows USDA's Rural Housing Service (RHS) to provide more assistance for single family housing in rural areas than has ever been provided with all the other RHS housing programs combined.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	72	22	-50

Justification

The 2012 Budget reflects the change in direction of USDA single family housing assistance programs: to provide single family housing assistance primarily through loan guarantees. Correspondingly, the single family housing direct loans at a proposed loan level of $211 million is a minimum level to allow targeted support for very-low and low income individuals seeking mortgage credit in rural areas. These funds are expected to be used with various Administration initiatives. Likewise, the housing repair grants are funded at $12 million. This reduced level will allow elderly very-low income rural residents some support for home improvements and will be sufficient to guarantee full obligation of these funds, which has been a problem in recent years at higher levels of funding.

REDUCTION: STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

Department of Justice

The Administration proposes to reduce funding for the State Criminal Alien Assistance Program (SCAAP). Efforts should focus on criminal alien removals through programs such as Secure Communities, and SCAAP resources should be consistently targeted to help cover the costs of incarcerating eligible inmates.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	330	136	-194

Justification

The SCAAP was created by the Violent Crime Control and Law Enforcement Act of 1994 to provide a means of reimbursing states and localities for some of the costs of incarcerating illegal aliens who have committed crimes.

While SCAAP originally was intended to reimburse correctional officer salaries, throughout most of the program's history, funding has been unrestricted.[1] More recently, funding has been restricted to correctional-related uses.

Immigration and Customs Enforcement (ICE) verifies inmates for whom reimbursement is sought by States and localities. ICE provides the Office of Justice Programs (OJP), which administers SCAAP, with a report on the number of eligible, ineligible, unknown, and invalid inmates. The formula used by OJP provides payments to jurisdictions for both eligible inmates and unknown inmates (albeit at different reimbursement rates), even though the immigration status or citizenship of the unknown inmates -- if known -- might not qualify the jurisdiction for a payment. In 2000, the Department of Justice Inspector General raised questions about reimbursements for "unknowns."[2] As recently as 2010, the percentage of SCAAP program payments related to "unknowns" totaled 58 percent. This practice presents a risk that program payments may occur for inmates with U.S. citizenship or legal immigration status. With improved inmate screening and better immigration-related databases, this level of payment for "unknowns" is excessive.

Under the Administration's proposal, SCAAP will make payments to States and localities for those inmates who do not have legal immigration status. In addition, ICE will continue to remove criminal aliens through the Secure Communities and Criminal Alien Programs.

Citations

[1] Congressional Research Service, *Immigration: Frequently Asked Questions on the State Criminal Alien Assistance Program, RL33431* (September 25, 2009).

[2] Inspector General, Department of Justice, *Office of Justice Programs: State Criminal Alien Assistance Program, Report No. 00-13* (May 2000).

REDUCTION: UNIFORM CRITERIA FOR SPECIAL MONTHLY PENSION

Department of Veterans Affairs

The Administration proposes to establish permanent and total disability as a necessary criterion for veterans to receive special monthly pension (SMP) payments for being housebound. This proposal would rectify inequitable pension payments among veterans and reinstate longstanding Department of Veterans Affairs practice prior to the 2006 *Hartness v. Nicholson* decision by the United States Court of Appeals for Veterans Claims.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	4,542	5,303	5,718	6,360	7,758	29,681	76,484
Proposed Change from Current Law	-6	-10	-13	-16	-20	-65	-216

Justification

In *Hartness v. Nicholson* (2006), the United States Court of Appeals of Veterans Claims interpreted statute to require an award of SMP to a wartime veteran for being permanently housebound if, in addition to being at least 65 years old, the veteran possesses a minimum disability rating of 60 percent.[1] The original intent of this program was to pay SMP to veterans who are both housebound and permanently and totally disabled. Due to the court's interpretation, based on age alone, veterans who are not permanently and totally disabled could receive a greater pension than veterans who are permanently and totally disabled. The Administration proposes to provide more equitable compensation of veterans by clearly establishing permanent and total disability as a requirement for SMP for all veterans.

Citations

[1] 38 U.S. Code §§ 1513(a), 1521(e).

REDUCTION: WILDLAND FIRE MANAGEMENT

Department of Agriculture

The Forest Service's Wildland Fire Management account funds fire preparedness and suppression activities, hazardous fuels reduction, and activities related to fire research, forest health management, State and volunteer fire assistance, and forest rehabilitation and restoration. The Budget proposes reductions to several of these activities to reflect efficiencies and increased effectiveness expected by implementing the Integrated Resource Restoration line item.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	156	100	-56

Justification

The Budget provides full funding of the ten year suppression average and fully funds preparedness needs. However, reductions are proposed to several activities within this account, including fire research, forest health management, State and volunteer fire assistance, and forest rehabilitation and restoration. Most of the projects supported by these can be funded through other Forest Service accounts. In addition, the proposal to create the Integrated Resource Restoration (IRR) line item in the National Forest System will allow the Forest Service to better address forest health, rehabilitation and restoration needs. Due to the improved efficiency and effectiveness of IRR and the elimination of duplication in funding line items, the Budget proposes a reduction in the funding located in the Wildland Fire Management account.

REDUCTION: WILDLAND FIRE PROGRAM/HAZARDOUS FUELS REDUCTION

Department of the Interior

The Administration proposes to focus funding for wildland fire hazardous fuels reduction treatments in areas that reduce the risk of wildfire to communities. Recent scientific findings indicate that the most effective way to protect communities from the risk of wildfires is to focus vegetative treatments in the areas nearest structures within the wildland-urban interface (WUI). Previous policies resulted in a patchwork of hazardous fuels treatments that are dispersed and difficult to measure. The Department of the Interior (DOI) will focus fuels management activities on mitigating hazards and enhancing the ability to control fires in the WUI.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	206	157	-49

Justification

The Wildland Fire Management account in DOI supports wildland fire preparedness, suppression, rehabilitation, and hazardous fuels reduction activities. When targeted properly, hazardous fuels reduction activities (e.g., removing brush and small trees in strategic locations) can reduce impacts from wildfires, including threats to public safety, suppression costs, and damage to natural and cultural resources.

DOI and the Department of Agriculture's Forest Service have agreed on several actions to reduce impacts from wildfires, such as: 1) prioritizing fuels treatments that have been identified as key components of Community Wildfire Protection Plans and are cost effective; and 2) expanding wildland fire use as a means of treating fuels.

Although funding for hazardous fuels treatments has quadrupled since 2000, the previous policy of treating the greatest number of acres possible has led to a patchwork of hazardous fuels treatment that has not been as focused as it could have been on reducing risks in the WUI. As suggested by Forest Service scientists, extensive wildland vegetation management does not effectively change whether or not homes in the WUI catch on fire. When there is a clear priority of treating acres within the WUI, hazardous fuels treatments can be more effective in reducing risk.[1,2]

In 2012, the Forest Service and DOI will target fuels management activities to mitigate hazards and enhance the ability to control fires in the WUI. The agencies will focus funding for hazardous fuels treatments in communities that are on track to meet Firewise standards and have identified acres to be treated in Community Wildfire Protection Plans (or the equivalent) and have made an investment in implementing local solutions to protect against wildland fire.

Citations

[1] Cohen, Jack D., *Wildland-Urban Fire -- A different approach, USDA Forest Service*, unpublished research synthesis, Rocky Mountain Research Station, *http://www.firewise.org/resources/files/WUI_HIR/Wildlandurbanfire-approach.pdf*.

[2] Cohen, Jack D., *Reducing the Wildland Fire Threat to Homes: Where and How Much*?, USDA Forest Service Gen.Tech.Rep. PSW-GTR-173 (1999), *http://www.fs.fed.us/rm/pubs_other/rmrs_1999_cohen_j001.pdf*.

REDUCTION: WORKFORCE INVESTMENT ACT - GOVERNOR'S RESERVE

Department of Labor

The Administration proposes to reduce funding available for statewide workforce development activities under the Budget's proposed Workforce Investment Act (WIA) Adult, Youth, and Dislocated Worker job training formula grants. The 2012 Budget would reduce the allowable Governor's Reserve set-aside from 15 percent to 7.5 percent, decreasing the funding for statewide activities by $240 million. Governor's Reserve funding is traditionally spent slowly and with little accountability for results. The Budget redirects funding to the Workforce Innovation Fund, so States can compete for funds based on their commitment to undertake bold reforms to improve program outcomes and cost-effectiveness.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Budget Authority	443	203	-240

Justification

States use Governor's Reserve funds for a variety of activities that supplement services provided by the local formula funds through One-Stop Career Centers. Data show that States consistently spend these funds slowly. For example, at the end of last program year, States still had more than $300 million (30 percent) of their available funds unobligated.

The Governor's Reserve funds are used for some activities that are required by WIA, such as fiscal oversight and publicizing lists of eligible training providers, and other activities that are optional, such as incumbent worker training. On average, States spend about half of their statewide funds on required activities, so the Administration proposes to cut the set-aside in half from 15 percent to 7.5 percent.

States will be able to compete for additional funds to strengthen their workforce systems through the proposed Workforce Innovation Fund. The 2012 Budget proposes $379 million for this fund, which will support systemic reforms of the workforce system, including initiatives led by States. Redirecting funds from the Governor's Reserve to the Workforce Innovation Fund will promote more accountable and innovative statewide programs.

OTHER SAVINGS: BUNDLING MAINTENANCE AGREEMENTS FOR CAPITAL EQUIPMENT

Environmental Protection Agency

The Environmental Protection Agency (EPA) will more aggressively seek to consolidate individual agreements for equipment, supplies, and maintenance services in 2012 through strategic sourcing. The bundling is expected to result in long-term savings throughout the duration of contracts.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	0.000	*	*

** Savings estimates under development.*

Justification

As part of the Federal strategic sourcing initiative, EPA's Office of Acquisition Management (OAM) plans to establish an Enterprise Wide Strategic Sourcing (EWSS) Program in 2011 and continue implementation in 2012 to improve efficiencies and economies in the Agency's acquisition programs. EWSS will accomplish this goal by implementing strategic sourcing processes agency-wide, driven by strategic planning, an in-depth understanding of internal purchasing needs, and insight and knowledge of supply markets. EWSS will apply a centralized, cross-functional/cross-business unit strategic approach. In doing so, the Agency can begin to look for opportunities like consolidating capital equipment maintenance agreements in order to create efficiencies, economies of scale, and enhance the value of acquisitions across the entire Agency.

OTHER SAVINGS: ELECTRONIC EMISSIONS REPORTING

Environmental Protection Agency

The 2012 Budget invests in electronic reporting capabilities for the Environmental Protection Agency (EPA) that will result in long-term savings to those reporting emissions and regulators receiving that data. Savings will not be realized until systems are in place and functioning.

Presently reliable estimates of potential cost savings are not available.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	0.000	*	*

** Savings estimates under development.*

Justification

Electronic reporting will reduce reporting burdens, increase transparency, and enable integration of multiple data sets, greatly increasing EPA's ability to monitor and analyze compliance problems. In 2012, EPA will expand the investment in converting the existing paper based regulatory reporting requirements to an electronic requirement. The Agency will also invest in advanced monitoring technologies to streamline and improve data collection.

OTHER SAVINGS: ELECTRONIC REPORTING AT THE MINE SAFETY AND HEALTH ADMINISTRATION AND BUREAU OF LABOR STATISTICS

Department of Labor

Following up on two SAVE Award nominations, the Department of Labor's Mine Safety and Health Administration and Bureau of Labor Statistics will reduce data collection costs by encouraging greater use of electronic reporting.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-0.024	-0.037	-0.302

Justification

Mine operators are required to submit quarterly production data to MSHA. For many years, MSHA has mailed multi-part forms to mine operators and contractors for them to complete and mail back in a return envelope. Costs associated with acquiring and mailing the multi-part forms have increased over the years. Without the mailed forms, mine operators and contractors would still have two options for submitting the required data: filing online or downloading the forms from the MSHA web site and mailing or faxing them back to MSHA. As recommended by a SAVE Award finalist, MSHA proposes to discontinue mailing the multi-part forms to mine operators and instead mail postcards as reminders, saving $27,000 in postage and printing costs in 2012.

