COBURN "DEBT EXTENDERS" PAY FOR AMENDMENT SECTION BY SECTION WITH SAVINGS

TOTAL SAVINGS: $126 BILLION+

SEC. ___1. DISCLOSING TRUE COST OF CONGRESSIONAL BORROWING AND SPENDING.
No savings

SEC. ___2. REDUCING BUDGETS OF MEMBERS OF CONGRESS.
$100 million one time savings

SEC. ___3. ENACTING THE WHITE HOUSE'S PROPOSED FIVE PERCENT CUT ON GOVERNMENT SPENDING.
$22 billion one time savings

SEC. ___4. ELIMINATING NONESSENTIAL GOVERNMENT TRAVEL.
$10 billion ten year savings

SEC. ___5. REDUCING UNNECESSARY PRINTING AND PUBLISHING COSTS OF GOVERNMENT DOCUMENTS.
$4.4 billion ten year savings

SEC. ___6. DISPOSING OF UNNEEDED AND UNUSED GOVERNMENT PROPERTY.
$15 billion in direct savings/revenue

SEC. ___7. AUCTIONING AND SELLING OF UNUSED AND UNNEEDED EQUIPMENT.
$250 million ten year savings

SEC. ___8. CAPPING THE TOTAL NUMBER OF FEDERAL EMPLOYEES.
Undetermined savings

SEC. ___9. TEMPORARY ONE-YEAR FREEZE ON COST OF FEDERAL EMPLOYEES SALARIES.
$2.6 billion one time savings

SEC. __10. COLLECTION OF UNPAID TAXES FROM EMPLOYEES OF THE FEDERAL GOVERNMENT.
$3 billion in revenues

SEC. __11. REDUCING EXCESSIVE DUPLICATION AND OVERHEAD WITHIN THE FEDERAL GOVERNMENT.
Undetermined savings

SEC. __12. ELIMINATING BONUSES FOR POOR PERFORMANCE BY GOVERNMENT CONTRACTORS.
$8 billion ten year savings

SEC. __13. $1 BILLION LIMITATION ON VOLUNTARY PAYMENTS TO THE UNITED NATIONS.
$10 billion ten year savings

SEC. __14. RETURNING EXCESSIVE FUNDS FROM AN UNNECESSARY, UNNEEDED, UNREQUESTED, DUPLICATIVE RESERVE FUND THAT MAY NEVER BE SPENT.
(Women, Infants and Children special supplemental program)
$362 million one time savings

SEC. __15. RESCINDING A STATE DEPARTMENT TRAINING FACILITY UNWANTED BY RESIDENTS OF THE COMMUNITY IN WHICH IT IS IT IS PLANNED TO BE CONSTRUCTED.
(State Department training facility in Ruthsberg, Maryland)
$500 million one time saving

SEC. __16. ELIMINATING A WASTEFUL AND INEFFICIENT GOVERNMENT PROGRAM.
(Energy Star program)
$627 million

SEC. __17. RESCINDING UNSPENT FEDERAL FUNDS.
$50 billion one time savings

SEC. __18. REDUCING WASTEFUL ENERGY COSTS BY THE DEPARTMENT OF ENERGY.
$13.8 million one time savings

SEC. __19. STRIKE AN EARMARK IN THE BILL PROVIDING HIGHER PAY RATES FOR SOME CALIFORNIA DOCTORS
$400 million in savings over 10 years

SEC. __20. STRIKE TAX INCREASES
Reduces new tax increases by $47.5 billion

Section ___1 — Requires public disclosure of the amount of new borrowing and spending approved by the Senate on its website.

President Obama signed the Statutory Pay-As-You-Go Act (PAYGO) into law in February requiring Congress to pay for new spending by cutting lower priority spending to offset the new costs.

In the weeks following its enactment, the Senate has repeatedly ignored the spirit of PAYGO by voting to borrow $252 billion to finance the cost of new government spending.

This section would expose the PAYGO gimmicks that have allowed Congress to continue borrowing to pay for new spending by bringing more transparency and accountability to the Senate's spending practices. It would do so by requiring the Secretary of the Senate to post on the official Senate website:

The total amount of spending, both discretionary and mandatory, passed by the Senate that has not been paid for;

The total amount of spending authorized in legislation passed by the Senate, as scored by the Congressional Budget Office (CBO); and

The number of new government programs created in legislation passed by the Senate.

The Senate approved this exact same language by a vote of 100-0 on March 9, 2010 as an amendment to H.R. 4213, the tax extenders bill. However, closed door negotiations led to the transparency provision being removed from the tax extenders bill the Senate is considering now.

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<u>Since PAYGO Became Law in February Requiring All New Spending to Be Paid For, The Senate Has Voted to Borrow $252 Billion</u>

Despite pledges to stop borrowing to provide for new spending when PAYGO was enacted in February, Senate leaders routinely use gimmicks and excuses to bypass PAYGO rules.

As a result, tens of billions of dollars continue to be borrowed by the Senate and added to the deficit every month.

This reckless borrowing and spending continues the behavior of Congress that has helped amassed a $13 trillion national debt and annual budget deficits exceeding $1 trillion for the foreseeable future.

Since February when PAYGO was enacted, $252 billion in new spending has been approved without corresponding reductions in spending, violating the spirit of PAYGO.

On February 24, 2010, the Senate voted 62-34 to waive PAYGO on the HIRE Act (H.R. 2847).[1] The Senate later passed a slightly altered version on March 17, 2010. Total cost: **$46 billion ($47 billion** in new debt over the next ten years through various transfers to the Highway Trust Fund minus $1billion in savings).

While some Senators will make the argument Congress paid for the "jobs" bill, in reality they merely used a budget trick to hide the true cost of the bill. The Republican Policy Committee (RPC) explained the budget gimmick:
This score does not include the debt that will be incurred by various transfers to the Highway Trust Fund. The Republican staff of the Senate Budget Committee has pointed out that these transfers will equal $47 billion in new debt over the next ten years. CBO does not score these in this bill because they are transfers between government accounts.[2]

On March 2, 2010, the Senate failed to comply with PAYGO when it approved the Temporary Extension Act of 2010 (H.R. 4691), a one-month extension of Unemployment Insurance, COBRA, Physician payments, and other subsidies. Total cost: **$10.3 billion.**[3]

On March 3, 2010, the Senate voted 60-37 to waive PAYGO on the tax extenders bill (H.R. 4213).[4] Total cost: **$99 billion**.[5]

On April 14, 2010, the Senate voted 60-40 to waive PAYGO on a two-month extension of Unemployment Insurance, COBRA, Physician payments, and other subsidies (H.R. 4851).[6] Total cost: **$18.1 billion.**[7]

On May 20, 2010, the Senate voted 60-40 to waive a budget point of order on S. 3217, the Restoring American Financial Stability Act of 2010.[8] Total Cost: **$19.5 billion.**[9]

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[1] U.S. Senate Roll Call Votes 111th Congress - 2nd Session.
http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=111&session=2&vote=00024
[2] U.S. Senate Republican Policy Committee Legislative Notice. February 22, 2010. Pg. 1.
http://rpc.senate.gov/public/_files/L32ReidamendmenttoHR2847Jobsbill022210jl.pdf
[3] H.R. 4691, the Temporary Extension Act of 2010, As introduced on February 25, 2010.
http://www.cbo.gov/ftpdocs/112xx/doc11261/hr4691.pdf
[4] Congressional Record: http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2010_record&page=S1007&position=all
[5] Budgetary Affects of the American Workers, State, and Business Relief Act of 2010. March 10, 2010. Congressional Budget Office http://cbo.gov/ftpdocs/112xx/doc11297/hr4213.pdf
[6] Congressional Record: http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2010_record&page=S2269&position=all
[7] Amendment No. 3721 to H.R. 4851, the Continuing Extension Act, 2010, as Proposed by Senator Baucus. Congressional Budget Office. April 14, 2010. http://www.cbo.gov/ftpdocs/114xx/doc11440/hr4851.pdf
[8] U.S. Senate Roll Call Votes 111th Congress - 2nd Session.
http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=111&session=2&vote=00161

On May 28, 2010, the Senate failed to comply with PAYGO when it approved H.R. 4899, the Supplemental Appropriations Act. Total Cost: **$59 billion**

The Senate deceived the public by passing a pay-as-you-go law with the claim they will offset what they spend, only to later ignore their self imposed debt control mechanism when it approved unpaid for legislation. For example, on January 28, 2010, the Senate Majority Leader stated, *In order to spend a dollar, we have to have that dollar in our wallet. This law will enforce that commonsense approach*."[10]

This Amendment Brings Transparency To How The Senate Adds Billions Of Dollars To Our Deficit

This section would expose this PAYGO gimmick and encourage transparency in Senate spending by requiring the Secretary of the Senate to post on its website the following:

- The total amount of spending, both discretionary and mandatory, passed by the Senate that has not been paid for.
- The total amount of spending authorized in legislation passed by the Senate, as scored by CBO; and
- The number of new government programs created in legislation passed by the Senate.

Excessive Borrowing And Spending Threatens The Financial Stability Of Medicare, Social Security, And The Nation Itself

Today, the national debt is over $13 trillion, more than $42,000 per citizen.
A year ago, the national debt was $11.2 trillion

Despite pledges to control spending, Washington adds $4.6 billion to national debt every single day-- that's $3.2 million every single minute.

This year, the government will spend more than $3.6 trillion and will borrow 43 cents for every dollar it spends.

According to CBO's new forecast, President Obama's budgets will add nearly $10 trillion in debt over the next ten years.

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[9] Congressional Budget Office. May 3, 2010. http://www.cbo.gov/ftpdocs/114xx/doc11476/s3217amendmt.pdf
[10] http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?position=all&page=S282&dbname=2010_record

Of the $10 trillion in debt the government is likely to accrue over the next ten years, $4.8 trillion will be interest.