The Bureau of Labor Statistics (BLS) collects price information monthly from businesses for its Producer Price Index (PPI) and routinely sends surveys to businesses and households. Currently, these forms and surveys are printed by BLS, mailed to businesses and households, filled out, and mailed back to BLS. In June 2011, the BLS will begin offering an online data collection option to select PPI respondents. Expanding and encouraging the use of online forms to all existing and new survey respondents will improve the accuracy, timeliness, and efficiency of data collection; may save time for both respondents and BLS; and, will save money by reducing the costs of paper, printing, and postage. Online forms may be more likely than paper forms to be completed by employers, due to the reduction in time and burden associated with filling out the forms by hand and mailing them back. A reduction in the prevalence of paper forms is also environmentally friendly. While BLS will encourage respondents to use the IDCF, it will not require it so as not to discourage voluntary respondents who prefer paper forms or who do not have internet access from completing the survey. After the PPI project is complete, BLS plans to explore other electronic reporting options.

OTHER SAVINGS: END THE MAILING OF FEDERAL REGISTER TO FEDERAL GOVERNMENT OFFICES

National Archives and Records Administration

The 2012 Budget adopts the winning SAVE Award proposal to end mailing physical copies of the Federal Register to Federal employees. Adopting this proposal to reduce Federal Register printing and mailing would save approximately $4 million annually.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	0.000	-4.000	-16.000

Justification

The SAVE Award is an Administration initiative that allows Federal employees to submit cost-cutting recommendations that will make Government more effective and efficient while reducing the cost to taxpayers. This proposal was one of over 18,000 submissions across the Government. This particular proposal won the SAVE Award and is featured in the 2012 Budget.

In 2010, there were more than 4,700 subscriptions across the entire Federal Government. Based on Government Printing Office estimates, this proposed reduction would save taxpayers up to $4 million in postage and printing costs. To fully implement this change would require Federal agencies, the Legislative Branch, and the Judicial Branch to issue a written request to the Director of the Federal Register indicating a cancellation of mailings to employees. Government offices and their employees would be able to access the Federal Register on-line rather than receiving it by mail.

Because Federal agencies pay for subscriptions, savings will be realized across the entire Federal Government.

OTHER SAVINGS: ESEA CONSOLIDATIONS

Department of Education

As part of the Administration's Elementary and Secondary Education Act (ESEA) reauthorization proposal, the Budget proposes to consolidate 38 K-12 programs into 11 new programs discussed below.

Excellent Instructional Teams (three programs). This proposal seeks to increase teacher effectiveness and reduce disparities in access to high-quality teachers and school leaders between disadvantaged students and their peers. It consolidates nine existing programs into three programs: Effective Teachers and Leaders; Teacher and Leader Innovation Fund; Teacher and Leader Pathways.

Effective Teaching and Learning for a Complete Education (three programs). This proposal builds on the Administration's efforts to raise the quality and rigor of academic standards and instruction. It consolidates 15 existing programs into three new programs, each with a dedicated focus on one of the following academic areas: literacy; science, technology, engineering, and mathematics (STEM); and other subjects that contribute to a well-rounded education, such as history, civics, arts, and foreign language.

Expanding Educational Options. This proposal supports increasing the supply of high-quality educational options available to students in low-performing schools by creating and expanding effective charter schools and other effective, autonomous and accountable schools, and by implementing comprehensive systems of public school choice. It consolidates five existing programs into the new Expanding Educational Options program.

College Pathways and Accelerated Learning. This proposal strengthens the Administration's commitment to expanding educational opportunities for all students by providing accelerated courses and instruction in schools that enroll concentrations of students from low-income families. The proposed program consolidates three existing programs into the new College Pathways and Accelerated Learning program.

Supporting Student Success. This proposal promotes comprehensive strategies that create safe and drug-free learning environments for students. It consolidates six existing programs into the new Successful, Safe, and Healthy Students program. In addition to these consolidations, this proposal also includes two other programs, Promise Neighborhoods and a reformed 21st Century Community Learning Centers.

Race to the Top. This proposal permanently establishes the Race to the Top program, which was created under the American Recovery and Reinvestment Act (ARRA). It creates incentives for State and local reforms and innovations designed to lead to significant improvements in student achievement, high school graduation rates, and college enrollment rates, and to significant reductions in achievement gaps. Under this proposal, Race to the Top expands to allow school districts to compete directly for funds, making it possible for districts to initiate or build upon ambitious and comprehensive reforms.

Investing in Innovation. This proposal permanently establishes the Investing in Innovation program, which was created under the ARRA. It enables the Department to continue to invest in high-impact, potentially transformative education interventions, ranging from new ideas with huge potential to those that have proven their effectiveness and are ready to be scaled up.

Justification

The current program structure at the Department of Education is fragmented and ineffective. The Department operates dozens of grant programs under a framework that can assure compliance, but largely fails to ask for improvement in outcomes and build a knowledge base of what works. Some of these programs have little evidence of success, while others are demonstrably failing to improve student achievement. Even where programs are effective, the numerous funding streams with separate rules and requirements limit flexibility and innovation.

The Administration's consolidated funding streams will restructure the ESEA to focus more on performance and using evidence to fund what works. This approach expands the work begun under ARRA by aligning the Department's major program investments with its reform agenda. Such a structure will enable the Department to better identify and support successful intervention strategies.

DEPARTMENT OF EDUCATION K-12 PROGRAM CONSOLIDATIONS

(In millions of dollars)

	2010 Enacted	2012 Request	2012 Change from 2010
Excellent Instructional Teams			
Effective Teachers and Leaders	....	2,500	2,500
Teacher Quality State Grants	2,948	....	–2,948
Ready to Teach	....	....	....
Teacher and Leader Innovation Fund	....	500	500
Teacher Incentive Fund	400	....	–400
Advanced Credentialing	11	....	–11
Teacher and leader pathways	....	250	250
Transition to Teaching	44	....	–44
Teacher Quality Enhancement	43	....	–43
Teachers for a Competitive Tomorrow	2	....	–2
Teach for America	18	....	–18
School Leadership	29	....	–29
Effective Teaching and Learning for a Complete Education			
Effective Teaching and Learning: Literacy	....	383	383
Striving Readers	200	....	–200
Even Start	66	....	–66
Literacy through School Libraries	19	....	–19
National Writing Project	26	....	–26
Reading is Fundamental	25	....	–25
Ready-to-Learn Television	27	....	–27
Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics	....	206	206
Mathematics and Science Partnerships	180	....	–180
Effective Teaching and Learning for a Well-Rounded Education	....	246	246
Excellence in Economic Education	1	....	–1
Teaching American History	119	....	–119
Arts in Education	40	....	–40
Foreign Language Assistance	27	....	–27
Academies for American History and Civics	2	....	–2
Close-Up Fellowships	2	....	–2
Civic Education	35	....	–35
Educational Technology State Grants	100	....	–100
Expanding Educational Options			
Expanding Educational Options	....	372	372
Charter Schools Grants	248	....	–248
Credit Enhancement for Charter School Facilities	8	....	–8
Voluntary Public School Choice	26	....	–26
Parental Assistance Information Centers	39	....	–39
Smaller Learning Communities	88	....	–88
College Pathways and Accelerated Learning			
College Pathways and Accelerated Learning	....	86	86
High School Graduation Initiative	50	....	–50
Advanced Placement	46	....	–46
Javits Gifted and Talented	7	....	–7
Supporting Student Success			
Successful, Safe and Healthy Students	....	365	365
SDFS National Program Activities	191	....	–191
Elementary and Secondary School Counseling	55	....	–55
Physical Education	79	....	–79
Foundations for Learning	1	....	–1
Mental Health Integration in Schools	6	....	–6
Alcohol Abuse Reduction	33	....	–33
Race to the Top	**.........**	**900**	**900**
Investing in Innovation	**.........**	**300**	**300**

OTHER SAVINGS: EXPAND THE USE OF ELECTRONIC PLATFORMS TO CONDUCT RESEARCH GRANT REVIEW MEETINGS

Department of Health and Human Services

The National Institutes of Health (NIH) will continue to expand the number of grant application peer review meetings that are held electronically (via internet, video, telephone, etc.) instead of in-person, saving travel time and related costs.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-11.000	-12.000	-62.000

Justification

In 2010, the NIH Center for Scientific Review (CSR) held over 1,700 scientific peer review meetings to review research grant applications, 340 of which were conducted via electronic platforms. NIH CSR achieved a cost savings of over $11 million (an estimated $33,419 per meeting) by replacing in-person meetings with those conducted using various forms of electronic technology, resulting in productive meetings with lower reviewer costs (travel, hotel, honoraria) and increased participation by expert reviewers. NIH projects that the number of electronic meetings will increase annually, for a cumulative cost savings of approximately $62 million in 2011-2015. NIH will also pilot test innovative technologies to support the scientific peer review of grant applications.

OTHER SAVINGS: FECA REFORM

Department of Labor

Acting on longstanding Government Accountability Office (GAO) and Inspector General recommendations -- as well as numerous SAVE Award nominations -- the Administration proposes legislation to improve and update the Federal Employees' Compensation Act (FECA); adopt best practices of State workers' compensation systems; and strengthen incentives for beneficiaries to return to work as early as appropriate.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	347	353	358	365	372	1,795	3,772
Proposed Change from Current Law	-10	-13	-5	-7	-17	-52	-283

Justification

FECA provides wage-replacement and medical benefits to Federal civilian employees who suffer occupational injury or disease. Benefits are paid by the Department of Labor (DOL), which is then reimbursed by Federal agencies for benefits paid to their employees. FECA pays up to 75 percent of the individual's basic pay, adjusted annually for inflation. Under current law, individuals can receive FECA benefits indefinitely, as long as their injury or illness diminishes their wage-earning capacity.

The program has not been substantially updated since 1974, and needs to be reformed. FECA benefits typically exceed Federal retirement benefits, an incentive for individuals to remain on FECA beyond the point when they otherwise would have retired. While State workers' compensation systems have waiting periods for benefits to deter frivolous claims, FECA has a three-day waiting period that for non-Postal employees only comes after the 45-day period during which an employer must continue to pay the individual's salary while the claim is being processed. In addition, the Federal Government currently has no legal basis to obtain refunds of compensation costs paid to employees when they receive recoveries from third parties liable for their injuries.[1] The law also needs to be updated -- the maximum benefits for burial expenses, for example, have not been increased since their establishment in 1949.

The 2012 Budget acts on longstanding Government Accountability Office, Congressional Budget Office, and Office of the Inspector General recommendations -- as well as numerous SAVE Award nominations -- to amend FECA to convert prospectively retirement-age beneficiaries to a retirement annuity-level benefit, impose a uniform up-front waiting period for benefits for all beneficiaries, streamline claims processing, permit DOL to recapture compensation costs from responsible third parties, authorize DOL to cross-match FECA records with Social Security records to reduce improper payments, and make other changes to improve and update FECA. The 2012 reform legislation will also include a provision to allow DOL to add an administrative surcharge to the amount billed to Federal agencies for their FECA compensation costs, thereby shifting FECA administrative costs from DOL to Federal agencies in proportion to their usage. If enacted, the surcharge would not be applied until 2013 to give agencies an opportunity to plan for the change.

The table above reflects net savings to the FECA account and does not include projected reductions in Federal agencies' payments for FECA benefits paid to their employees. These changes would generate net savings of more than $280 million, and Government-wide savings of more than $400 million.

Citations

[1] Government Accountability Office, *Redefining Continuation of Pay Could Result in Additional Savings to the Government*, GAO/GGD-95-135, *http://archive.gao.gov/t2pbat1/154363.pdf* (June 1995).

OTHER SAVINGS: GREEN INITIATIVE

National Aeronautics and Space Administration

National Aeronautics and Space Administration (NASA) employees submitted multiple SAVE Award nominations regarding sustainability (e.g., use of green energy, double side printing, sustainable office practices, xeriscaping). NASA is responding to these nominations with an integrated sustainability strategy.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	0.000	-1.000	-10.000

Justification

NASA is responding to multiple SAVE Award nominations with an integrated sustainability strategy. NASA began integrating separate sustainability topics into a single coordinated effort in 2010. This effort addresses various sustainability subjects including energy/water intensity, greenhouse gas emissions, high performance buildings, pollution prevention and waste elimination, acquisition, and electronic stewardship.

OTHER SAVINGS: HIGHER EDUCATION PROGRAM CONSOLIDATIONS

Department of Education

The Administration's reform of the Fund for the Improvement of Postsecondary Education (FIPSE) creates a new competition and proposes several consolidations that would improve efficiency and lower administrative costs, while establishing a more effective program. The initiative would consolidate two higher education disability demonstration programs into FIPSE -- Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities and Transition Programs for Students with Intellectual Disabilities into Higher Education. The new First in the World (FITW) competition program, run out of FIPSE, would include a priority for access and completion for students with disabilities, replacing these two small disability demonstrations with a robust innovation program containing a tiered evidence framework. The new evidence framework, modeled on the Department of Education's successful Investing in Innovation program at the K-12 level, identifies, validates, and scales-up promising and effective practices.

Funding Summary

(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
FIPSE (competitive grants)[1]	59	150	91
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	7	0	-7
Transition Programs for Students with Intellectual Disabilities into Higher Education	11	0	-11

[1] *This 2010 enacted level excludes $102 million in congressionally-directed earmarks.*

Justification

The Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities supports model projects that enhance the quality of higher education for students with disabilities. The Transition Programs for Students with Intellectual Disabilities into Higher Education supports institutions of higher education or consortia of such institutions to create or expand postsecondary programs for students with intellectual disabilities. Neither have a strong evaluation component nor methods to disseminate promising practices to other institutions.

FIPSE, with its core Comprehensive Program, supports projects intended to reform and improve postsecondary education. However, the program lacks an evidence framework and an evaluation focus, and has been used for decades to support congressionally-directed earmarks and other short-lived projects. In 2010, the Congress earmarked $102 million of the total $159 million appropriation.

FITW will employ a rigorous, three-tier framework that directs funding to programs with the strongest support in evidence, but also provides significant support for promising programs that are willing to undergo rigorous evaluation. By consolidating the two higher education disability demonstration programs into the reformed FIPSE program, the Administration has a more reliable mechanism for finding, evaluating, and replicating promising practices.

OTHER SAVINGS: INCREASE PAPERLESS TRANSACTIONS

Department of the Treasury

A number of Department of the Treasury employees submitted SAVE Award suggestions focused on moving from paper-based to electronic processes. The Department of the Treasury is leading the way in this Government-wide effort by significantly increasing the number of paperless transactions with the public and automating internal paper-based processes. These changes will save taxpayers more than $500 million over five years.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Total Savings	-43.000	-87.000	-524.000
Savings (Discretionary Programs)	-26.000	-45.000	-232.000
Savings (Mandatory Programs)	-17.000	-42.000	-292.000

Justification

The Department of the Treasury is implementing a multi-pronged initiative across a number of bureaus to increase its use of electronic transactions, which will greatly reduce costs, improve organizational efficiency, enhance customer service and minimize the Federal Government's environmental impact. Treasury's paperless initiatives include:

Pay benefits electronically. As of May 2011, all newly enrolled Federal beneficiaries and retirees (e.g., Social Security, Supplemental Security Income, Veterans Administration, Railroad Retirement Board) will receive payments electronically, either through direct deposit into a bank account or Treasury's Direct Express debit card. By March 2013, existing beneficiaries and retirees will also receive payments electronically.[1] This change will increase reliability, safety and security of transactions with the public.

Require businesses to pay taxes electronically. As of January 2011, most businesses that were previously permitted to use paper Federal Tax Deposit coupons will now have to make deposits electronically. This change will not only reduce costs, but also improve payment accuracy as IRS has found that businesses are less likely to make errors when paying taxes electronically.

Increase issuance of electronic savings bonds. As of January 2011, employees no longer have the option to purchase paper savings bonds through payroll deductions. In 2012, Treasury will no longer issue over-the-counter paper savings bonds to individuals. The Department will instead focus on supporting electronic means to issue bonds. Printing fewer paper bonds will reduce the cost of postage, paper forms, and processing fees in the entire savings bond program.

Encourage customers to conduct online transactions. Treasury will eliminate the option for customers to buy Treasury securities by mail and will focus on TreasuryDirect to be the primary retail system for investors to buy marketable securities and conduct business electronically. This will result in administrative savings and allow the Department to enhance its customer service.

File more tax returns electronically. IRS plans to continue to increase the use of e-file beyond the 100 million people that filed tax returns electronically in 2010. Increased use of e-file for tax returns will save the IRS millions of dollars each year. In addition to lowering costs, e-file returns will be processed and refunds issued much faster than paper returns. It will take less than two weeks to process an e-filed return, but as many as four to six weeks to process a paper return.

Automate Treasury's paper-based administrative processes. Through implementation of the Enterprise Content Management program, Treasury will automate many paper-based processes, such as

Freedom of Information Act requests, which will result in significant efficiency gains and lower costs for the Department.

Citations

[1] "Treasury Goes Green, Saves, Green." Treasury Official Home Page. 2010. United States Treasury Department. Web. 19 March 2010. <http://205.168.45.51/press/releases/tg644.htm>.

OTHER SAVINGS: INFORMATION TECHNOLOGY CONSOLIDATION

Department of the Treasury

The Department of the Treasury will realize cost savings through the consolidation of information technology (IT) infrastructure and services for the Bureau of the Public Debt (BPD) and the Financial Management Service (FMS). This effort is part of the Administration's focus on leveraging IT to achieve efficiencies and aligns with several SAVE Award proposals from Treasury employees who identified IT consolidation as an area for Federal agencies to reduce costs.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings (mandatory and discretionary)	0.000	-3.000	-96.000

Justification

BPD and FMS, which both report to the Department of the Treasury's Fiscal Assistant Secretary, will partner to consolidate a variety of IT resources. Beginning in 2011, five separate BPD and FMS data centers will be consolidated down to two that will serve both bureaus. Further, in 2012, the bureaus will focus on integrating common IT services and lay the foundation for in-sourcing selected contractor functions. A single corporate governance body formed by the two agencies will be established to oversee the initiative. These efforts are congruent with the Office of Management and Budget's Data Center Consolidation directive for a more sustainable approach to IT services that will reduce energy consumption and carbon emissions.

This consolidation is part of a Department-wide Data Center Consolidation effort involving other bureaus and offices, such as the Internal Revenue Service. The Department's plan includes reducing from 42 data centers in 2010 to 29 in 2015. Some of the cost savings from this five-year initiative will be directed back to aid other Department components to consolidate IT systems, including data centers.

OTHER SAVINGS: JAVITS FELLOWSHIPS CONSOLIDATION

Department of Education

The Budget proposes to consolidate the Javits Fellowships program and redirect its funding to the Graduate Assistance for Areas of National Need (GAANN) program. Activities supported by the Javits Fellowships program can be supported by the Graduate Assistance for Areas of National Need (GAANN) program if the Department consults with appropriate agencies in the arts, humanities, and social sciences in establishing areas of need in future GAANN competitions.

The Javits Fellowships program provides fellowships to students of superior ability who are pursuing doctoral degrees, and in limited cases master's degrees, in the arts, humanities, and social sciences at any institution of higher education. Fellows are selected for a period of up to four years through a national competition on the basis of demonstrated achievement, financial need, and exceptional promise.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2012 Request	2012 Change from 2010
Javits Fellowships	10	0	-10
Graduate Assistance for Areas of National Need	31	41	10

Justification

Consolidating the Javits Fellowships program into GAANN would reduce the administrative overhead costs of reviewing applications. Institutions of higher education apply directly for GAANN awards and disburse them to fellows, whereas fellows apply directly for fellowships under the Javits program. The subjects funded under Javits Fellowships may also be funded under GAANN if there is a national need.

OTHER SAVINGS: LIGHTING EFFICIENCIES

Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) plans to save money by making energy efficient lighting improvements to its office space.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-0.187	-0.748	-3.100

Justification

HUD plans to reduce energy costs in its office space by installing automatic motion detecting light switches and replacing inefficient fluorescent bulbs with more efficient fluorescent bulbs.

Currently, some lights at HUD remain on during non-working hours and in offices that have been empty for extended time periods during the work day, so motion detecting light switches would help reduce energy costs. In addition, most HUD offices are equipped with standard, and inefficient, 4 foot long T-12 fluorescent bulbs, and replacing these with T-5, T-8 fluorescent bulbs, which use approximately 40 percent less energy, would allow HUD to accrue energy savings without compromising on lighting quality.

OTHER SAVINGS: LIMIT PRINTING/COPYING AND PROCURE MULTI-FUNCTION DEVICES

Department of State and Other International Programs

The Department of State and U.S. Agency for International Development (USAID) are proposing to reduce expenditures for office supplies by placing printing and copying limits on computers, copiers, and workstations, and by replacing existing single function devices, such as printers, scanners, copiers, and fax machines with multi-function devices.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-1.000	-2.800	-13.400

Justification

State and USAID will reduce office supply costs by incorporating limitations on printing and copying, in part by: 1) establishing a department-wide policy on the employment of double-sided printing and requiring duplex as the default setting on all network printers; 2) consolidating printers by reducing the number of local printers in favor of network printers; 3) standardizing the printer/copier fleet to control supply costs and ensure the acquisition of energy-efficient models; and 4) setting the default font in Outlook to an ink saving eco-font.

In addition, as part of the normal replacement cycle for printers, where possible, single function devices will be replaced with multi-function devices, resulting in the elimination of single function fax machines, scanners, copiers, and printers. This action reduces the administrative (supply-chain) management of these devices as well as the management of consumables (toner, cartridges, paper, and replacement parts) for each type of single function device eliminated.

OTHER SAVINGS: PAINT ROOFS OF EMBASSIES WHITE

Department of State and Other International Programs

The Department of State proposes continuation of energy efficiency improvement efforts at domestic and international facilities, resulting in the reduction of both cost and energy emissions by painting State and Embassy roofs white where there are no structural impediments in doing so.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-1.100	-1.100	-5.300

Justification

Roof areas on Embassy buildings are high traffic spaces housing heating and cooling systems, telecommunication, and security equipment, making green roofs and solar panels difficult to accommodate in most places. On the other hand, white roofs are universally applicable and have low initial and lifecycle costs, resulting in real energy savings. The Department of State has modified its standard roofing specifications to include white or light colored gravel and adding white color to exposed surfaces when new or replacement roofs are installed. White roofs have been proven to maintain cooler temperatures in buildings, reducing the amount of energy required for air conditioning. It is estimated that the Department of State could yield an estimated total reduction savings of one percent worldwide for electricity expenditures.

Domestically, the Department of State has implemented this concept, including the introduction of design guidance mandating that highly reflective roof membranes be utilized on all new facility construction or roof replacements. On the roofs of the National Visa Center and the Consular Center, located in Portsmouth, New Hampshire, the Department of State is using a light-colored waterproof membrane over insulation board to increase the roofs' reflectivity, achieving a slight reduction in cooling energy consumption during the summer months. Several of the buildings in the Charleston Regional Center have light-colored roof membranes, as does Florida Regional Center, where summer cooling costs are greater.

OTHER SAVINGS: PELL GRANT PROTECTION ACT - OVERVIEW

Department of Education

The Administration has fought for higher Pell Grant funding, boosting the maximum award by $819 and providing grants to an additional 3 million students. The Administration is committed to sustaining the highest-ever Pell Grant award of $5,550 despite rising program costs within a Government-wide freeze on non-security spending. To ensure that all needy students have access to a $5,550 scholarship, the Administration proposes a number of actions to achieve savings, including:

-- Ending the availability of a second Pell Grant in a single award year beginning in the 2011-2012 academic year.

-- Ending the in-school interest subsidy on student loans for graduate, medical, and professional students.

-- Moving aggressively to ensure that Pell Grant awards are awarded based on accurate information and spent responsibly.

These savings proposals are part of the Administration's Pell Grant Protection Act, which sustains recent increases in the maximum Pell Grant while funding future anticipated growth in the program.

OTHER SAVINGS: PELL GRANT PROTECTION ACT - END IN-SCHOOL INTEREST SUBSIDY FOR STAFFORD LOANS FOR GRADUATE AND PROFESSIONAL STUDENTS

Department of Education

As part of the proposed Pell Grant Protection Act, the Administration proposes to end the in-school interest subsidy on student loans for graduate, medical, and professional students. The costs are large and there is little evidence that the subsidy is well-targeted or influences students' ability to enroll in graduate school, which school they attend, or whether they graduate.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Proposed Change from Current Law	-984	-3,200	-3,039	-3,019	-3,022	-13,264	-29,281

Justification

Graduate and professional students are eligible for several types of Federal student loans, including subsidized Stafford Loans, unsubsidized Stafford Loans, Perkins Loans, and graduate student PLUS loans. Currently, the Federal Government pays the interest on a subsidized Stafford Loan until the borrower leaves school and begins repaying that loan. Graduate student eligibility for a subsidized Stafford Loan for a graduate student is based on the student's financial need upon entering a graduate program.