This is $4.8 trillion that could be better spent on national defense or returned to taxpayers to pay for health care, education, and other necessities.

Instead, families will be forced to pay higher taxes to pay off Congress' out of control spending excesses and future generations of Americans will experience a lower standard of living as a result.

The excessive debt does not only threaten the future of younger Americans, but also threatens the retirement security of older Americans.

Retirement programs like Medicare and Social Security are on the verge of bankruptcy.

Medicare is expected to run out of money and become insolvent in 2017.

Social Security will permanently start running a deficit in 2016, and will no longer be able to pay retirees full benefits by 2037.

Other important government programs Americans rely on nearly every day, such as the Highway Trust Fund and the U.S. Postal Service, are also spending more than they are bringing in with revenues.

The Family Budget Gets Smaller While The Government Budget Gets Bigger

The economy is struggling. Unemployment remains at 9.9 percent and family incomes fell by more than three percent last year.

Yet, while inflation is near zero, Washington spending continues to increase dramatically. In just the last year, the national debt increased 15 percent.

While most of the country faces tough financial times and tax revenues have declined, Congress continues to approve double-digit spending increases for bloated federal agencies wrought with duplication, waste, abuse, and mismanagement of taxpayer funding.

While individuals across the country are worried they might lose their job, members of Congress are focused on trying to keep their jobs by earmarking more than $11 billion for pork projects.

Since January of 2009, while Americans across the country adjusted their spending to the size of the shrinking family budget, Congress has passed trillions of dollars in new spending, on everything from a multi-billion dollar omnibus lands package that increases the size and cost of federal land property ownership to a nearly $1 trillion stimulus bill that has failed to create new jobs to a $2.5 trillion health care bill that penalizes Americans who cannot afford health insurance.

This massive spending has done nothing to put Americans back to work, but rather added to the debt that working Americans will be forced to eventually repay at the expense of their own family budget.

Section ___2 – Rescinds $100 million from Congress' 2010 budget

While millions of Americans had to make tough choices in a down economy, Congress increased its own budget by almost $100 million this year, a 4.5 percent budget increase. This section would rescind $100 million, the full increase in funding Congress gave itself this year. Specifically, $50 million will be returned from both the House of Representatives and the Senate. (This rescission does not apply to the U.S. Capitol Police).

Congress Increased Its Own Budget By $100 Million This Year

Congress Should Demonstrate It Understands The Economic Hardships Facing By The Rest Of America By Forgoing A Budget Increase This Year

Congress' 2010 Budget Contains Millions Of Dollars Of Unneeded And Self-Indulgent Spending Projects

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Congress Increased Its Own Budget By $100 Million This Year

Last year, Congress prioritized its own budget and rushed the appropriations bill funding its own offices before sending any other spending bills to pay for the operations of the remainder of the federal government to the President. Months later, Congress eventually passed the Defense spending bill to fund the military and our troops stationed overseas.[11]

In the Legislative Branch spending bill, Congress gave itself a 4.5 percent budget increase, which amounted to a 4.5 percent budget increase. This follows the 8 percent budget increase Congress awarded itself the prior year.[12]

Congress' budget for this year would still exceed $2.1 billion even if $100 million was rescinded as proposed by this amendment.

Fiscal Year	House and Senate Appropriations	Percentage Increase From Prior Fiscal Year
2008	$2.014 billion	3.8%
2009	$2.196 billion	8%
2010	$2.295 billion	4.5 %
2010 (with proposed rescission)	$2.195 billion	0%

[11] Congressional Research Service: Legislative Branch: FY2010 Appropriation http://crs.gov/Pages/Reports.aspx?Source=search&ProdCode=R40617 Table 4: House and Senate accounts. 2.196 billion for FY09 enacted, and 2.295 billion for FY10 enacted.

[12] Congressional Research Service: Legislative Branch: FY2009 Appropriation: http://apps.crs.gov/products/ra/html/RL34490.html) House and Senate accounts 2.014 billion for FY08 enacted.

Congress Should Demonstrate It Understands The Economic Hardships Facing By The Rest Of America By Forgoing A Budget Increase This Year

Leadership requires sacrifice and the rest of the country is sacrificing now but Congress is not.

Although families across America continue to struggle to make ends meet in difficult economic times, Congress continues to spend lavishly on itself.

While Congress increased its own budget 4.5 percent, unemployment remains 9.7 percent and family incomes fell by more than three percent last year.

Congress should demonstrate it understands the economic hardships facing the rest of the country by forgoing a budget increase this year.

Congress' 2010 Budget Contains Millions Of Dollars Of Unneeded And Self-Indulgent Spending Projects

Congress' budget increase for itself is not only inappropriate at this time, it is self-indulgent as it funds a number of questionable initiatives. These include:

- $4 million for the Democrat and Republican leadership offices to hire "consultants" (These leadership offices already employee hundreds of staffers).
- $950,000 for the Appropriations Committee for "administrative expenses," in addition to the $15.8 million the committees received elsewhere in the bill.
- $500,000 to pay for postcard mailings to constituents for Senators to announce local appearances (Senators can already spend the funds they are provided for their annual office allowances for such mailings).
- $125,000 to pay for "domestic portion of transportation costs and travel expenses incurred by members and staff when engaged in authorized foreign travel."
- $72,000 for Democrat and Republican leadership offices for "cell phones and mobile data devices" (The offices can already spend the funds they are provided for their annual office allowances for these purposes).
- $200,000 for an earmark for the Durham Museum in Omaha, Nebraska to digitalization of materials related to the "development of Nebraska and the American West" inserted by the chairman of the Senate Legislative Branch Appropriations Subcommittee who happens to be from Nebraska.

Amendment ___3 — Enacting the White House's Proposed Five Percent Cut on Government Spending

Just over a year ago, the national debt was $10.6 trillion. Today, it is $13 trillion and every American owes more than $42,000.

Spending is out of control and while the rest of country is struggling, federal agencies are seeing enormous increases in their budgets.

Just this week, President Obama acknowledged the unprecedented growth in discretionary spending and ordered 5 percent cut in agencies' discretionary budget proposals for FY 2012.

This amendment would, consistent with the President's request, rescind five percent from each federal agency (except DoD and VA), forcing these agencies to prioritize their spending and do more with less while our country faces a $13 trillion debt.

In addition, the amendment directs the DoD to submit a report to Congress outlining potential savings within the Defense Department that could be obtained by eliminating outdated, unneeded, inefficient, poorly performing, or duplicative programs and initiatives.

Over the last ten years, total discretionary spending has doubled, from $580 billion in 1999 to more than $1.2 billion this year.

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Spending is out of control and while the rest of country is struggling, federal agencies are seeing enormous increases in their budgets. Only ten years ago, non-Defense discretionary spending was $343 billion (2001), and in FY 2010, that same number has skyrocketed to $694 billion, a $350 billion increase, more than doubling spending that the federal agencies.

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The President has called for a five percent reduction in agency spending.

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In addition to calling for a five percent reduction, OMB directed agencies to identify programs that have the lowest impact on mission requirements, and find savings equal to five percent of their FY 2010 budget.

The President has repeatedly promised his administration will go through the federal budget "line-by-line" to find savings and reduce unnecessary government spending and duplicative government programs. It is time for Congress to join the President in this effort by enacting a five percent reduction in the agency budget, forcing them to prioritize important programs and eliminate waste.

Federal Spending is at an all-time high and it's time to do more with less.

This year we will have a $1.5 trillion deficit.

In FY 2010, the government will spend more than $3.6 trillion.

Every corner of the federal budget is ripe for savings—from entitlement programs, to the Pentagon, to the hundreds of duplicative government programs.

Federal agencies have seen huge increases in their budgets and now should be forced to do more with less.

Total Discretionary spending has doubled in the last decade.

Over the last ten years, total discretionary spending has doubled, from $580 billion in 1999 to more than $1.2 billion this year.

The discretionary portion of the budget rests entirely upon Congress, who despite a $1.5 trillion deficit and a crushing national debt refuse to cut spending, eliminate waste and fraud, and conduct meaningful oversight to ensure taxpayers are getting the most for their money.

By rescinding five percent from the FY 2010 budgets of each agency except DoD and VA, this amendment would force the departments to prioritize the most important spending, and find ways to cut back on excessive administrative costs, reduce duplication, consolidate programs, and spend taxpayer funding more wisely.

As families are making budget cuts and some are facing unemployment and decreased wages, it is time for the federal government to lead by example and live within its means.

Federal agencies have seen huge increases in their budgets and now should be forced to do more with less. Consistent with the President's recent request, this amendment rescinds five percent from each agency, except DOD and VA.

SEC. __4. ELIMINATING NON-ESSENTIAL GOVERNMENT TRAVEL

The federal government spent $13.8 billion a year on travel in 2008, including an average of over $4 billion on non-Department of Defense, non-homeland security travel, according to data from the Office of Management and Budget.[i] In 2007, federal spending on travel was a billion dollars higher at $14.8 billion.

This provision would help prioritize federal spending by eliminating wasteful and unnecessary federal travel expenses and by setting an annual, $4 billion cap on non-national defense, non-homeland security, non-border security, non-national disasters, and other non-emergency travel costs.

The provision would also instruct the Director of the Office of Management and Budget (OMB) to establish a definition of and criteria for determining what qualifies as "non-essential travel." After adoption of the amendment, any expenses related to travel deemed "non-essential" shall *not* be paid for with federal taxpayer funds

Agencies should have high fiscal standards with regard to their travel expenditures and taxpayers should not be asked to pay for non-essential travel. By capping the non-defense, non-homeland security travel costs, taxpayers will realize a savings of over $500 million over ten years and ensure that agency travel spending does not grow even further beyond the government's means.