The in-school interest subsidy for subsidized Stafford loans is poorly-targeted. Among all education levels, those who have completed graduate education have the highest median incomes. In addition, the eligibility for the interest subsidy is determined based on "ability-to-pay" at the time of enrollment, but the borrower experiences the benefit later -- typically years later -- in the form of lower loan payments after leaving school. As a result, a student with limited resources before graduate school could receive a subsidized loan, graduate, be employed in a high-paying job, and still receive the subsidy, even though he or she can easily repay the loan. In contrast, a student with a higher income before graduate school could be denied a subsidized loan but be employed in a lower-paying job after graduation, with less ability to repay the loan than the student with the subsidy.

As noted in a 2008 College Board study by numerous student aid experts, the most effective targeting for loan benefits sets repayment obligations based on the borrower's ability to repay at the time of repayment. The Administration has strongly supported income-based loan repayment plans, and the Student Aid and Fiscal Responsibility Act of 2010 expanded income-based repayment plans to lessen the short-term burden on students and increase loan repayment rates.

The elimination of in-school interest subsidies has received expert support. The 2008 College Board study noted that "...[t]here is no evidence that eliminating in-school interest is critical to enrollment decisions" and proposed eliminating the subsidy for all students. The President's Commission on Fiscal Responsibility made the same recommendation. The President's Budget proposes eliminating subsidies only for graduate and professional students. They have already received a baccalaureate degree and on average have higher earnings than students with only an undergraduate degree, and hence less need for a subsidy. In addition, several better-targeted loan forgiveness programs already exist for graduate students who enter low-paying professions such as teaching or nursing.

OTHER SAVINGS: PELL GRANT PROTECTION ACT - END YEAR ROUND PELL

Department of Education

As part of the proposed Pell Grant Protection Act, the Administration proposes to eliminate the availability of a second Pell Grant in a single award year beginning in the 2011-2012 academic year. The second Pell Grant has cost over 10 times more than originally estimated, with no evidence that it meets the original goal of accelerating students' progress toward a degree. The Administration will continue to study this issue with the goal of restoring a fiscally-responsible approach to accelerating students' progress toward completion.

Funding Summary

(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Total Budget Authority	-8,193	-4,963	-5,188	-5,432	-5,688	-29,465	-60,468
Total Outlays	-4,129	-4,818	-5,022	-5,251	-5,499	-24,719	-55,178
Discretionary Budget Authority	-7,617	-4,283	-4,389	-4,478	-4,578	-25,345	-49,558
Discretionary Outlays	-3,594	-4,214	-4,311	-4,411	-4,504	-21,034	-44,935
Mandatory Budget Authority	-576	-681	-800	-953	-1,110	-4,120	10,911
Mandatory Outlays	-535	-604	-711	-840	-995	-3,685	-10,243

Note: The Administration's proposal would begin in the 2011-2012 academic year, which starts in fiscal year 2011. As a result, this proposal reduces the discretionary budget authority shortfall from 2011 that needs to be made up in 2012 by $3.4 billion, which is reflected in the savings above, and reduces discretionary outlays by $923 million in 2011. It also results in additional 2011 mandatory savings totaling $529 million in budget authority and $60 million in outlays.

Justification

Pell Grants provide need-based grant aid to undergraduate students. They are the single largest source of grant aid for postsecondary education and the centerpiece of President Obama's strategy to support students in higher education towards successful completion of a postsecondary credential. However, the cost of the Pell program has significantly increased since 2008, when the total cost was $18 billion (including the discretionary and mandatory portions of the award). In 2012, if no changes are made to the program, that cost is expected to be $41 billion. Funding this cost would require an increase of more than $20 billion above the 2012 Budget baseline.

While there are several important reasons for the significant growth in the cost of the Pell Grant program, the fiscal impact of the year-round Pell policy is more than 10 times higher per year than expected. Created by the Higher Education Opportunity Act of 2008, the program allows students to receive up to two Pell Grants in one calendar year. Originally estimated to cost less than $300 million per year, its estimated cost for 2011 and 2012 is almost $8 billion.

The year-round Pell Grant was originally designed so that students would be able to accelerate progress toward completion of a postsecondary credential by getting two Pell Grants in one award year. However, after a year of implementation of the program, there is no evidence that the policy advances the goal of acceleration. The program appears to be providing significant amounts of aid to students who would have accelerated their education regardless of the second award. Given the lack of evidence and the necessity of making difficult decisions to ensure the availability of Pell funding for all students, the Department will eliminate the current policy, while continuing to explore fiscally-responsible alternatives for helping students complete their degrees more quickly.

This difficult decision will put the base Pell program on a firmer fiscal footing and ensure that all students can receive up to $5,550 in a Pell Grant award they need to attend college. Since Pell Grants are funded through a combination of discretionary and mandatory budget authority, this policy would both reduce discretionary funding needs and mandatory costs beginning in 2011.

OTHER SAVINGS: PELL GRANT PROTECTION ACT - INCOME VERIFICATION OF PELL GRANT APPLICANTS

Department of Education

In tandem with proposing the Pell Grant Protection Act, the Administration is moving aggressively to ensure that Pell Grant awards are awarded based on accurate information and spent responsibly.

This year, the Department of Education will improve the accuracy of student aid awards through the greater use of information received directly from the Internal Revenue Service (IRS). The Department already gives students the opportunity to use a simpler, more accurate process that retrieves their tax information from the IRS and automatically transfer that data to the Free Application for Federal Student Aid (FAFSA). Administrative actions, announced concurrently with the 2012 Budget, will significantly enhance that process starting in academic year 2011-2012. Beginning the following academic year students and families who have already filed taxes before applying for aid will be required to use this process.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Total Savings (Administratively Implemented)	-106	-390	-404	-420	-436	-1,756	-4,120
Mandatory Outlay Savings	-92	-337	-344	-351	-358	-1,482	-3,369
Discretionary Outlay Savings	-14	-53	-60	-69	-78	-274	-751

Justification

Students and their families are required to fill out the FAFSA to receive Federal student aid. The FAFSA requires applicants to provide nearly two dozen pieces of information, many of which they also provide to the IRS on their Federal tax forms. Starting with academic year 2009-2010, the Department of Education created a voluntary process where applicants can access information from their past tax returns electronically (through an automated process with the IRS) and import that information directly into the online FAFSA form. While, for the 2010-2011 academic year, half a million applicants have used the process so far, most applicants still enter the data manually.

The Department of Education requires institutions to verify key items on up to 30 percent of their students' FAFSA forms, focusing on those students that qualify for Pell Grants. Students selected for verification must provide copies of their (and their parents') tax returns and supporting documentation to college financial aid administrators. The financial aid administrator then manually compares the applicant's tax return data against the information provided by the applicant on the FAFSA. This cumbersome process is burdensome to students, families, and schools and could fall short of fully ensuring the integrity of the programs.

Errors in reporting of income can create situations where applicants receive a larger Pell Grants for which they are eligible or other instances where applicants do not receive the full Pell Grant to which they are entitled. The Department of Education's analysis shows that the Pell Grant program has an approximate improper payment rate of 3 percent resulting from incorrectly reported income, mounting to over $400 million in net overpayments.

For the 2011-2012 academic year, the IRS data retrieval process will be enhanced to increase its usage. The tool was made available on January 30th, and this is the first year when the system will be available for use during the peak of the FAFSA application cycle. Additional improvements will make data available to students filing corrections and will include improving the IRS taxfiler authentication process. This year's enhancements (affecting some students) will reduce Pell net improper payments by $340 million ($106 million in outlays). The proposal will be fully implemented (affecting all students and all net overawards) by the 2013-2014 academic year, resulting in greater annual savings in the future.

Beginning with aid awards disbursed in the 2012-2013 academic year, the Department of Education will implement an enhanced verification process that would rely on a combination of the existing, but further enhanced, IRS data retrieval tools and changed requirements for the verification process performed by financial aid administrators. Applicants who have already filed their taxes when they complete their FAFSA will be required to use the IRS data retrieval process to automatically populate the FAFSA with required IRS items once their tax return has been filed. Applicants who file their taxes after they have filed their FAFSA will be asked to update their FAFSAs with IRS data. Finally, most applicants who are selected for verification by colleges will be required to correct their FAFSA with IRS data or provide their school with an IRS-approved transcript of their tax data instead of simply a copy of their tax return.

These administrative actions will improve the administration and integrity of the Pell Grant program by ensuring that applicants receive the correct amount of Pell Grant for which they are eligible and that Pell Grants go to the neediest applicants. Finally, it further reduces FAFSA complexity and frees most applicants from the burdensome manual verification process, both well-documented barriers to accessing student aid and ultimately, postsecondary opportunities.

OTHER SAVINGS: POST PUBLIC NOTICE FOR SEIZED PROPERTY ONLINE, NOT IN NEWSPAPERS

Department of Homeland Security

Customs and Border Protection (CBP) is currently preparing to advertise seized and forfeited property on the internet in lieu of traditional means. Internet advertising could potentially result in $1 million savings and efficiencies within the CBP Seized and Forfeited Property Program.

There have been two internet advertising options identified; Department of Justice (DOJ) and the General Services Administration (GSA). CBP has opened ongoing discussions with DOJ and will engage with GSA about leveraging their existing IT systems (internet capabilities) to support this effort.

Current CBP Regulations require the advertisement of seized and forfeited property in print media. CBP is researching the regulatory challenges and will address them as needed.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	0.000	-1.000	-5.000

Justification

In 2011, CBP will address the regulatory challenges as needed, and engage with all appropriate parties to secure an electronic platform for internet advertising. 2012 is targeted for implementation of the internet advertising transitions with potential savings being derived by eliminating print media costs incurred annually by CBP and reimbursed by the Treasury Forfeiture Fund (Mandatory Plan). Seized property staff would enter the required advertising data into a system that would automatically allow the data to be displayed on-line.

In addition to reduction of print media costs, the required advertising would be more efficient and timely. This may afford additional savings in storage costs and administrative resources.

OTHER SAVINGS: PROGRAM INTEGRITY OVERVIEW

Government-wide

The Administration supports initiatives related to ensuring that Federal agencies are responsible stewards of taxpayer resources. In fact, improving Federal financial management and eliminating waste are two key areas of the Administration's Accountable Government Initiative to improve the operation and effectiveness of Federal agencies.

Unfortunately, the Federal Government wastes billions of American taxpayers' dollars each year, including billions of dollars paid improperly to individuals, organizations, and contractors, as well as billions of dollars in debt owed to the Government. In 2010 alone, the Federal Government made an estimated $125 billion in improper payments. In order to improve Government efficiency and prevent and recapture improper payments, the President has issued three directives to agencies to prevent and recapture improper payments, and signed into law new improper payments legislation, since November 2009. To help further drive Government performance, the President has also set a goal of reducing improper payments by $50 billion and recapturing at least $2 billion by the end of 2012. The Administration has taken important steps toward achieving these goals, which have yielded early results. In 2010, the Government-wide improper payment rate declined to 5.49 percent, a decrease from the 5.65 percent reported in 2009. Agencies also reported that they recaptured $687 million in improper payments in 2010 -- the highest recapture amount to date. However, despite these early successful results, the Administration has identified additional tools included in the Budget that will help drive further progress in reducing and recapturing improper payments.

While agencies sometimes make improper payments, they also have trouble collecting money that is owed to Federal agencies. In 2007, the Government Accountability Office (GAO) estimated that approximately 60,000 Federal contractors were delinquent on over $7 billion in Federal taxes. In 2008, GAO found that over 27,000 Medicare providers owed more than $2 billion in tax debt. Through the Federal Payment Levy Program, the Treasury currently deducts (levies) only up to 15 percent of a payment to Federal contractors and Medicare providers with delinquent tax debt.

The 2012 Budget includes a number of legislative and administrative reforms on improper payments and debt collection, which collectively comprise our program integrity efforts. Many of these proposals will provide savings for the Federal Government (the savings for these proposals are shown in the table on the following page) and support government-wide efforts to improve the management and oversight of Federal resources. Collectively, these proposals will result in $167 billion in savings to the Federal Government over ten years if enacted. In addition, other administrative proposals, while not resulting in direct Federal savings, will also improve the operation and efficiency of important Federal programs.