FEDERAL GOVERNMENT-WIDE TRAVEL EXPENDITURES

Year	*Airfare*	*Hotel Rooms*	*Car Rentals*
2006	$ 3.3 billion	$2.3 billion	$423 million
2007	$3.5 billion	$2.5 billion	$411 million
2008	$4 billion	$1.9 billion	$437 million

- DOD and DHS Have Highest Agency Travel Expenditures, with VA and DOJ Ranking Third and Fourth Highest Across All Agencies for Travel Costs

- President Obama Highlights Conference Travel Reform as a Way to Cut Back on Government Spending

- Conference Travel Costs Could Be Cut Back, As Examples from USDA, CDC, and DOJ Demonstrate

- USDA Employees Went to Vegas and Hawaii and to Vegas and Hawaii Again
- CDC Conference Expenditures Equaled $45 Million Over Six Years
- How Travel Costs May Actually Cost Lives: Funds for Three International Trips to Talk *About* HIV Could Have Spared 150,000 Infants *from* HIV
- DOJ Spent $465 Million on Travel in 2007
- DOJ's $312 Million, Seven-Year Conference Expenditures Included $4 Meatballs, Congressional Training Sessions in Hawaii, and a Gang Prevention Event at a Palm Springs, Waldorf-Astoria Resort
- DOJ's Expenditures on Conference Travel Could Have Been Used to Hire Hundreds of Prosecutors to Investigate Federal Crimes
- The Travel Expenditure Cap Would Not Affect Travel Costs Related to National Defense, Homeland Security, Border Security, National Disasters, or Other Emergencies
- This Provision Would Add Accountability and Transparency to the Jet-Setting Federal Agencies

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Agencies should have high fiscal standards with regard to their travel expenditures and taxpayers should not be asked to pay for non-essential travel. By capping the non-defense, non-homeland security travel costs, taxpayers will realize billions of dollars in a savings over ten years and ensure that agency travel spending does not grow even further beyond the government's means.

DOD and DHS Have Highest Agency Travel Expenditures, with VA and DOJ Ranking Third and Fourth Highest Across All Agencies for Travel Costs

According to OMB figures, the Department of Defense (DOD) spent $9.1 billion on airfare, hotels, rental cars and meals in 2008, a figure that was expected to rise by $200 million in 2009.[13] The Department of Homeland Security (DHS) spent $1.3 billion on travel expenses. The Department of Veterans Affairs (VA) had the third highest travel costs, spending $596 million on travel in 2008, while the Department of Justice (DOJ) had the fourth largest travel budget in 2008, spending $406 million.[14]

In 2008, the General Services Administration reported that agencies spent nearly $4 billion on flights, $1.9 billion on hotel rooms, and $437 million on car rentals.[15]

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Year	*Airfare*	*Hotel Rooms*	*Car Rentals*
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[13] Rosenberg, Alyssa, "Agencies cut back on travel," *Government Executive,* September 3, 2009, http://www.govexec.com/story_page.cfm?articleid=43529&sid=3.

[14] Rosenberg, Alyssa, "Agencies cut back on travel," *Government Executive,* September 3, 2009, http://www.govexec.com/story_page.cfm?articleid=43529&sid=3.

[15] Rosenberg, Alyssa, "Agencies cut back on travel," *Government Executive,* September 3, 2009, http://www.govexec.com/story_page.cfm?articleid=43529&sid=3.

General Services Administration reported that agencies spent $3.5 billion on flights, $2.5 billion on hotel rooms, and $411 million on car rentals.[16]

Reports indicate that "spending on hotels and cash outlays for travel declined" from 2007 to 2008, and that "smaller alternative airlines and car rental companies saw spikes in business while spending on some more expensive vendors declined."[17] Rising airline ticket prices also contributed to the increase in airfare expenditures from 2007-2008.[18]

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[16] "Defense continues to lead the pack in federal travel spending," *Government Executive*, August 15, 2008, http://www.govexec.com/story_page.cfm?articleid=40760&dcn=todaysnews. Chart compiled using August 15, 2008 and September 3, 2009 *Government Executive* articles.

[17] Rosenberg, Alyssa, "Agencies cut back on travel," *Government Executive,* September 3, 2009, http://www.govexec.com/story_page.cfm?articleid=43529&sid=3.

[18] Rosenberg, Alyssa, "Agencies cut back on travel," *Government Executive,* September 3, 2009, http://www.govexec.com/story_page.cfm?articleid=43529&sid=3.

President Obama Highlights Conference Travel Reform as a Way to Cut Back on Government Spending

In his request to his Cabinet Secretaries that they cut $100 million in their administrative budgets, President Obama highlighted the actions of one agency as an example of how travel reform could save money. The President said:

> "Just a couple of examples: Veterans Affairs has cancelled or delayed 26 conferences, saving nearly $17.8 million, and they're using less expensive alternatives like videoconferencing."[19]

Conference Travel Costs Could Be Cut Back, As Examples from USDA, CDC, and DOJ Demonstrate

As President Obama noted, one example of potential savings in federal travel costs would be a reprioritization and re-examination of federal conference attendance.

USDA Employees Went to Vegas and Hawaii and to Vegas and Hawaii Again

The United States Department of Agriculture (USDA) has approximately 112,000 employees and in 2006 the agency sent 20,959 employees to as many as 6,719 conferences and training activities across the nation and around the world.[20] The agency saw a 191 percent increase in conference spending since the year 2000.

Some of these expenditures included sending employees to Las Vegas for "7 Habits of Highly Effective People" conferences, to resorts in Australia for conferences on mushrooms and crawdads, and to Disney resorts to discuss competitive intelligence.

In 2006, one entity within USDA, the Animal and Plant Health Inspection Service (APHIS) sent 47 people (44 of whom were employees) to 10 conferences in Hawaii at a cost of $71,412. The conferences took place on the Islands of Maui, Oahu, Honolulu, and Molokai.

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[19] Lee, Jesse, "$100 million there, $100 million here," *The White House Blog*, April 20, 2009, http://www.whitehouse.gov/blog/2009/04/20/100-million-there-100-million-here.

[20] "**For the Farmers or for Fun: USDA Spends Over $90 Million in conference Costs:** The first in a multi-part review of how federal agencies have spent billions of dollars on conferences over the last six years," Oversight Report by the Office of Senator Tom Coburn, M.D., Ranking Member, Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security, May 2008, http://coburn.senate.gov/public/_files/USDAConferenceTravelReport0.pdf. Information is based on USDA's February 5, 2007 response to Ranking Member Senator Tom Coburn regarding "FY2006 Conference and Training Activity," pages 1 through 254.

One Hawaii conference was a "Congressional" seminar to educate attendees on the U.S. Congress, though the event location — the Hilton Hawaiian Village Beach Resort and Spa— is 4,500 miles from Congress. The USDA spent $13,475 to send six USDA employees to this "Congressional Seminar" conference in Hawaii. [21]

According to data submitted to a U.S. Senate oversight subcommittee, in just 2006 alone:

- 213 USDA employees attended approximately 94 separate conferences in Las Vegas at a cost of $254,755;
- 64 USDA employees (and 3 non-employees on USDA's dime) traveled to Hawaii to attend approximately 28 separate conferences for a total cost of $130,600;
- 713 USDA employees attended 235 Sacramento conferences, at a cost of $560,000;
- 144 USDA employees attended 38 San Francisco conferences, at a cost of $144,000;
- 270 USDA employees went to approximately 59 separate conferences in Orlando, Florida — home to Disney World — at a cost of $282,656;
- 112 employees went to 34 conferences in Anchorage, Alaska at a cost of $227,000;
- 247 employees went to approximately 89 conferences in Phoenix, Arizona at a cost of $321,000; and
- 141 employees went to approximately 46 conferences in Tucson, Arizona at a cost of $132,700.[22]

CDC Conference Expenditures Equaled $45 Million Over Six Years

In response to congressional inquiry, HHS reported that from FY2000 through FY2005, the CDC spent a total of $44.7 million on conferences, which includes its HIV/AIDS conference costs.[23] CDC has spent millions on conferences, sending more than 500 CDC employees to international HIV/AIDS conferences, including

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[21] USDA response to Chairman Coburn's follow-up questions, December 4, 2006.

[22] USDA's February 5, 2007 response to Ranking Member Senator Tom Coburn regarding "FY2006 Conference and Training Activity," pages 1 through 254

[23] "CDC OFF CENTER: A review of how an agency tasked with fighting and preventing disease has spent hundreds of millions of tax dollars for failed prevention efforts, international junkets, and lavish facilities, but cannot demonstrate it is controlling disease," Oversight Report by The United States Senate Subcommittee on Federal Financial Management, Government Information and International Security Minority Office, Under the Direction of Senator Tom Coburn Ranking Minority Member, June 2007, http://coburn.senate.gov/public/_files/CDCOffCenter1000.pdf. October 4, 2005 letter from HHS to Senator Coburn, signed by Assistant Secretary Charles Johnson, CDC "Conference Support Expenditures/Projections by OPDIV/STAFFDIV," FY2000: $8,558,352; FY01: $6,982,795; FY02: $7,642,681; FY03: $6,926,825; FY04: $7,056,486; FY05 Projections: $7,577,478; for a total of $44,744,647 (Note: CDC Off Center includes later conferences not reflected in these totals).

157 employees to Vancouver, 90 to Barcelona and 20 to Thailand (down from the 48 originally scheduled to attend).

Recent HIV/AIDS conferences supported by and attended by the CDC, its employees, and its grantees have been described as "boisterous political circuses" for the AIDS industry, and those in it that make a living off HIV and AIDS.[24] Some examples of CDC attended and funded conferences include:

- A 2002 Barcelona conference that cost U.S. taxpayers $3.6 million (in HHS costs alone, not including expenditures by USAID and the State Department), where the U.S. Secretary of HHS was shouted down by protestors during his speech. Also in the audience were 236 HHS attendees, including 90 CDC attendees, though the Vatican, which through its Catholic facilities runs 26 percent of all AIDS treatment centers in the world and treats one-in-every-four AIDS patients, was not invited to attend.[25]

- A 2004 Thailand conference attended by 17,000 delegates included more than 130 U.S. federal employees, 20 of whom were CDC employees (not including employees stationed in Asia).[26] The event also featured Brazilian dresses made of condoms, a drag show, art shows, and fashion parades.