The Administration's program integrity proposals are included on the following pages. These include provisions previously proposed -- such as discretionary allocation adjustments for the Department of Health and Human Services, the Social Security Administration, the Internal Revenue Service, and the Department of Labor -- and new proposals for expanded debt collection authorities and to support Federal fraud-detection technologies. If implemented, all of these proposals could help further improve stewardship of Federal resources.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
SAVINGS FROM DISCRETIONARY ALLOCATION ADJUSTMENTS:							
Centers for Medicare and Medicaid Services, Department of Health and Human Services	-750	-890	-930	-990	-1,040	-4,600	-10,270
Disability Insurance and Supplemental Security Income Programs, Social Security Administration	-379	-2,280	-3,549	-4,496	-5,651	-16,355	-56,368
IRS Tax Enforcement, Department of the Treasury (receipts)	-276	-804	-1,970	-3,721	-5,646	-12,417	-55,653
Unemployment Insurance, Department of Labor	-92	-213	-235	-258	-283	-1,081	-2,712
Partnership Fund for Program Integrity Innovation, Executive Office of the President	---	---	---	---	---	---	---
Total, Savings from Discretionary Allocation Adjustments:	-1,497	-4,187	-6,684	-9,465	-12,620	-34,453	-125,003
SAVINGS FROM MANDATORY/RECEIPT LEGISLATIVE PROPOSALS:							
Expand CMS Program Integrity Authority, Department of Health and Human Services	-655	-885	-1,155	-2,805	-3,560	-9,060	-32,335
Levy Payments to Federal Contractors with Delinquent Debt, Department of the Treasury (receipts)	-59	-61	-64	-67	-69	-320	-719
Levy Payments to Medicare Providers with Delinquent Debt, Department of the Treasury (receipts)	-64	-68	-71	-74	-76	-353	-748
Unemployment Insurance, Department of Labor (outlays and receipts)	---	-142	-261	-222	438	-187	-556
WEP/GPO Enforcement Provision, Social Security Administration	13	20	18	-202	-439	-590	-3,329
Total, Savings from Mandatory/Receipt Legislative Proposals	-765	-1,136	-1,533	-3,370	-3,706	-10,510	-37,687
OTHER PROGRAM INTEGRITY SAVINGS:							
Income Verification of Pell Grant Applicants, Department of Education (Outlay Savings)	-106	-390	-404	-420	-436	-1,756	-4,120
Workers Compensation Information Reporting, Social Security Administration							
Low Income Home Energy Assistance Program, Department of Health and Human Services	---	---	---	---	---	---	---
Do Not Pay Fraud Prevention Activities, Government-wide	---	---	---	---	---	---	---
Child Care and Development Fund, Department of Health and Human Services	---	---	---	---	---	---	---
Administrative Debt Collection Reforms, Department of the Treasury	---	---	---	---	---	---	---
TOTAL, PROGRAM INTEGRITY SAVINGS	-2,368	-5,713	-8,621	-13,255	-16,762	-46,719	-166,810

OTHER SAVINGS: PROGRAM INTEGRITY ALLOCATION ADJUSTMENT - CENTERS FOR MEDICARE AND MEDICAID SERVICES

Department of Health and Human Services

The Administration proposes a multi-year increase in program integrity funding at the Department of Health and Human Services (HHS) through a discretionary allocation adjustment. It is currently estimated that for every additional dollar spent by HHS to fight health care fraud and reduce improper payments, about $1.50 will be saved or averted.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Allocation Adjustment (Discretionary Budget Authority)	581	610	640	672	706	3,208	7,036
Mandatory Savings	-750	-890	-930	-990	-1,040	-4,600	-10,270

Justification

The Administration places a high priority on improving program integrity in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). Program integrity funding is used to detect and prevent health care fraud, waste and abuse through investigations, audits, educational activities, and data analysis. The discretionary allocation adjustment of $581 million in 2012 for Health Care Fraud and Abuse Control (HCFAC) activities will support efforts to reduce the Medicare improper payment rate by 50 percent and initiatives of the joint HHS-DOJ Health Care Fraud Prevention and Enforcement Action Team (HEAT) task force, as well as provide resources for implementation of a robust set of program integrity legislative proposals. The increased funding will also allow CMS to deploy many innovative efforts that focus on improving the analysis and application of data, including state-of-the art predictive modeling capabilities, in order to prevent potentially wasteful, abusive, or fraudulent payments before they occur.

In December 2010, the President's National Commission on Fiscal Responsibility and Reform recommended to increase Government authority and funding to reduce Medicare fraud and to allow discretionary cap adjustments for program integrity efforts, including for the Department of Health and Human Services.[1]

Citations

[1] National Commission on Fiscal Responsibility and Reform, December 2010.

OTHER SAVINGS: PROGRAM INTEGRITY ALLOCATION ADJUSTMENT - DISABILITY INSURANCE AND SUPPLEMENTAL SECURITY INCOME PROGRAMS

Social Security Administration

The 2012 Budget provides additional dedicated funding for the Social Security Administration (SSA) to perform specific program integrity activities: Continuing Disability Reviews and Supplemental Security Income (SSI) Redeterminations. These eligibility reviews evaluate program recipients' continued eligibility for the Disability Insurance and SSI programs. The Administration proposes an additional $623 million in 2012 for a discretionary allocation adjustment for SSA to perform these critical activities.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Allocation Adjustment (Discretionary Budget Authority)	623	751	924	1,123	1,166	4,587	11,130
Mandatory Savings	-379	-2,280	-3,549	-4,496	-5,651	-16,355	-56,368

Justification

The 2012 Budget will continue to reverse previous declines in SSA's number of Continuing Disability Reviews (CDRs) and SSI redeterminations. These activities verify continued eligibility for the Disability Insurance and Supplemental Security Income (SSI) programs. While outlays for the Disability Insurance program grew by 65 percent between 2001 and 2007, the level of Full Medical Reviews (one type of CDR) fell from approximately 840,000 in 2001 to 190,000 in 2007.[1,2]

CDRs and SSI redeterminations are a proven investment. CDRs recoup more than $10 for each dollar invested, and SSI redeterminations recoup approximately $7 for each dollar spent. Continuing the previously proposed path, the Budget proposes a five-year discretionary allocation adjustment for SSA (sustained by baseline inflation between 2017 and 2021), which will save approximately $56.4 billion over the 10-year budget window, with additional savings accruing after 10 years. Funding these types of initiatives will improve the benefit accuracy at the front end of the process as well.

Citations

[1] Social Security Administration, *2007 Annual Report of Continuing Disability Reviews* (November 17, 2008).

[2] *The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (March 25, 2008).

OTHER SAVINGS: PROGRAM INTEGRITY ALLOCATION ADJUSTMENT - IRS TAX ENFORCEMENT

Department of the Treasury

The Administration proposes additional funding for the Internal Revenue Service (IRS) tax enforcement and compliance programs to improve fairness in the tax system, narrow the tax gap, and reduce the deficit through increased revenue collections. These dedicated resources will support incremental compliance activities including, but not limited to, new initiatives that deepen and broaden the IRS' focus on international tax compliance of high net worth individuals and entities. The IRS has demonstrated that targeted compliance resources more than pay for themselves through increased revenues, which has motivated past Congresses to target additional funds to these enforcement activities.[1,2]

For 2012, the Administration proposes an allocation adjustment for IRS tax enforcement and compliance activities that includes roughly $240 million in new, revenue-producing tax compliance initiatives in 2012, and an average of about $300 million in additional new initiatives each year from 2013 through 2016. Because these new initiatives as well as current enforcement activities must be sustained over time in order to maximize their potential taxpayer returns, the total above-base allocation adjustment including inflation costs is $28.3 billion over the 10-year period. Over this same time period, these additional, above-base investments will generate an estimated $56 billion in additional tax revenue. The return on investment (ROI) of about $4.4-to-$1 for these resources is less than the $6 or $7-to-$1 commonly attributed to tax enforcement resources because of the time it takes to make fully operational the new resources.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Allocation Adjustment (Discretionary Budget Authority) [1]	1,257	1,674	2,105	2,568	3,125	10,729	28,295
Receipt Savings	-276	-804	-1,970	-3,721	-5,646	-12,417	-55,653

[1] *Figures include new initiatives of about $240 million in 2012 and an average of about $300 million in each of the following years, plus inflation adjustments on prior-year base funding and initiatives.*

Justification

The Administration proposes a program integrity allocation adjustment of $1,257 million for the IRS. Allocation adjustments have been used by past administrations and Congresses to help protect increases above a base funding level for certain activities that generate benefits that exceed programmatic costs. The adjustment permits specified program increases above the discretionary spending ceiling, or allocation limit, provided in the annual congressional appropriations process, but these increases are granted only if appropriations bills increase funding for the specified integrity purposes.

The funding provided in the 2012 Budget will permit the IRS to generate additional enforcement revenue through additional program activities designed to narrow the tax gap. With nearly $59 billion in 2010 revenue directly attributable to IRS enforcement activities, the total 2010 IRS funding level of $12.15 billion provided a return on investment (ROI) of nearly $5-to-$1, with direct revenue-producing enforcement activities yielding an average ROI of $7-to-$1, and some activities yielding a ROI as high as $11-to-$1 or more. As in the previous year, the President's Budget proposes an increasing five-year discretionary allocation adjustment for IRS followed by sustained support of the initiatives funded through these adjustments through 2021. This funding supports the continuation of 2009, 2010 and 2011 IRS enforcement initiatives, new 2012 initiatives, and additional initiatives over the next five years, as well as much of the inflationary costs of these activities through the ten-year period. Together, these investments will generate nearly $56 billion more revenue over the 10-year budget window, with additional savings accruing after ten years. The new enforcement initiatives planned for 2012 alone are expected to generate an additional $1.3 billion in revenue once the activities funded reach full potential in 2014. Funding these enhanced initiatives will help increase taxpayer compliance with their tax obligations, particularly those taxpaying entities with complex tax situations.

In 2012, the allocation adjustment applies to those tax enforcement and compliance resources that are critical to maintaining previous high-ROI enforcement initiatives and initiating new, high-yield initiatives. Tax enforcement and compliance activities are comprised of the Enforcement account base activities and the proportion of the IRS Operations Support account base that directly supports those Enforcement account activities. Including new initiatives, the Enforcement portion of the 2012 allocation adjustment is $936 million and the Operations Support portion is $321 million. The Administration supports the adjustment structure because it explicitly links the tax enforcement increases to the Concurrent Resolution on the Budget, which provides the vehicle by which the Congress implements the allocation adjustment and its corresponding tax enforcement spending policy.

Citations

[1] Department of the Treasury, Internal Revenue Service. *Reducing the Federal Tax Gap: A Report on Improving Voluntary Compliance* (August 2007).

[2] Government Accountability Office. *TAX GAP: Multiple Strategies, Better Compliance Data, and Long-Term Goals Are Needed to Improve Taxpayer Compliance*, GAO-06-453T (February 2006).

OTHER SAVINGS: PROGRAM INTEGRITY ALLOCATION ADJUSTMENT - PARTNERSHIP FUND FOR PROGRAM INTEGRITY INNOVATION

Executive Office of the President

The Partnership Fund for Program Integrity Innovation, which is managed by the Office of Management and Budget in consultation with Federal, State, local, and other stakeholders, provides funding for Federal, State, and local agencies to pilot and evaluate innovations to improve service delivery, payment accuracy, and administrative efficiency across Federal assistance programs. The Partnership Fund targets pilots that bridge program and agency silos to promote consistent and judicious use of resources, including staff, information, systems, and processes. In addition to funding pilots that implement and test administrative changes, the Partnership Fund allows for pilot projects that simulate the effects of more efficient, accurate methods of service delivery that would require changes to existing regulatory or statutory authorities. These simulations can inform both the Administration and the Congress about whether changes in authority may be warranted. As pilots are selected, funding is transferred to the applicable Federal agencies to administer the pilots in conjunction with Federal agencies, States or localities. The Administration proposes $20 million in a discretionary allocation adjustment in 2012 to fund pilots, which will improve integrity of program administration across multiple Federal assistance programs. The 2010 Consolidated Appropriations Act (P.L. 111-117) included $37.5 million authorized through 2012 for the Partnership Fund.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Allocation Adjustment (Discretionary Budget Authority)..	20					20	20

Justification

The Partnership Fund builds alliances among Federal, State, and local agencies to identify, pilot, and evaluate new ideas that boost efficiency and prevent improper payments. The Partnership Fund prioritizes pilots that target programs with high error rates and that also demonstrate high return on investment in order to yield the greatest savings and efficiencies for taxpayers. For example, a recently funded pilot simulation to reduce error in the Earned Income Tax Credit (EITC) program offers potential savings of over $100 million annually for a pilot investment of $2 million. This pilot, managed by the Department of the Treasury, will identify both current and new authorities required to take the pilot to scale. Statute requires that, in the aggregate, Partnership Fund pilots save at least as much as they cost. Based on projections in early pilots and pilots under development, the Partnership Fund will be able to use the additional funding of $20 million to prioritize new projects that, like the EITC pilot, promise a significant return on investment.