- A 2006 Toronto conference, attended by 26,000 people, including 78 HHS employees (of whom many were CDC employees), which cost U.S. taxpayers $315,000.[27] The conference included presentations from researchers who said countries must recognize prostitution as "legitimate legal work."[28] One convention center exhibit featured three prostitutes lying on a satin-covered bed, which was designed to "look like a typical workplace."[29] One prostitute from Thailand was described as "standing amid pillows and sex toys in the [conference's Stiletto] Lounge. To cheers from a crowd of around 200 people, she demanded health insurance, paid vacation and job security."[30] The conference also featured a workshop on finding a woman's erotic zone, one on how to apply condoms through "sex stunts," and a display of explicit artwork, all of which were described as "hugely popular" at the 16th International AIDS Conference.[31]

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[24] "A Political Circus Is Part of the AIDS Meeting," op-ed, *The New York Times*, July 20, 2004.
[25] "AIDS Conference Excludes Vatican," *ZENIT News Agency*, July 11, 2002, www.zenit.org.
[26] "Scientists rip US for cutbacks to global AIDS summit," *NATURE MEDICINE,* July 2004.
[27] May 16, 2006 letter to Rep. Scott Garrett (R-NJ) from HHS, signed by William Steiger, Special Assistant for the Secretary of International Affairs.
[28] "Legalizing sex trade key to cutting HIV, activists tell AIDS conference," *The Canadian Press*, August 17, 2006.
[29] "Legalizing sex trade key to cutting HIV, activists tell AIDS conference," *The Canadian Press*, August 17, 2006.; "Sex workers march for rights at AIDS conference," *Reuters Health*, August 16, 2006; "Sex workers are part of the solution" workshop, http://www.aids2006.org/PAG/PSession.aspx?s=961, accessed January 2007.
[30] "Sex workers march for rights at AIDS conference," *Reuters Health*, August 16, 2006.
[31] "Sex sells AIDS prevention message at conference," *Agence France Presse*, August 15, 2006; "**Where is the Pleasure in Safer Sex?" workshop,** http://www.aids2006.org/PAG/PSession.aspx?s=815, accessed January 2007.

- A fall 2006 conference in Hollywood, Florida, drew 3,500 people, of whom 92 were federal employees, including 67 from the CDC. The HIV/AIDS prevention conference cost U.S. taxpayers over $410,000 and, among other things, included a session on lobbying, a Latin Fiesta featuring a "sizzling fashion show," and a beach party that included a 15-foot-high sand sculpture of the CDC-funded sponsor's logo.[32] The executive director of the conference's sponsor, NMAC (a group that in 2004 received $3.9 million in government funds and spent $1.4 million on conferences and $1 million on consultants), questioned the government's commitment to HIV/AIDS funding.[33]

How Travel Costs May Actually Cost Lives: Funds for Three International Trips to Talk *About* HIV Could Have Spared 150,000 Infants *from* HIV

If the funds CDC spent to register 20 employees for a Thailand conference and to send 90 employees to a Barcelona conference to talk about HIV/AIDS, had instead been used to buy and administer Nevirapine (a retroviral drug that costs less than $4 a dose and has proven to prevent HIV transmission from mother to child with the administration of just two doses), more than 115,000 infants around the world could have been spared from HIV infection.

This does not count the more than 40,000 infants that could have avoided HIV infection if HHS had not sent 78 employees (including an undetermined number of CDC employees) to Toronto to talk about HIV/AIDS at a cost to the federal taxpayers of over $300,000. For the cost of these three international conferences alone, more than 150,000 newborns could have been treated with Nevirapine and prevented from contracting HIV.

UNAIDS estimates that 1,800 children worldwide become infected with HIV each day, the vast majority of whom are newborns.[34] UNAIDS estimates that in 2005, just less than eight percent of pregnant women in low- and middle-income countries had access to services that could prevent the transmission of HIV to their babies.[35]

DOJ Spent $465 Million on Travel in 2007

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[32] "US Conference on AIDS," Housing Works AIDS Issues Update, September 29, 2006, http://www.hwadvocacy.com/update/archives/2006/09/us_conference_o.html, accessed October 2006; October 2006 HHS response to an inquiry from Senator Tom Coburn's office reporting that: 5 employees from HRSA, 14 employees from SAMHSA, 67 employees from the CDC, 5 employees from NIH, and one NIH contractor were scheduled to attend and that HRSA spent $5,827 and CDC spent $405,000 on the conference; NMAC website, http://www.nmac.org/conferences___trainings/usca/agenda/3893.cfm, accessed October 2006; and e-mailed reports from attendees sent to Senator Tom Coburn's office.

[33] 2004 National Minority AIDS Council IRS form 990, http://www.guidestar.org/FinDocuments/2004/521/578/2004-521578289-021e9463-9.pdf, Note: the form does not distinguish between federal, state, or local government funding; "AIDS activists urge more funds for treatment," *South Florida Sun-Sentinel*, September 23, 2006.

[34] "2006 Report on the Global AIDS Epidemic," UNAIDS, http://www.unaids.org/en/HIV_data/2006GlobalReport/default.asp, **accessed November 2006**.

[35] Ibid.

According to news reports, the Justice Department (DOJ) spent $18 million more on travel costs in 2007 than in 2006, spending $465 million in 2007, up from $447 million the year before.[36] While these costs are not exclusive to conference travel, such travel likely contributed to the increased costs, if historical conference spending trends continued. This spending increase placed the Justice Department third overall among government agencies for the highest travel spending costs, behind only the Department of Defense and the Department of Homeland Security.[37]

DOJ's $312 Million, Seven-Year Conference Expenditures Included $4 Meatballs, Congressional Training Sessions in Hawaii, and a Gang Prevention Event at a Palm Springs, Waldorf-Astoria Resort

The Department of Justice spent at least $312 million over seven years on conference attendance and sponsorship. In 2006, the agency sent 26,000 employees (one fourth of its total workforce) to conferences and spent $46 million in the process.[38]

One questionable DOJ expenditure was the Bureau of Prisons (BOP) spending $33,500 to send 15 employees to a 2006 "Congress Seminar" in Honolulu, Hawaii.[39]

While the Bureau of Prisons does have a federal prison facility on that particular Hawaiian island, the accommodations at the conference's Hilton Hawaiian Village Beach Resort and Spa likely bore little resemblance to the federal jail cells nearby.[40] At least five employees of other DOJ agencies, including one from the "library staff," joined the BOP event goers at this Honolulu conference for an additional taxpayer cost of over $11,000.[41] Though the event's organizers billed it, in part, as a congressional seminar, the Hilton Hawaiian Honolulu is over 4,500 miles from the U.S. Congress.

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[36] "Defense continues to lead the pack in federal travel spending," *Government Executive*, August 15, 2008, http://www.govexec.com/story_page.cfm?articleid=40760&dcn=todaysnews.

[37] "Defense continues to lead the pack in federal travel spending," *Government Executive*, August 15, 2008; "Federal travel tab tops $14B," *The Federal Times*, September 1, 2008.

[38] DOJ November 15, 2006, follow-up to questions for the record by Senator Coburn from the Senate Subcommittee on Federal Financial Management 2006-2007, pdf page 11, http://coburn.senate.gov/ffm/index.cfm?FuseAction=Files.View&FileStore_id=5562f9b6-d8eb-407b-be65-c935837be711. DOJ FY 2006 Resource Information, 205,505 DOJ employees as of September 30, 2006, http://www.usdoj.gov/ag/annualreports/pr2006/P1/p05.pdf.

[39] DOJ November 15, 2006, follow-up to questions for the record by Senator Coburn, line 427, http://coburn.senate.gov/ffm/index.cfm?FuseAction=Files.View&FileStore_id=5562f9b6-d8eb-407b-be65-c935837be711; Federal Asian Pacific American Council (FAPAC) 2006 conference information, http://www.fapac.org/htdocs/conference/2006/index.php, accessed November 2007.

[40] Federal Asian Pacific American Council (FAPAC) 2006 conference information, http://www.fapac.org/htdocs/conference/2006/index.php, accessed November 2007.

[41] DOJ November 15, 2006, follow-up to questions for the record by Senator Coburn, lines 895, 1225, 1241, 1484, 1503, http://coburn.senate.gov/ffm/index.cfm?FuseAction=Files.View&FileStore_id=5562f9b6-d8eb-407b-be65-c935837be711; "Library staff" was an additional notation in the non-electronic version submitted to Senate investigators, line 1519, page 43.

Twenty-eight employees from four different DOJ offices spent over $42,000 to attend a women's conference with a group that works by "influencing Congressional and Administration actions."[42] It is not clear why Administration employees needed to attend a conference on the taxpayers' dime to learn how to influence themselves.

It is similarly unclear how a luxury resort ended up as the preferred location to discuss gangs. When the average American thinks about a conference on gang resistance, the Waldorf-Astoria Resort in Palm Springs is probably not the first locale that comes to mind. But, that was the location chosen for a 2006 DOJ-sponsored Gang Resistance Education and Training Program conference, which cost taxpayers at least $278,000. In addition to those direct costs, DOJ grantees were notified that federal gang resistance funds could be used for travel, lodging and meals.[43]

DOJ's Expenditures on Conference Travel Could Have Been Used to Hire Hundreds of Prosecutors to Investigate Federal Crimes

If DOJ had chosen to hire attorneys, instead of paying $46 million for conference travel in 2006, up to an additional 416 lawyers could have been helping to investigate and prosecute federal crimes. If DOJ took its seven-year, $312 million conference budget and instead hired attorneys, the nation could have been represented by an additional 2,827 lawyers who could have been hired for one year, or 403 attorneys who could have been hired to serve the full seven years.[44]

Yet, instead of hiring more lawyers to prosecute federal crimes, taxpayers paid for airfare, hotel rooms, and food for DOJ employees to attend conferences — 2,199 of them in 2006 alone.[45] While some of the DOJ-attended conferences were likely necessary and legitimate expenditures, others might not pass a taxpayer-accountability test.

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[42] Federally Employed Women's website, http://www.few.org/history.asp; DOJ November 15, 2006, follow-up to questions for the record by Senator Coburn, http://coburn.senate.gov/ffm/index.cfm?FuseAction=Files.View&FileStore_id=5562f9b6-d8eb-407b-be65-c935837be711.

[43] G.R.E.A.T. Conference website, notice to grantees, http://conference.great-online.org/ConferenceOverview.aspx.

[44] "Experienced Attorney, 2007 Annual GS Salary Range for Washington, D.C. Area," U.S. DOJ webpage on Salaries, Promotion, and Benefits, http://www.usdoj.gov/oarm/arm/hp/hpsalary.htm, accessed August 2008. Calculations based on published DOJ figures which show "experienced attorneys" in the D.C. area with at least four years of experience would earn between $110,363 and $143,471 annually. Using the lower end of this pay scale, $46 million would pay the salaries of 416 attorneys, or 320 could be hired at the higher end of the pay scale. Similarly, using the seven-year conference spending total of $312 million, 2,827 attorneys with four years or more of experience could have been hired for $100,363 or 2,174 attorneys at the higher end of the pay scale. The D.C.-area salaries used in these calculations represent a higher salary level due to a locality pay calculation which takes cost of living into consideration. DOJ could have hired even more experienced attorneys if they were to work in areas outside of D.C.

[45] DOJ November 15, 2006, follow-up to questions for the record by Senator Coburn from the Senate Subcommittee on Federal Financial Management 2006-2007, pdf page 11, http://coburn.senate.gov/ffm/index.cfm?FuseAction=Files.View&FileStore_id=5562f9b6-d8eb-407b-be65-c935837be711.

The Travel Expenditure Cap Would Not Affect Travel Costs Related to National Defense, Homeland Security, Border Security, National Disasters, or Other Emergencies

While this amendment caps government-wide travel costs at $5 billion a year, it specifically exempts travel costs related to national defense, homeland security, border security, national disasters, and other emergencies.

This Provision Would Add Accountability and Transparency to the Jet-Setting Federal Agencies

It is possible to allow agency employees to travel for essential purposes while at the same time adding transparency and accountability to their travel costs and plans. Taxpayers should not have to pay for unnecessary and non-essential agency travel.

SEC. __5-- REDUCING UNNECESSARY PRINTING AND PUBLISHING COSTS OF GOVERNMENT DOCUMENTS AND PRINTING.

Taxpayers should not pay for unnecessary printing and thus this provision would cap non-defense federal employee printing at $860 million per year, a savings of $440 million per year.

This portion of the amendment would result in a savings of approximately $4.6 billion over ten years.

Federal Employees Spend $1.3 Billion Annually on Office Printing

$440.4 Million Spent Each Year on “Unnecessary” Printing — More Than $1 Million per Day

This Provision Would Not Affect Printing Costs Related to National Defense, Homeland Security, Border Security, National Disasters, or Other Emergencies

This Provision Would Add Accountability and Transparency, While Trimming Over $1 Million Dollars a Day from the Printing Queue

SEC. __5. REDUCING UNNECESSARY PRINTING AND PUBLISHING COSTS OF GOVERNMENT DOCUMENTS AND PRINTING.

This provision would prioritize federal spending by eliminating wasteful and unnecessary federal agency and federal employee printing expenses.

It is estimated that civilian federal employees spend $1.3 million on office printing each year. Of these funds, $440 million worth of printing is said to be "unnecessary."[46] That amounts to more than $1 million a day in unnecessary printing.

Taxpayers should not pay for unnecessary printing and thus this provision would cap non-defense federal employee printing at $860 million per year, a savings of $440 million per year.

This portion of the amendment would result in a savings of approximately $4.6 billion over ten years.

Federal Employees Spend $1.3 Billion Annually on Office Printing

According to one study, non-Department of Defense federal employees spend nearly $1.3 billion a year on office printing.[47] Of these printing costs, the study identifies $440.4 million a year — 34 percent — spent on unnecessary printing.[48] These figures do not include the funds agencies spend to publish various documents for public consumption, but rather encompass only the estimated

[46] The calculations are based on 2,608,172 federal Civilian employees, 240 annual federal work days, and Lexmark's (the study's author) "experience and proprietary data concluding that the average price per printed page is $.067 in the federal government." "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

[47] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

[48] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

annual printing expenditures for 2.6 million federal civilian employees' daily office printing.[49]

$440.4 Million Spent Each Year on "Unnecessary" Printing — More Than $1 Million per Day

Ninety-two percent of federal employees surveyed told researchers that they do not need all of the documents they print. A strong reliance on "paper trails" and a need to have signatures on paper documents were among the reasons federal employees hit print at a cost of $1.3 billion a year, according to one government-wide study.[50]

In fact, fifty-seven percent of those surveyed said their printing habits are affected by their need for signatures on paper documents and sixty-nine percent of federal employees believe their agencies "rely strongly on paper trails."[51]

Despite the digital age, agency employees will need to print some documents. Yet of the $1.3 billion spent on printing a year, it is estimated that $440 million worth is "unnecessary."[52] When federal employees are spending more than $1 million a day in unnecessary printing, change obviously is in order.

It Is Possible to Change Why Employees Hit "Print"

The research noted that few agencies had or enforced printing guidelines detailing when it was appropriate and inappropriate for employees to print documents.

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[49] Davidson, Joe, "The Federal Diary: Paper Wasters," May 13, 2009, *The Washington Post*, http://www.washingtonpost.com/wp-dyn/content/article/2009/05/12/AR2009051203563_2.html?sub=AR. The report was compiled by Lexmark, a Lexington, Kentucky-based maker of home and office printers. Lexmark worked with O'Keeffe & Co., an Alexandria, Virginia-based communications firm, to survey 380 government employees.

[50] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

[51] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

[52] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

Eighty-nine percent of federal employees reported that their agencies do not have formal printing policies in place.[53]

The report recommends agencies move to a system of electronic filing and digital signatures and away from a reliance on paper trails.[54] Sixty-nine percent of federal employees believe this change is doable noting that their agencies' documentation processes could realistically be converted from paper trails to digital trails. Another sixty-four percent of those surveyed acknowledge it would be possible for them to print less.

Another recommendation was the government-wide implementation of identification systems for tracking individual employee printing, an effort which could add a much-needed layer of accountability to office printing.[55] Some industry analysts believe that such a system would result in a decrease in printing costs that would more than pay for its start-up costs, even in the first year of implementation. A federal cost-benefit analysis of establishing such a system could help gauge the accuracy of these offsetting-cost estimates and provide the basis for future legislative or administrative actions.

This Provision Would Not Affect Printing Costs Related to National Defense, Homeland Security, Border Security, National Disasters, or Other Emergencies

While the amendment caps the government-wide printing costs, it specifically exempts printing costs related to national defense, homeland security, border security, national disasters, and other emergencies.

This Provision Would Add Accountability and Transparency, While Trimming Over $1 Million Dollars a Day from the Printing Queue

[53] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.
[54] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.
[55] "2009 Government Printing Report – A Closer Look at Costs, Habits, Policies, and Opportunities for Savings," Lexmark, May 12, 2009, http://www.governmentprintingreport.com/.

It is possible to ensure that needed documents may be printed while at the same time adding transparency and accountability to federal employee printing habits and costs. Taxpayers should not pay for unnecessary printing. If federal employees are spending $440 million a year in unnecessary printing, Congress should be able to cut out those wasted funds and save taxpayers over $1 million dollars a day.

Amendment ___6 - Requires the federal government to sell off or demolish unused federal Real Property

This amendment would simply require the federal government to sell off or demolish unused federal Real Property.

The federal government has billions of dollars of under-utilized or not utilized Real Property

According to the Office of Management and Budget there are currently 46,745 under-utilized properties and 18,849 are not being utilized. That is a total of 65,594 properties with an estimated value $83 billion that should be sold, better managed or demolished. [56]

Excess property across the federal government is quietly costing the American taxpayer billions of dollars per year.

Holding unneeded property carries a hidden opportunity cost due to both the lost revenues that would be gained from selling the property and the avoidance of future maintenance costs. Over a long period of time, and with a large number of unneeded properties in its portfolio, the costs could likely add up to hundreds of millions, if not billions, of dollars wasted.

GAO reports that the Department of Energy, NASA, GSA, Department of Interior, and the VA reported repair and maintenance backlogs that total over $30.5 billion.[57]

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[56] OMB numbers sent to staff on February 4, 2009

[57] Government Accountability Office, Testimony before the House subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, House of Representatives; July, 15, 2009 http://www.gao.gov/new.items/d09801t.pdf

The current process in place to get rid of excess federal property takes too long.

According to GSA, since 2005, the federal government has only been able to sell 1,300 properties for $2.8 billion.

At a 2006 FFM hearing, Senator Obama said that "Regardless of what sides of the aisle we sit on, we all agree we are in dire financial straits and we need to manage our assets in the most cost effective way possible to close the gap,"

He went on to say "A dollar wasted on a building not being used is a dollar that not going to someone who needs the help."

Amendment ___6 - Requires the federal government to sell off or demolish unused federal Real Property

The Federal Real Property Council reports that the federal government owned or operated more than 1.1 million assets worldwide in 2007, worth an estimated total of $1.5 trillion.[58]

Poor property management of these assets has proven to be a significant and costly problem. The problem is so serious that the Government Accountability Office placed Federal Real Property Management on its High-Risk List in 2003 and it continues to be on the list today.

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[58] http://www.gsa.gov/graphics/ogp/FRPP_FY07.pdf

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Rather than disposing of properties once they are no longer useful, agencies often opt to hold onto them at the same time that they are adding new properties.