OTHER SAVINGS: PROGRAM INTEGRITY ALLOCATION ADJUSTMENT - UNEMPLOYMENT INSURANCE

Department of Labor

The 2012 Budget provides additional dedicated funding to allow the States to conduct Reemployment and Eligibility Assessments (REAs) -- in-person interviews with Unemployment Insurance (UI) claimants to determine continued eligibility for benefits and whether additional reemployment assistance is needed. The Administration proposes $60 million in a discretionary allocation adjustment in 2012 to support these assessments, which will strengthen UI program integrity by reducing improper payments. The funding also will help reduce UI benefit costs, because it will help unemployed individuals return to work more quickly than they would if this targeted assistance were not provided.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Allocation Adjustment (Discretionary Budget Authority)	60	65	70	75	80	350	771
Mandatory Savings	-92	-213	-235	-258	-283	-1,081	-2,712

Justification

The 2012 Budget would permit the Department of Labor (DOL) to expand its initiative for REAs. These assessments are in-person interviews with selected UI claimants to review their adherence to State UI eligibility criteria, determine if reemployment services are needed for the claimant to secure future employment, refer the individual to reemployment services as necessary, and provide labor market information that addresses the claimant's specific needs.

A preliminary impact evaluation, using control groups, looked at the REA program in nine States in 2005.[1] While data problems limited the impact evaluation to two States, the evaluation found statistically significant results in one State with reduced overpayments, as well as reductions in the likelihood of exhausting UI and in the number of weeks compensated. Results for REAs in the second State were not statistically significant, possibly due to the small sample size and the reemployment services available to members of the control group. A follow-up study is underway and will be completed later this year.

The $60 million allocation adjustment (a $10 million increase over the 2010 enacted level) plus the $10 million in base funds will fund an estimated 980,000 REAs. The proposal will support the initiative in 40 States. The funds will also support the use of additional technology-based overpayment prevention, detection, and collection activities.

The Budget proposes discretionary allocation adjustments totaling $771 million over 10 years, which will save approximately $2.7 billion in mandatory outlays over the same period.

Citations

[1] Jacob Benue, Eileen Poe Yamagata, Ying Wang, and Etan Blass, *Reemployment and Eligibility Assessment (REA) Study*, 2005 Initiative, Final Report, Impaq International (March 2008).

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - CHILD CARE AND DEVELOPMENT FUND

Department of Health and Human Services

The Administration proposes additional funds, carved out of the existing block grant, to improve program integrity in the Child Care and Development Fund.

Justification

The 2012 Budget proposes additional funds for program integrity. A recent Government Accountability Office report found that most States included in the study were vulnerable to fraud and abuse, primarily because they did not have adequate controls in application and billing processes.[1] The Budget proposes additional funds carved out from the block grant. New funds will support investments in State infrastructure to detect errors and fraud as well as efforts at the Federal level to improve technical assistance to States around program integrity.

Citations

[1] Government Accountability Office, *Child Care and Development Fund: Undercover Tests Show Five State Programs Are Vulnerable to Fraud and Abuse*, Report GAO-10-1062, (September 2010).

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - DEBT COLLECTION REFORMS (3 SAVINGS)

Department of the Treasury

The Budget proposes several common sense debt collection reforms that will yield more than $5 billion of additional collections over 10 years, of which $2.7 billion results from legislative changes ($1.5 billion in Federal budgetary savings and $1.2 billion to be returned to States). These reforms will allow taxpayers to be paid in full before Government contractors and Medicare providers with past-due tax debt receive a Federal payment, help states collect a portion of the sizable state income tax debt owed by former residents, and implement a number of management improvements. By doing more to collect what is owed, Federal agencies will become more effective stewards of taxpayer resources.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Total, Proposed Changes from Current Law	-123	-129	-135	-141	-145	-673	-1,467
Levy payments to Federal Contractors with delinquent tax debt	-59	-61	-64	-67	-69	-320	-719
Levy payments to Medicare providers with delinquent tax debt	-64	-68	-71	-74	-76	-353	-748
Offset Federal income tax refunds to collect delinquent State income taxes for out-of-state-residents (collections returned to States)	[-120]	[-120]	[-120]	[-120]	[-120]	[-600]	[-1,200]

Justification

In 2007, the Government Accountability Office (GAO) estimated that approximately 60,000 Federal contractors were delinquent on over $7 billion in Federal taxes.[1] In 2008, GAO found that over 27,000 Medicare providers owed more than $2 billion in tax debt (GAO-08-618).[2] Through the Federal Payment Levy Program, the Treasury currently deducts (levies) only up to 15 percent of a payment to Federal contractors and Medicare providers with delinquent tax debt. The proposed legislative changes will allow the levy to increase and taxpayers to be repaid in full before payments are made to those Government contractors and Medicare providers with past-due tax debt.

Also, under current law, Federal tax refunds may be offset to collect delinquent state income taxes only if the delinquent taxpayer resides in the State collecting the tax. This proposal would allow Treasury to offset tax refunds to collect delinquent state tax obligations regardless of where the debtor resides.

Finally, in addition to the legislative reforms included in the table, Treasury will work with other Federal agencies to review and implement a number of management and administrative reforms that will increase collection of delinquent debt by an estimated $2.9 billion over ten years, including:

Improve Offset Match Process. Treasury will make system changes to examination procedures in order to improve the accuracy of matching an outgoing payment against a list of debts, which will increase the number of offsets to collect delinquent debt.

Work larger, more collectable debts longer with better analytic tools. Treasury will use better collection methods, improve documentation, and pursue more collectable debts for 60-120 days longer before referral to Private Collection Agencies, particularly larger debts that are relatively new.

Expand Administrative Wage Garnishment (AWG). Treasury will work with Federal agencies to expand the use of this important tool whereby a non-Federal employer is ordered to withhold up to 15 percent of a debtor's disposable income.

Citations

[1] Government Accountability Office, *Tax Compliance: Thousands of Federal Contractors Abuse the Federal Tax System*, GAO-07-742T (April 19, 2007).

[2] Government Accountability Office, *Medicare: Thousands of Medicare Providers Abuse the Federal Tax System*, GAO-08-618 (June, 2008).

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - DO NOT PAY FRAUD PREVENTION ACTIVITIES

Government-wide

The 2012 Budget includes $10 million for the Department of the Treasury to support expansion of the "Do Not Pay" list -- as required by a Presidential memorandum issued June 18, 2010 -- and to add forensic fraud detection capabilities to the basic "Do Not Pay" portal in 2012. Specifically, $7 million will be used to procure the detection technology and hire 20 staff to support an operations center to analyze fraud patterns and refer potential issues to agency management and the relevant Inspector General. This operations center will link public and private sector information, and enable trained analysts to review the results and help identify and prevent fraud and improper payments. The remaining $3 million will be used to expand the number of databases linked to the "Do Not Pay" list and support the underlying platform. It is expected that supporting the operations center and the "Do Not Pay" list will enable the Federal Government to effectively meet the objectives and requirements of the recently enacted Improper Payments Elimination and Recovery Act (Public Law 111-204), and thereby help reduce the amount of improper payments that agencies annually report.

Justification

The proposed funding will ultimately lead to long term savings through a high return on investment. The Recovery Accountability and Transparency Board (Recovery Board) has utilized cutting-edge fraud detection technology to identify, detect, and prevent improper payments in Recovery Act money. This technology has been central to the Government's ability to keep instances of alleged waste, fraud, and abuse of Recovery Act money low. By creating a similar operations center at the Department of the Treasury, the Administration will ensure that trained staff are utilizing cutting edge technology to identify and prevent improper payments in all Federal spending. In addition, in November 2010 the Administration launched the first phase of the "Do Not Pay" List portal - VerifyPayment.gov. This portal allows Government employees to search multiple eligibility databases, and will help prevent ineligible recipients listed within these databases from receiving Federal funds. By bringing together these databases, the Administration will ensure that the Government is preventing improper payments to ineligible recipients, such as those identified in recent auditor reports.[1] The Administration continues to improve the portal, and by providing funding for this important initiative the Administration will be able to expand its use and capabilities to prevent more improper payments.

Citations

[1] Government Accountability Office, "Head Start: Undercover Testing Finds Fraud and Abuse at Selected Head Start Centers", GAO-10-1049, (September 2010). Government Accountability Office, "Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls are Needed", GAO-10-621, (June 2010). Social Security Administration's Office of Inspector General, "Economic Recovery Payments for Social Security and Supplemental Security Beneficiaries", A-09-10-11017, (September 2010).

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - EXPAND CMS AUTHORITY

Department of Health and Human Services

The Administration has a comprehensive package of legislative proposals to provide additional authority to the Centers for Medicare and Medicaid Services (CMS) to aggressively address program integrity issues. In support of the President's goals, these proposals aim to prevent fraud and abuse before it occurs, detect it as early as possible when it does occur, and vigorously pursue all penalties and recourse available when fraud is identified.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Baseline Outlays	737,412	789,949	882,955	947,587	1,031,750	4,389,653	10,520,363
Proposed Changes from Current Law, Total	-655	-885	-1,155	-2,805	-3,560	-9,060	-32,335
MEDICARE							
Recover erroneous payments made to insurers participating in Medicare Advantage	-490	-570	-600	-640	-650	-2,950	-6,160
Increase scrutiny of providers using higher-risk banking arrangements to receive Medicare payments	0	0	0	0	0	0	0
Allow civil monetary penalties for providers who do not update enrollment information	0	0	-10	-10	-10	-30	-80
Study the feasibility of using universal product numbers (UPNs) to improve payment accuracy in Medicare	0	0	0	0	0	0	0
Create a system to validate physicians' and practitioners' orders for certain high-risk products and services	0	0	-20	-110	-200	-330	-1,760
Require prepayment review for all power wheelchairs	-10	-20	-20	-20	-20	-90	-240
MEDICAID							
Reduce Medicaid provider tax threshold beginning in 2015	0	0	0	-1,460	-2,050	-3,510	-18,370
Strengthen Medicaid third-party liability	-65	-95	-155	-165	-170	-650	-1,620
Track high prescribers and utilizers of prescription drugs in Medicaid	-80	-170	-310	-340	-370	-1,270	-3,450
Require manufacturers that improperly report items for Medicaid drug coverage to fully repay States	-10	-10	-10	-10	-10	-50	-125
Enforce Medicaid drug rebate agreements	0	0	0	0	0	0	0
Increase penalties on drug manufacturers for fraudulent non-compliance with Medicaid drug rebate agreements	0	0	0	0	0	0	0
Require drugs to be properly listed with the FDA to receive Medicaid coverage	0	0	0	0	0	0	0
Prohibit Federal funds from being used as Medicaid/CHIP State share unless specifically authorized by law	0	0	0	0	0	0	0
MEDICARE/MEDICAID							
Use a portion of Recovery Audit Contractor recoveries to implement actions that prevent improper payments and fraud	0	0	0	-20	-30	-50	-230
Provide flexibility to the Secretary in implementing predictive analytics technologies for claims payment to maximize cost effectiveness	0	-20	-20	-20	-30	-90	-100
Permit exclusion of individuals affiliated with entities sanctioned for fraudulent or other prohibited actions from federal health care programs	0	0	0	0	0	0	-50
Limit the discharge of debt in bankruptcy proceedings in cases of fraudulent activity	0	0	-10	-10	-20	-40	-150
Strengthen penalties for illegal distribution by others of Medicare, Medicaid, or CHIP beneficiary identification or billing privileges	0	0	0	0	0	0	0

Note: The savings estimates for these proposals may not include all interactions.