GAO reports the following example to highlight the extent of this problem: "Officials with Energy, DHS, and NASA—which are three of the largest real property-holding agencies—reported that over 10 percent of the facilities in their inventories were excess or underutilized."[60]

Excess property across the federal government is quietly costing the American taxpayer billions of dollars per year.

When an agency holds on to a property it no longer needs, that property cannot be used for other activities that can create jobs and increase local and national prosperity.

Every unneeded square foot of building space held by the federal government requires annual funding for operations and maintenance. This includes the cost of cleaning, heating, lighting, and landscaping a building, as well as any costs related to a mortgage or lease for the space.

GAO reports that the Department of Energy, NASA, GSA, Department of Interior, and the VA reported repair and maintenance backlogs that total over $30.5 billion.[61]

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[59] OMB numbers sent to staff on February 4, 2009

[60] Government Accountability Office, Testimony before FFM, May 24, 2007, http://www.gao.gov/new.items/d07895t.pdf.

[61] Government Accountability Office, Testimony before the House subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, House of Representatives; July, 15, 2009 http://www.gao.gov/new.items/d09801t.pdf

- DOE - $3.3 Billion
- NASA - $2.3 Billion
- GSA - $7 Billion
- Interior - $12 Billion
- VA - $5.9 Billion

Holding unneeded property carries a hidden opportunity cost due to both the lost revenues that would be gained from selling the property and the avoidance of future maintenance costs. Over a long period of time, and with a large number of unneeded properties in its portfolio, the costs could likely add up to hundreds of millions, if not billions, of dollars wasted.

Section ___7— To provide that the Department of Defense auction new, unused, or excellent condition excess inventory to the highest bidder rather than transferring at no cost to federal and state agencies.

<u>The Department of Defense currently gives away millions of dollars of new, unused, excellent condition equipment for free</u>

According to the Government Accountability Office (GAO) DOD gave away $225M in equipment, supplies, and inventory to other federal agencies and donated $80M to state and local governments from FY2002 to FY2004.

<u>This amendment saves money for the government by requiring the Department of Defense to sell perfectly good equipment at a market price, rather than give it away for free</u>

The Defense Logistics Agency stated that the Department of Defense gave away around $200 million worth of equipment annually to state agencies in Fiscal Year 2008 and Fiscal Year 2009. Assuming a 25% resell rate for this equipment, changing the rules could bring into the Treasury over $500 million over a ten-year period.

<u>There is already a mechanism in place for public sales of new, unused, or high quality excess inventory equipment</u>

The public bought $2.1 billion in excess equipment, supplies, and inventory from the Department of Defense over the same time period utilizing public auctions.

There are lax controls over whether the state and local governments are using the equipment as intended or if they are eligible

The city of Henry, Tennessee was found to have applied to the Department of Defense to obtain law enforcement equipment and signed an agreement to use it for that purpose only. When an audit was conducted however, the city had used the equipment for general city government instead.

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According to the Government Accountability Office (GAO) DOD gave away $225M in equipment, supplies, and inventory to other federal agencies and donated $80M to state and local governments from FY2002 to FY2004.[62] In contrast, the public bought $2.1 billion in excess equipment, supplies, and inventory from the Department of Defense over the same time period. Excess Department of Defense property is any property that is no longer required by one of the military services and does not have national security implications for its reuse.

The Defense Logistics Agency stated that the Department of Defense gave away around $200 million worth of equipment annually to state agencies in Fiscal Year 2008 and Fiscal Year 2009. Assuming a 25% resell rate for this equipment, changing the rules could bring into the Treasury over $500 million over a ten-year period.

The Federal Property and Administrative Services Act of 1949 places responsibility for the disposition of government real and personal property with the General Services Administration (GSA). That agency delegated disposal of DOD property to the Secretary of Defense, who in turn delegated it to DLA. The Office of the Deputy Under Secretary of Defense (Logistics) provides overall guidance for disposing of property, and DLA's Defense Logistics Support Command is responsible for disposal policy. The military services are responsible for determining if certain property they hold exceeds their needs. Once they do so, the Defense Reutilization and Marketing Service (DRMS) carries out disposal functions through DRMOs.[63]

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[62] GAO Report 05-729T, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Efficiency," Government Accountability Office, June 7, 2005, http://www.gao.gov/new.items/d05729t.pdf.

[63] GAO Report OSI/NSIAD-00-147, "Inventory Management: Better Controls Needed to Prevent Misuse of Excess DOD Property," Government Accountability Office, April 2000, http://www.gao.gov/new.items/o400147.pdf.

The Defense Reutilization and Marketing Service (DRMS) is part of the Defense Logistics Agency and they administer the program. The mission is to reuse, transfer, donate, sell or dispose of excess/surplus property.

The Department of Defense, under current rules, is allowed to transfer new, unused, and high quality equipment to other federal agencies, state, and local governments at no charge. This creates a perverse incentive for federal agencies to acquire equipment just because it is free and is not because they need it. For state and local governments that actually need the equipment, they are obtaining it at no cost to them.

However, GAO has noted that DRMS has had some trouble in executing this program. DRMS has been giving away or selling items for pennies on the dollar that the Department of Defense continues to purchase for use by our troops. GAO identified at least $400 million of fiscal year 2002 and 2003 commodity purchases when identical new, unused, and excellent condition items were available for reutilization.

GAO also identified hundreds of millions of dollars in reported lost, damaged, or stolen excess property, including sensitive military technology items, which contributed to reutilization program waste and inefficiency. Further, excess property improperly stored outdoors for several months was damaged by wind, rain, and hurricanes.[64]

In another instance, GAO found that the Defense Reutilization and Marketing Service may have provided over $100 million in equipment for free to government organizations that were not entitled to them.[65]

Given the massive federal debt the nation faces, the Department of Defense should sell their new, unused, and excellent quality condition excess inventory to all interested parties, and not give quality equipment away to federal agencies, state, and local governments.

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[64] GAO Report 05-729T, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Efficiency," Government Accountability Office, June 7, 2005, http://www.gao.gov/new.items/d05729t.pdf.

[65] GAO Report OSI/NSIAD-00-147, "Inventory Management: Better Controls Needed to Prevent Misuse of Excess DOD Property," Government Accountability Office, April 2000, http://www.gao.gov/new.items/o400147.pdf.

This amendment saves money for the government by requiring the Department of Defense to sell perfectly good equipment at a market price, rather than give it away for free

Based on the GAO report, the Department of Defense gives away around $75 million worth of equipment annually. Assuming a 33% resell rate for this equipment, changing the rules could bring into the Treasury over $250 million over a ten-year period.

With the massive amount of spending on new equipment, supplies, and inventory for the wars in Iraq and Afghanistan, this number could be much higher.

The amendment adds a section of law to require that any new, unused, or high quality excess equipment that is not needed by another agency within the Department of Defense must be put up for public auction and awarded to the highest bidder.

There is already a mechanism in place for public sales of new, unused, or high quality excess inventory equipment

The majority (>50%) of all new, unused, and excellent condition excess equipment, supplies, and inventory are already sold to the public.[66]

There would not need to be any additional mechanisms or costs in order for the sales to occur for federal agencies, state, and local governments.

The federal agencies, state, and local governments will not be precluded from obtaining excess equipment, supplies and inventory from the Department of Defense. They will still pay much less for this equipment than if they purchased it retail.

[66] GAO Report 05-729T, "DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Efficiency," Government Accountability Office, June 7, 2005, http://www.gao.gov/new.items/d05729t.pdf.

There are lax controls over whether the state and local governments are using the equipment as intended or if they are eligible

In an investigation by GAO[67] of the University of Alabama at Huntsville, they found that the University had used an invalid activity code to obtain over $3.5 million worth of excess DOD property to which it was not entitled.

The activity code was associated with an expired contract and it had been deleted several years earlier. In addition, a Florida Army National Guard unit was able to obtain excess property between 1998 and 1999 by using an invalid activity code that had been deleted in 1990.

GAO determined that invalid codes had been used to obtain over $101 million in excess equipment.

In another, more recent instance, the city of Henry, Tennessee was found to have applied to the Defense Reutilization and Marketing Service to obtain law enforcement equipment and signed an agreement to use it for that purpose only. When an audit was conducted however, the city had used the equipment for general city government instead.[68]

[67] GAO Report OSI/NSIAD-00-147, "Inventory Management: Better Controls Needed to Prevent Misuse of Excess DOD Property," Government Accountability Office, April 2000, http://www.gao.gov/new.items/o400147.pdf.
[68] Tanner, Glenn, and Hays, Misty, "Henry TN: Misuse of military surplus alleged in City of Henry," The Paris Post-Intelligencer, May 12, 2010, http://www.parispi.net/articles/2010/05/12/news/local_news/doc4bead9e24eee6848944888.txt

Henry TN: Misuse of military surplus alleged in audit of City of Henry

http://www.parispi.net/articles/2010/05/12/news/local_news/doc4bead9e24eee6848944888.txt

Henry's mayor and police chief say a state audit finding that military surplus equipment obtained by the police department was improperly used by the city is the result of a misunderstanding by auditors, and a delay in written permission from the state.

Meanwhile, the issue has caused hard feelings in Henry, with one alderman moving that the current chief be fired, and a former Henry police officer threatening a lawsuit against the city at Tuesday's meeting of the Henry Mayor and Board of Aldermen.

Since last fall, the city has been taking part in the U.S. Department of Defense's 1033 surplus property program, which allows law enforcement agencies to earmark surplus equipment for their own use.

The equipment is identified and "tagged" on a government Web site listing surplus equipment at military bases across the country.

Once requests are approved by state and federal administrators, county and municipal law enforcement agencies can obtain the equipment, sometimes costing hundreds of thousands of dollars, for the cost of transporting it.

According to a report by the state's Division of Municipal Audit, Police Chief Mark Herndon signed an agreement to only use the equipment for law enforcement purposes.

While conducting the special audit, which was initially requested by the City of Henry, state officials found that much of the equipment was instead being used by the city's general government.

Of the more than 50 items in surplus equipment obtained since August, only a printer in Herndon's office was being used strictly by the police department, according to the audit.

The report said "Public Works" signs had been placed on several vehicles, and Mayor Joe Qualls told auditors of several non-law enforcement projects he had originally planned to use the equipment for.

The audit also found that Herndon had used a city credit card to pay for a $214 plane ticket for his wife while on a trip to Florida to pick up equipment from a military base there.

Herndon said in a recent interview that he was told by Elbert Baker, the state official administering the program, that auditors were mistaken in their interpretation of the agreement.

"We were doing what we were instructed to do," Herndon said. "Some of the employees would use that for city business — that's totally acceptable. The federal government expects you to do that."

Herndon said he had an oral agreement with Baker that allowed the equipment to be used by the city.

"Every time I would use this for this or that, I would call Elbert," Herndon said. "So we used everything according to Nashville and the federal government."

Herndon and Qualls said Baker, after learning of the audit's findings, agreed to send written permission for the city to use the items in question.

"The comptroller just wanted us to go by the letter of the law," Qualls said. "Just get it in writing, and we'll be cool. And we're in that process now."

Baker was contacted twice by The Post-Intelligencer to verify that permission was forthcoming.

He said he was unable to give immediate comment because he was occupied by other matters — chiefly the recent flooding across the state and in Nashville.

Herndon and Qualls said Herndon had repaid the cost of the plane ticket immediately after auditors told him it was improper.

“When the auditors told me you couldn’t do that, it was paid back instantly,” he said.

Herndon said buying the airline seat for his wife stemmed from an attempt at trying to save the city money as he tried to catch a last-minute flight to pick up equipment from a Florida military base.

Herndon said he had originally been given a price for one seat of $1,100, but saw a special on two seats for $427.

Rather than let the seat go to waste, he let his wife accompany him.

“Thank goodness she was there, because we couldn’t have gotten it back otherwise,” he said.

Qualls said the city wouldn’t get any more equipment until they get written permission from Baker.

“We may not do it anymore,” Qualls said. “At least until we get written permission from the state coordinator.”

Debate about the findings took up about 40 minutes of the hour-long meeting of the city’s board Tuesday night, after Alderman Michael Williams questioned Qualls’ knowledge of the matter.

The often-heated discussion culminated with a motion by Williams to fire Herndon as police chief.

The motion died for lack of a second.

Audience member Brenda Williams, who is Michael Williams’ wife, said she had been fired from her job as a Henry police officer for similar circumstances, and called for something to be done.

“They fired me over misuse of city equipment,” she said. “If you let him sit there and run here in that patrol car to McKenzie or wherever with his wife, I want it in writing that he’s off. I will sue this city.”

Herndon responded by telling her he had been working for the city for four years, and has not had write-ups for disciplinary actions in all that time.

Qualls said Herndon had made restitution, paying the city back for the airline seat, and that the matter with the city's use of the equipment would be cleared up once Baker sends the letter of permission.

"My opinion is this ain't the first time it's went on in the city," Michael Williams said. "Mark's the chief — he knows better than that."

"I didn't say it was right," Qualls replied.

Herndon said he did not have a copy of the travel policy, so he did not know he was doing anything wrong. "It's not breaking the law," he said.

Williams replied by saying that Herndon misused city funds and asked who authorized Herndon's wife to go. Herndon said Qualls approved the request, but Qualls said he did not know of Herndon's wife going with him.

Amendment ___8 – To Cap the Number of Federal Employees in Fiscal Year 2011

<u>There are more federal employees than ever before</u>

<u>Federal employees are better compensated than private employees</u>

<u>Passing this amendment will encourage federal agencies to prioritize efficiency and limit spending in a down economy</u>

As Congress intends to add another $78 billion to our nation's more than $13 trillion debt by passing this bill filled with extensions of spending and tax provisions, the nation's economy is on the brink of fiscal chaos. Unemployment is at 9.9 percent and last year and family incomes fell by more than three percent last year.

While most Americans in the private sector have felt the effects of a down economy by cutting costs, losing their job, or finding it more difficult to borrow funds for their business or home, the federal government has yet to make any substantial adjustment even though revenues have decreased.

Instead, the government has experienced a historic year of expansion despite a lack of revenue, accelerating the growth of the national debt while stunting economic growth.

This amendment would freeze the number of employees in each federal agency. It would require that for each new employee hired, an agency has to demonstrate that a federal employee has correspondingly ceased to work at that agency. This amendment also requires the Office of Management and Budget (OMB) to publicly disclose the number of federal employees in each agency and how much they are paid in an annual report.

By enacting this amendment, Congress would be helping the federal government operate more within its means and help ensure better efficiency within the federal government.

Our debt is at all time high

Today, the national debt is $13.06 trillion, more than $42,200 per citizen. At the beginning of the current Administration, the national debt was $10.6 trillion. In one year and four months, Washington, D.C., has increased the debt by more than **23 percent.** In other words, at this rate, the national debt would double in less than five years.

Despite pledges to control spending, Washington adds $4.6 billion to national debt every single day—that's $3.2 million every single minute.

This year, the government will spend more than $3.6 trillion and will borrow 43 cents for every dollar it spends.

According to CBO's new forecast, President Obama's budgets will add nearly $10 trillion in debt over the next ten years.

Of the $10 trillion in debt the government is likely to accrue over the next ten years, $4.8 trillion will be interest.

This debt signifies less opportunity in the future for generations of Americans, higher taxes, more government control, less innovation, less freedom, and lower quality of life.

The excessive debt also threatens the retirement security of older American as retirement programs like Medicare and Social Security are on the brink of bankruptcy. Medicare is expected to run out of money and become insolvent in 2017. Social Security will permanently start running a deficit in 2016, and will no longer be able to pay retirees full benefits by 2037.

Other important government programs Americans rely on nearly every day, such as the Highway Trust Fund and the U.S. Postal Service, are also spending more than they are bringing in with revenues and will need to increase funding or decrease spending.

Family Budgets Get Smaller While the Government's Budget Gets Bigger

While the U.S. economy experienced real economic growth of less than 0.5 percent, Congress and the President had no problem increasing federal spending by more than 10 percent and the national debt by more than 15 percent last year.

While most Americans must make difficult and painful choices to pay off their bills and support their families and friends, Congress continues to approve double-digit spending increases for bloated federal agencies wrought with duplication, waste, abuse, and mismanagement of taxpayer funding.

Congress even gave itself an almost $100 million budget increase for this year. This works out to a 4.5 percent budget increase.

While individuals across the country are worried they might lose their job and could stand to pay lower taxes and enjoy greater economic freedom, members of Congress prioritized earmarking more than $11 billion in taxpayer funds for pork projects aimed at ensuring they are re-elected.

Since January of 2009, while Americans across the country adjusted their spending to the size of the shrinking family budget, Congress has passed trillions of dollars in new spending on everything from a multi-billion dollar omnibus lands package that increases the size and cost of a massive stimulus bill that has failed to create new jobs and a $2.5 trillion health care bill that penalizes Americans who cannot afford health insurance.

This massive spending has done nothing to put Americans back to work, but rather added to the debt that working Americans will be forced to eventually repay at the expense of their own family budget.

There are more federal employees than ever before

The federal government has also been hiring thousands of employees to the point that federal employment has increased by 18 percent since 1999.[69]

From 2006 to 2010, the number of Homeland Security employees increased by 22 percent and the number of Department of Justice employees increased by 15

[69] Compiled with numbers from OPM in conjunction with CRS

percent (These figures assume Congress adopts Mr. Obama's 2010 budget without significant changes).[70]

There are now well over 2 million federal employees, and this number is only expected to continue increasing in 2010.[71]

USA Today recently found that because of increased federal spending and a shrinking economy, the percentage of total wages government wages account for is at a record high, and the percentage of total wages private wages account for is at a record low. In total, the private sector lost 7.3 million jobs while the federal government gained 192,700 jobs.

Private wages now constitute a record-low 41.9 percent of the nation's personal income, down from 44.6 percent when the recession began in December 2007.

Federal employee wages now make up 9.8 percent of personal income and other government benefits to individuals make up 17.9 percent of their income from government programs in the first quarter, up from 14.2 percent when the recession started.[72]

According to *USA Today,* "[These] records reflect a long-term trend accelerated by the recession and the federal stimulus program to counteract the downturn. The result is a major shift in the source of personal income from private wages to government programs.[73]

In 2008, the Bureau of Labor Statistics (BLS) reported a loss of 3.65 million jobs in the private sector while government jobs increased nearly 150,000 during the same time period.[74]

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[70] http://www.cbsnews.com/8301-503983_162-5007862-503983.html
[71] http://www.washingtontimes.com/news/2010/feb/23/obamas-federal-jobs-program/
[72] http://www.usatoday.com/money/economy/income/2010-05-24-income-shifts-from-private-sector_N.htm
[73] http://www.usatoday.com/money/economy/income/2010-05-24-income-shifts-from-private-sector_N.htm
[74] http://www.cnsnews.com/public/content/article.aspx?RsrcID=44662

BLS reported in 2009 that as the private sector continued to shed jobs during the toughest months of the recession, the number of public sector jobs grew.[75] In total, up to 8 million private sector jobs have been lost during the recession.[76]

Last month, nonfarm payrolls rose by 431,000 jobs, but private employment rose only by 41,000. The federal government, however, hired 411,000 workers for the decennial population count. While many of these federal jobs are only temporary, the lack of private jobs remains alarming.[77]

A recent *Washington Times* article notes that in 2010 the number of civilian federal employees will increase by over 150,000 to a total of 1.43 million this year.[78]

This trend is also likely to continue.