Justification

Strengthening program integrity is an important part of restraining spending growth and providing quality service delivery to beneficiaries. The Affordable Care Act includes significant new authorities to fight fraud, waste, and abuse, including enhanced screening requirements; improved data analysis capabilities;

expansion of Recovery Audit Contractors; enhanced authorities for the Department of Health and Human Services' (HHS's) Office of Inspector General to exclude providers from the programs; and new law enforcement authorities for the Department of Justice. In November 2009, the President signed Executive Order 13520 to reduce improper payments. As part of this effort, the President directed the Director of the Office of Management and Budget to develop policy recommendations designed to reduce improper payments, including those caused by error, waste, fraud, and abuse, without compromising program access. Additionally, in June 2010, the President announced a goal of reducing the Medicare fee-for-service error rate in half by 2012, from its 2009 rate of 12.4 percent.

The proposals in the Budget will strengthen Medicare and Medicaid program integrity by preventing fraud, abuse, and improper payments before they occur, detecting them as early as possible when they do, vigorously enforcing all penalties and recourse available when fraud is identified, and promoting integrity of Federal-State financing. Specific proposals are listed below.

Medicare Proposals

-- *Recover erroneous payments made to insurers participating in Medicare Advantage*. Medicare Advantage plans receive payments that are adjusted based on whether or not beneficiaries have certain health conditions that result in higher costs. CMS audits a sample of plans' records to validate the accuracy of adjusted payments, based on beneficiaries' documented health conditions (validation audits). This proposal would require CMS to extrapolate the error rate found in risk adjustment validation audits to the entire Medicare Advantage plan payment for a given year, leading to recoupment of billions of dollars in overpayments made to these plans.

-- *Increase scrutiny of providers using higher-risk banking arrangements to receive Medicare payments*. This proposal would require providers to report use of "sweep accounts" (accounts that automatically transfer funds to separate accounts, which have been linked to fraudulent providers) for receipt of Medicare payments. Providers with such accounts would be targeted for enhanced scrutiny.

-- *Allow civil monetary penalties for providers who do not update enrollment information*. Unreported changes in provider enrollment information leave room for fraud to take place. This proposal would increase CMS' authority to enforce appropriate reporting of changes in provider enrollment information through civil monetary penalties or other intermediate sanctions to mitigate associated risk.

-- *Study the feasibility of using universal product numbers (UPNs) to improve payment accuracy in Medicare*. This proposal would require CMS to study whether UPNs would improve Medicare payment accuracy and/or help fight fraud and abuse in a cost-effective manner. The proposal would also give the Secretary authority to conduct a budget-neutral pilot, if the study indicates use of UPNs could achieve those results.

-- *Create a system to validate physicians' and practitioners' orders for certain high-risk products and services*. This proposal would require physicians and practitioners to submit electronic orders for certain high-risk products and services such as imaging services, durable medical equipment, and home health services, such that Medicare could verify the service was ordered by a qualified physician or practitioner before issuing payment.

-- *Require prepayment review for all power wheelchairs*. Preliminary data suggest that the error rate for power wheelchairs is excessively high. Payment for equipment that does not meet existing rules for Medicare coverage increases costs for the Medicare program and for taxpayers. As part of the Administration's goal to reduce the improper payment rate, the Administration proposes to require prepayment review for all power wheelchairs, helping to assure that payment is only made for covered equipment.

Medicaid Proposals

-- *Reduce Medicaid provider tax threshold beginning in 2015*. This proposal would limit State financing practices that increase Federal Medicaid spending, by phasing down the Medicaid provider tax threshold over three years, starting in 2015, to 3.5 percent in 2017 and beyond. Restricting the use of provider taxes was recommended by the National Commission on Fiscal Responsibility.

-- *Strengthen Medicaid third-party liability*. This proposal would affirm Medicaid's position as a payer of last resort by removing exceptions to the requirement that State Medicaid agencies reject medical claims when another entity is legally liable to pay the claim, and by allowing Medicaid to recover costs from beneficiary liability settlements.

-- *Track high prescribers and utilizers of prescription drugs in Medicaid*. States already have the capability to implement monitoring systems for prescription drugs, but are not currently taking full advantage of these systems' potential benefits. This proposal requires States to track drug claims for indications of fraud, waste, or abuse by providers or beneficiaries and to take steps to reduce wasteful or abusive prescribing practices.

-- *Require manufacturers that improperly report items for Medicaid drug coverage to fully repay States*. Federal law requires manufacturers to report a list of their "covered outpatient drugs" to CMS for Medicaid drug coverage, but some manufacturers improperly report items that do not belong (e.g., syringes). This proposal would recoup costs of covering improperly-reported items discovered after Medicaid reimbursement has occurred; the proposal leverages the Medicaid drug rebate program by requiring manufacturers to pay a "rebate" equal to the amount the State paid for these items.

-- *Enforce Medicaid drug rebate agreements*. This proposal requires HHS, as cost-effective, to conduct regular audits and surveys of Medicaid drug rebate agreements to ensure the Medicaid program is receiving proper prices and rebate amounts.

-- *Increase penalties on drug manufacturers for fraudulent non-compliance with Medicaid drug rebate agreements*. This proposal would increase the statutory civil monetary penalties on manufacturers that knowingly report false information under their drug rebate agreements for calculation of Medicaid rebates.

-- *Require drugs to be properly listed with the FDA to receive Medicaid coverage*. Though FDA law requires manufacturers to list their drugs with FDA, compliance is inconsistent. Recently, Medicare imposed a requirement that drugs must be listed under FDA law to receive Part D coverage; this legislative proposal would impose the same requirement in Medicaid.

-- *Prohibit States from using Federal funds as the State share of Medicaid or CHIP, unless specifically authorized by law*. This proposal would prohibit States from using Federal funds as the State share of Medicaid or CHIP unless funds are specifically provided for that purpose under law.

Medicare/Medicaid Proposals

-- *Use a portion of Recovery Audit Contractor (RAC) recoveries to implement actions that prevent improper payments and fraud*. This proposal would allow CMS to use up to 25 percent of RAC recoveries that would otherwise be returned to the Trust Funds and the Treasury to prevent improper payments and fraud, thus helping to avoid costs associated with pursuing recoupment after payments have been made.

-- *Provide flexibility to the Secretary in implementing predictive analytics technologies for claims payment to maximize cost effectiveness*. Statute currently requires the Secretary to broadly implement predictive analytics technologies, even when more cost-effective tools may be available. This proposal allows the Secretary to target this technology toward issues with the greatest return on investment.

-- *Permit exclusion of individuals affiliated with entities sanctioned for fraudulent or other prohibited actions from federal health care programs*. This proposal would close a loophole that currently prevents the Office of Inspector General from excluding certain individuals from programs such as Medicare, Medicaid, and CHIP.

-- *Limit the discharge of debt in bankruptcy proceedings in cases of fraudulent activity*. This proposal would prevent perpetrators of health fraud from being able to rid themselves of debts owed to the government through bankruptcy filing.

-- *Strengthen penalties for illegal distribution by others of Medicare, Medicaid, or CHIP beneficiary identification or billing privileges*. This proposal establishes penalties to help fight fraud rings that purchase, sell or distribute Medicare, Medicaid, or CHIP beneficiary identification numbers or billing privileges.

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

Department of Health and Human Services

The Administration proposes to reauthorize and modify the Low Income Home Energy Assistance Program (LIHEAP) with reforms aimed at strengthening program integrity and fraud prevention.

Justification

The 2012 Budget proposes changes to LIHEAP to improve integrity and help ensure that energy assistance is going to eligible families and valid energy vendors. The proposals respond to weaknesses identified in a June 2010 report by the Government Accountability Office (GAO).[1] Based on an investigation in seven States, GAO found instances where LIHEAP benefits were provided to ineligible individuals or to fraudulent energy vendors on behalf of clients. In addition to the immediate administrative actions taken by the Department of Health and Human Services, the Administration is proposing statutory reforms to: 1) require State LIHEAP plans include detailed systems to prevent and detect waste, fraud and abuse by clients, vendors and workers; 2) require Social Security numbers be collected from all members of LIHEAP applicant households and authorize access to the National Directory of New Hires; 3) increase LIHEAP training and technical assistance funds; and 4) make other technical changes to support accountability and program performance.

Citations

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

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - UNEMPLOYMENT INSURANCE

Department of Labor

The Budget proposes legislation to strengthen the financial integrity of the Unemployment Insurance (UI) system by reducing improper benefit payments and tax avoidance.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Total, Proposed Changes from Current Law	0	-142	-261	-222	438	-187	-556
Mandatory Savings	0	-88	-153	-152	-150	-543	-1391
Receipt Savings (net of income offset)	0	-54	-108	-70	588	356	835

Justification

The Budget includes a multi-part legislative proposal to strengthen the financial integrity of the UI system. Last year, the Congress enacted two key components of the Administration's integrity proposal. It expanded collection of delinquent UI overpayments and employer taxes through garnishment of Federal tax refunds and it improved the accuracy of hiring data in the National Directory of New Hires. The 2012 Budget proposal will continue the Administration's efforts to reduce improper payments. The proposal would boost States' ability to recover benefit overpayments and deter tax evasion schemes by permitting States to use a portion of recovered funds to expand enforcement efforts in these areas, including identification of misclassified employees. In addition, the proposal would require States to impose a monetary penalty on UI benefit fraud, which would be used to reduce overpayments, and to prohibit the non-charging of benefits to employers' UI accounts if they are found to be at fault when their actions lead to overpayments. The proposal would also improve the utility and accuracy of hiring data in the National Directory of New Hires by requiring employers to report rehires of employees who have been laid off.

These efforts to strengthen the financial integrity of the UI system will increase recoveries of improper payments, reduce benefit overpayments, keep State UI taxes down, and improve the solvency of the State unemployment trust funds.

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - WEP/GPO ENFORCEMENT PROVISION

Social Security Administration

The Administration proposes to increase enforcement of the existing Social Security Windfall Elimination Provision/Government Pension Offsets. This proposal would improve enforcement of current law provisions by using up to $50 million to develop a mechanism for more timely and accurate data collection, resulting in improved payment accuracy for the Old-Age and Survivor, and Disability Insurance Programs. This proposal would improve enforcement of current law provisions, resulting in improved payment accuracy for the Old-Age and Survivor's Program. This proposal would better enforce current law provisions until they can be considered as part of Social Security reform. It would reduce the overpayments that occur because the Social Security Administration (SSA) does not find out that the Windfall Elimination Provision (WEP) or the Government Pension Offset (GPO) should have been applied until after the beneficiary has received benefits for a number of years.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Proposed Change from Current Law (Mandatory)	13	20	18	-202	-439	-590	-3,329

Justification

WEP and GPO are adjustments to the Social Security formula to make sure that non-covered workers do not receive a higher proportional benefit than workers with similar earnings who worked their entire lives in covered employment. If WEP and GPO were not in place, non-covered workers would be given an additional subsidy as compared with similarly situated workers who spent their entire careers working in covered employment, meaning that non-covered workers would be treated more favorably than covered workers.

Currently, WEP and GPO are not applied unless the individual attests that he or she has a pension in non-covered employment or SSA finds out about a non-covered pension. SSA matches data with OPM to identify Federal workers who spent time in non-covered employment, but there is no similar data system to obtain information on State or local pensioners. Currently, SSA makes a significant number of retroactive adjustments when it determines that the WEP or GPO should have been applied, and must assess a retroactive overpayment, which creates a burden on retirees as well as hampering the effectiveness of the provisions.

Under this proposal, SSA would develop an electronic mechanism for obtaining information about pensions in State and local non-covered employment so SSA can apply WEP or GPO correctly. This proposal is estimated to save $3.3 billion over 10 years in improper payments.[1,2,3]

Citations

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

[2] Congressional Research Service, *Social Security: The Government Pension Offset,* RL32453 (March 2007).

[3] Government Accountability Office, *Social Security: Issues Regarding the Coverage of Public Employees,* GAO-08-248T (November 2007).

OTHER SAVINGS: PROGRAM INTEGRITY INITIATIVE - WORKERS COMPENSATION INFORMATION REPORTING

Social Security Administration

The Administration proposes to enhance timely data sharing from States and private insurers on Workers' Compensation benefits in order to correctly pay Disability Insurance (DI) and Supplemental Security Income (SSI) benefits. This proposal would improve payment accuracy in the DI and SSI programs, reducing the occurrence of overpayments and underpayments.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2012-2016	2012-2021
Proposed Change from Current Law (Mandatory Outlays)..	5	5				10	10

Justification

If a person receives both Workers' Compensation (WC) and Social Security disability benefits, the total amount of these benefits cannot exceed 80 percent of his or her average earnings before becoming disabled. Should the total benefits exceed 80 percent, the Social Security Administration (SSA) reduces Social Security disability benefits until reaching the 80 percent threshold. At the time of application, SSA informs claimants of the requirement to report WC information to SSA and relies on the beneficiary to report this information.

SSA does not generally receive reliable and timely information on the receipt of WC since it is not obtained through any regular and independent reporting mechanism. Underpayments occur when the receipt of WC decreases or ceases without the beneficiary informing SSA, and SSA does not raise the disability benefit. Similarly, overpayments occur when SSA does not receive information to offset Social Security disability benefits for receipt of WC.

From 2001 through 2003, SSA conducted a test of WC data sharing with the State of Texas. SSA's Inspector General found that in the test for beneficiaries in Texas, unreported or incorrectly reported WC payments resulted in \$11.49 million in overpayments and \$1.80 million in underpayments. SSA's Inspector General concluded that widespread adoption of similar data sharing approaches would have a high return on investment and improve payment accuracy.

Given the proven ability to reduce overpayments and underpayments in a cost-effective manner, the Administration proposes to develop systems for timely reporting to SSA of WC information from states and private insurers in order to correctly pay DI and SSI benefits. The proposal includes \$10 million to help fund States' implementation costs, with a program savings estimate still under development.

OTHER SAVINGS: REDUCE TRAVEL COSTS AND SUPPORT TELEWORK PARTICIPATION

Department of Health and Human Services

The Budget proposes to increase the agency-wide utilization of web collaboration tools by 25 percent to support business productivity and conduct virtual meetings and conferences. The utilization of information technology tools for virtual meetings, desktop sharing, webinars, etc., will significantly change the manner how the Internet is used to connect with people from remote and non-centralized locations.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-3.310	-3.450	-16.550

Justification

The Health Resources and Services Administration (HRSA) began using teleconferencing technologies several years ago to support the Agency's objective review process for competitive grant applications while saving time and money on travel-related expenses. Recently, the majority of HRSA's objective review committees have utilized web collaboration tools (e.g., web meetings) in lieu of conducting face-to-face meetings. HRSA is expanding the "push" and availability of multiple web conferencing tools, web collaboration products, and webcasting capabilities to expand the presence of HRSA.

Web collaboration technologies and Telework participation also coincide with HRSA's desire for Green IT. Through Telework, HRSA has seen increased ratings in workforce satisfaction, reduced employee travel costs, and helped the environment by decreasing the amount of greenhouse gas emissions. The utilization of Telework also affords the Agency with opportunities for lower overhead costs for heat, electricity, cooling, etc. According to the Environmental Protection Agency, the average annual energy consumption for U.S. office buildings is over 23 kilowatt hours per square foot, with heat, air conditioning and lighting accounting for 70 percent of all energy consumed.[1]

Citations

[1] Environmental Protection Agency, "EPA Office Building Energy Use Profile." August 15, 2007.

OTHER SAVINGS: REDUCE TRAVEL COSTS THROUGH VIDEO-CONFERENCING

Environmental Protection Agency

The Environmental Protection Agency (EPA) is reducing travel costs by expanding the use of videoconferencing capabilities for program staff. Many programs at EPA with offices in multiple locations, such as the Office of Research and Development, have already begun to use videoconferencing systems to reduce travel costs and enable better communication among geographically dispersed staff. In 2012, EPA will continue to increase the number of videoconferencing locations and pilot videoconferencing interface on individual desktops as an option for employees who frequently travel.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	0.000	-4.000	-25.000

Justification

This proposal is one of EPA's efforts to more efficiently use resources through the expanded use of technology that will also contribute to reducing the Agency's carbon footprint. EPA embraces technologies that allow the agency to hold virtual meetings and disseminate information efficiently, effectively and without unnecessarily impacting the environment. In 2012 EPA will continue to examine other avenues to make strategic investments needed to reduce travel requirements and associated costs (e.g., network enhancements and equipment to allow video conferencing, video broadcast, and web conferencing).

OTHER SAVINGS: REHABILITATION ACT PROGRAM CONSOLIDATIONS

Department of Education

As part of the Workforce Investment Act reforms, the Administration proposes to consolidate nine Rehabilitation Act programs into three. The proposed consolidations would reduce duplication and administrative costs, and would improve program management, accountability, and the provision of rehabilitation and independent living services.

.	2010 Enacted	2012 Request	2012 Change from 2010
Vocational Rehabilitation			
VR State Grants	3,085	3,141	56
Supported Employment State Grants	29	0	-29
Projects with Industry	19	0	-19
Migrant and Seasonal Farmworkers	2	0	-2
VR Training (in-service portion only)	6	0	-6
Independent Living			
Grants for Independent Living	0	104	104
Independent Living State Grants	23	0	-23
Centers for Independent Living	80	0	-80
National Activities			
National Activities to Improve Rehabilitation Services	0	8	8
Demonstration and Training (demonstration portion)	5	0	-5
Evaluation (non-research activities)	1	0	-1
Program Improvement	1	0	-1

Justification

Vocational Rehabilitation (VR) State Grant Program. The Administration proposes to consolidate the Supported Employment (SE) State Grants, Projects with Industry (PWI), VR Migrant and Seasonal Farmworkers, and the in-service training portion of VR Training programs into the existing VR State Grants Program. These smaller programs provide services that are provided by the larger VR State Grants program or have accomplished their mission, as described below.

The SE program was created in 1986 to encourage State VR agencies to provide ongoing job supports, like job coaches, to individuals with significant disabilities at a time when many professionals were skeptical about the feasibility and potential costs associated with employing individuals who traditionally would not have been employed in integrated settings. Now almost 11 percent of all individuals served through the VR program have supported employment goals.

First funded in 1970, the PWI program sought to engage employers in training individuals with disabilities. But changes to the Workforce Investment Act in 1992 and 1998 mandated employer involvement through larger job training programs and made the PWI program redundant. In addition, a Department-funded evaluation of the PWI program from 2003 found that the group of individuals served by the PWI program is very similar to the population served by the larger VR State Grants at the aggregate program level.

The VR Migrant and Seasonal Farmworkers (MSFW), first funded in 1977, supports rehabilitation services to migratory workers with disabilities. Specialized services being provided under this program can be provided under the VR State Grants program. Providing services to this population under the VR state grant program may provide service providers with access to a wider array of programmatic resources and expertise. The Administration proposes to consolidate the MSFW program into the larger VR State Grants program and to focus Federal efforts on ensuring that the needs of all populations, including migratory workers with disabilities, are met.

In addition, the funds currently provided to State VR agencies to support in-service training for agency personnel under the Training program would be included in this consolidation. Under the VR State Grants program, each State is required in its State plan to establish detailed procedures for a comprehensive system of personnel development, including how the State will address the current and projected personnel training needs.

Independent Living (IL). The Budget proposes to consolidate two IL programs with overlapping purposes into one. The Department currently administers the Independent Living State Grants formula program and the competitive Centers for Independent Living (CIL) program, which funds nonprofit centers for independent living. Annual program reports show that an estimated 60 percent of the formula funds are used for the same purposes as the competitive funds to provide independent living services, either directly or through grants and contracts with centers for independent living and other providers. In addition, the advantages of a true competitive grant are not achieved under the CIL program because the authorizing statute requires all centers funded by the end of 1997 to receive funding as long as they continue to meet program and fiscal standards and assurances.

Consolidating these two authorities would reduce program duplication, give States more control over their independent living programs, hold States accountable for implementing effective service systems, and improve services in areas with unmet need.

Other. The Budget combines three small VR programs charged with carrying out technical assistance, evaluations, demonstrations, and other projects aimed at improving employment outcomes for individuals with disabilities. Under the proposed National Activities to Improve Rehabilitation Services program, the Department would have the flexibility to strategically direct all of its program improvement resources, consolidated under one authority, to areas of need. The consolidation of these resources would also enhance planning.

OTHER SAVINGS: STOP THE EXPRESS DELIVERY OF EMPTY CONTAINERS

Department of Agriculture

A Department of Agriculture (USDA) employee within the Food Safety and Inspection Service (FSIS) stated that "each day many laboratory samples are sent out through Fed Ex express, next day service. While it is important to get our samples to the lab as quickly as possible, it is not as important to get the container back. The laboratory sends the sample box back to the originator by the same express method." The employee suggests that FSIS could save money by having those boxes shipped back through regular ground service. USDA agrees, and is asking FSIS to ship empty sample containers by standard service.

FSIS currently collects approximately 125,000 samples per year by sending laboratory sample packages from the inspection facility to one of three Agency field labs. The Agency estimates that it costs $15.00 per round trip or a total cost of $1,875,000 for shipping alone. If the Agency started shipping back the laboratory sample packages by ground, it believes it could save approximately $350,000 in 2012.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-0.150	-0.350	-1.050

Justification

The assumptions are that the one-way return of the five pound package costs an average of $6.14 to ship overnight and if shipped by ground, the cost falls to an average of $3.48 or a savings of $2.66 per shipment. This program will be launched in January 2011 providing an estimated 2011 savings of $150,000.

OTHER SAVINGS: U.S. CURRENCY PAPER SUPPLY

Department of the Treasury

The Budget proposes to extend the term of the contract used to supply currency paper to the Bureau of Engraving and Printing (BEP) from four years to the Federal standard of five years to encourage greater competition and reduce production costs.[1]

Justification

For the past 50 years, only one firm has offered a viable bid on four-year contracts to supply currency paper for the BEP. Substantive barriers to entry exist to making a competitive bid for this contract as manufacturers must invest significant capital resources to produce distinctive currency paper.[2] For example, the new $100 bill includes such security features as a "3-D Security Ribbon" with shifting images that are built into each bill. Amortizing these costs over four years reduces the return on investment for potential bidders. The Department of the Treasury seeks legislation to extend the paper contracts to five years, in keeping with the standard Federal contract length. This would encourage more competition in bids for the supply contract as manufacturers would have additional time to recoup their initial capital expenditures. There are no estimates of near-term cost savings as the 2011-2015 contract will be awarded in June 2011. However, greater competition in the future for the supply contract will likely lower production costs.

BEP's currency paper contract length was set in legislation in 1916 when a four year contract exceeded the Federal standard.[3] Subsequent extensions to the standard Federal contract length have antiquated the length of BEP's contracts and this proposal will bring it in line with other Federal agencies' contract terms.

Citations

[1] See 41 U.S.C. 254(c)(d). This provision defines a "multiyear contract."

[2] Government Accountability Office, *Currency Paper Procurement: Additional Analysis Would Help Determine Whether a Second Supplier is Needed*, GAO-05-368 (April 2005).

[3] See 31 U.S. 5114(c). This is the provision for BEP's four-year contract.

OTHER SAVINGS: VIRTUAL DESKTOP COMPUTING ENVIRONMENT

National Science Foundation

The National Science Foundation (NSF) currently funds computer rentals for the scientists and educators who come to NSF to participate on peer review panels. Many panelists bring their own laptops or do not use the rentals. Instead of renting computers, NSF will initiate a pilot during the first quarter of 2011 to implement a "virtual" desktop computing environment in several of its conference rooms. This pilot is intended to introduce this technology to NSF with the intent that it will eventually replace the need for rental laptops.

As part of the pilot, laptops (dumb terminals) will be acquired and centrally managed within the Foundation. These terminals will not have hard drives or need to be encrypted, will provide access to a secure computing environment, and enable panel members to complete the requisite work.

Funding Summary
(In millions of dollars)

.	2011	2012	2011-2015
Savings	-0.218	-0.435	-1.958

Justification

With deployment of a virtual computing environment, NSF can offer fast, reliable and secure access to Windows-based applications without the management and security issues of a personal computer/laptop.

The advantages of using virtual computing technology include: greater control over the deployment of hardware; better security; lower cost of ownership; less power consumption; adaptable to future direction of NSF-initiated or externally mandated IT requirements; faster recovery from short-term power outages; secure remote access; and, standardized network architecture.

The acquisition and deployment of this virtual computing environment is expected to significantly reduce the cost of computer rentals. NSF will save approximately $435,000 annually with the implementation of a "virtual" desktop computing environment.