A Gallup poll released in May 2010 found that "by nearly a 2-to-1 margin, federal employees say their employer is hiring rather than firing." Gallup concluded the federal government maintains a +18 Job Creation Index for the month of April 2010 compared with -28 among state and local government workers and only +9 in private sector industries.[79]

The federal workforce is growing while every other sector of the economy is shrinking: state and local governments – more vulnerable to recessionary impacts and reductions in tax revenues – are downsizing and private industry is shrinking.

<u>Federal employees are better compensated than private employees</u>

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[75] http://www.cnsnews.com/public/content/article.aspx?RsrcID=44662
[76] http://www.nytimes.com/2009/10/04/weekinreview/04norris.html?_r=2&scp=2&sq=floyd&st=cse
[77] http://finance.yahoo.com/news/Job-growth-disappoints-on-rb-3972278328.html?x=0
[78] http://www.washingtontimes.com/news/2010/feb/23/obamas-federal-jobs-program/
[79] http://www.gallup.com/poll/127628/Federal-Government-Outpaces-Private-Sector-Job-Creation.aspx

Coupled with this expansion in federal employees is recent data that shows federal employees actually fare better than private-sector workers in almost every aspect, including pay, benefits, time off, and job security.[80]

While the private workforce shrunk with the economy, federal salaries have increased on average of 4 percent since 1999 during a time period when inflation has increased on average 2.4 percent annually – a difference of 1.6 percent.[81] In 2009, federal salaries increased by 3 percent while inflation was at -0.04 percent.[82]

Federal salaries have continued to grow despite stagnant growth in the private sector. In 2009 federal employees received a 3.9 percent pay raise on average. This is more than twice the 1.5 percent increase for private sector workers.[83] During the recession, federal pay has increased by 6.6 percent, while both state and private pay has increased by 3.9 percent.[84]

The President requested a 1.4 percent pay increase for federal workers in 2011.[85]

The average federal worker's pay is now $71,206 (not including benefits), compared to $40,331 in the private sector.[86]

Benefits, according to the Bureau of Economic Analysis, include average health, pension and other benefits tally up to $40,785 per federal worker -- compared with just $9,882 per private worker.[87]

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[80] http://reason.com/archives/2010/01/12/class-war/print
[81] Compiled with numbers from OPM in conjunction with CRS
[82] Compiled with numbers from OPM in conjunction with CRS
[83] http://www.washingtontimes.com/news/2010/feb/23/obamas-federal-jobs-program/
[84] http://www.usatoday.com/news/washington/2009-12-10-federal-pay-salaries_N.htm
[85] http://www.myfederalretirement.com/public/569.cfm
[86] http://www.usatoday.com/news/washington/2009-12-10-federal-pay-salaries_N.htm
[87] http://www.foxnews.com/politics/2010/04/05/federal-government-jobs-far-outpace-private-sector-counterparts-pay-benefits/

Combining these two figures, reveals that the average federal employee collects $111,991 in salary and benefits – over twice the amount a private sector employee collects ($50,213).

The federal salary increases include a broad expansion of six-figure salaries, as the number of federal employees who earn six-figure salaries increased 46 percent (from 14 to 19 percent) during the first 18 months of the recession (December 2007 to June 2009) excluding overtime and bonus payments. The number of federal employees making more than $150,000 more than doubled.[88]

For example, Department of Defense civilian employees earning $150,000 or more increased from 1,868 in December 2007 to 10,100 in June 2009 (a 541 percent increase). Similarly, when the recession started, the Department of Transportation had only one person earning a salary of $170,000 or more. Eighteen months later, 1,690 employees had salaries above $170,000.

As a result of all these salary and benefit increases, the federal employee turnover rate – including layoffs, discharges, and retirements – is 60 percent lower than the private sector average.[89] Given the security and higher salary and benefits, it is not surprising why federal employees would not want to leave their jobs.

Passing this amendment will encourage federal agencies to prioritize efficiency and limit spending in a down economy

While there are a number of areas in which Congress could decrease wasteful spending to help pay for national priorities, it makes sense for Congress to prohibit any additional hiring of federal employees given the incredible recent increases.

By freezing the total number of employees within federal agencies, Congress will help agencies increase the productivity of their employees and encourage greater accountability within the federal workforce.

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[88] http://www.usatoday.com/printedition/news/20091211/1afedpay11_st.art.htm?loc=interstitialskip

[89] Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS) data from 2000 to 2009

This amendment will also increase transparency by allowing taxpayers to see how much of their taxes are used to pay for the salaries of federal bureaucrats.

Given the fact that federal jobs have become increasingly attractive in this job market because of higher salary and benefit payments, it is appropriate to freeze any additional hires and ensure the current workforce is worthy of such taxpayer expenditures.

Amendment ___9 – To temporarily freeze the amount that may be spent on salaries for federal employees for one year.

<u>There are more federal employees than ever before</u>

<u>Federal employees are better compensated than private employees</u>

<u>Passing this amendment will prove Congress can limit spending in a down economy</u>

As Congress intends to add another $78 billion to our nation's more than $13 trillion debt by passing this bill filled with extensions of spending and tax provisions, the nation's economy is on the brink of fiscal chaos. Unemployment is at 9.9 percent and last year and family incomes fell by more than three percent last year.

While most Americans in the private sector have felt the effects of a down economy by cutting costs, losing their job, or finding it more difficult to borrow funds for their business or home, the federal government has yet to make any substantial adjustment even though revenues have decreased.

Instead, the government has experienced a historic year of expansion despite a lack of revenue, accelerating the growth of the national debt while stunting economic growth.

This amendment would freeze overall spending by agencies on federal salaries for one year. It would, however, allow for an employee to receive an increase in salary or other compensation so long as such an increase does not increase an agency's net expenditures for employee salaries. This amendment does not apply to our armed forces.

By enacting this amendment, Congress would be helping the federal government operate more within its means and help preserve the opportunity for future generations of Americans to succeed.

Our debt is at all time high

Today, the national debt is $13.06 trillion, more than $42,200 per citizen. At the beginning of the current Administration, the national debt was $10.6 trillion. In one year and four months, Washington, D.C., has increased the debt by more than **23 percent.** In other words, at this rate, the national debt would double in less than five years.

Despite pledges to control spending, Washington adds $4.6 billion to national debt every single day—that's $3.2 million every single minute.

This year, the government will spend more than $3.6 trillion and will borrow 43 cents for every dollar it spends.

According to CBO's new forecast, President Obama's budgets will add nearly $10 trillion in debt over the next ten years.

Of the $10 trillion in debt the government is likely to accrue over the next ten years, $4.8 trillion will be interest.

This debt signifies less opportunity in the future for generations of Americans, higher taxes, more government control, less innovation, less freedom, and lower quality of life.

The excessive debt also threatens the retirement security of older American as retirement programs like Medicare and Social Security are on the brink of bankruptcy. Medicare is expected to run out of money and become insolvent in 2017. Social Security will permanently start running a deficit in 2016, and will no longer be able to pay retirees full benefits by 2037.

Other important government programs Americans rely on nearly every day, such as the Highway Trust Fund and the U.S. Postal Service, are also spending more than they are bringing in with revenues and will need to increase funding or decrease spending.

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percent (These figures assume Congress adopts Mr. Obama's 2010 budget without significant changes).[91]

There are now well over 2 million federal employees, and this number is only expected to continue increasing in 2010.[92]

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[94] http://www.usatoday.com/money/economy/income/2010-05-24-income-shifts-from-private-sector_N.htm
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[98] http://finance.yahoo.com/news/Job-growth-disappoints-on-rb-3972278328.html?x=0
[99] http://www.washingtontimes.com/news/2010/feb/23/obamas-federal-jobs-program/
[100] http://www.gallup.com/poll/127628/Federal-Government-Outpaces-Private-Sector-Job-Creation.aspx

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[106] http://www.myfederalretirement.com/public/569.cfm
[107] http://www.usatoday.com/news/washington/2009-12-10-federal-pay-salaries_N.htm
[108] http://www.foxnews.com/politics/2010/04/05/federal-government-jobs-far-outpace-private-sector-counterparts-pay-benefits/

Combining these two figures, reveals that the average federal employee collects $111,991 in salary and benefits – over twice the amount a private sector employee collects ($50,213).

The federal salary increases include a broad expansion of six-figure salaries, as the number of federal employees who earn six-figure salaries increased 46 percent (from 14 to 19 percent) during the first 18 months of the recession (December 2007 to June 2009) excluding overtime and bonus payments. The number of federal employees making more than $150,000 more than doubled.[109]

For example, Department of Defense civilian employees earning $150,000 or more increased from 1,868 in December 2007 to 10,100 in June 2009 (a 541 percent increase). Similarly, when the recession started, the Department of Transportation had only one person earning a salary of $170,000 or more. Eighteen months later, 1,690 employees had salaries above $170,000.

As a result of all these salary and benefit increases, the federal employee turnover rate – including layoffs, discharges, and retirements – is 60 percent lower than the private sector average.[110] Given the security and higher salary and benefits, it is not surprising why federal employees would not want to leave their jobs.

Passing this amendment will prove Congress can limit spending in a down economy

While there are a number of areas in which Congress could decrease spending to help pay for national priorities, it makes sense for Congress to prohibit any further cost of living salary increases this year.

In this down economy, federal employees should know they are fortunate to have a secure job that pays them, on average, more than a similar job in the private sector.

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[109] http://www.usatoday.com/printedition/news/20091211/1afedpay11_st.art.htm?loc=interstitialskip

[110] Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS) data from 2000 to 2009

By only prohibiting this increase, that does not affect other federal benefits, Congress would be offsetting at least $2.2 billion of the total price tag of this bill.[111]

Some might argue that increasing pay is a critical component to retaining top talent within federal bureaucracies; however, our nation is in an economic depression and Congress must find ways to limit spending. This amendment also gives federal agencies the ability to reward strong with salary increases, as long as the net amount spent on salaries within the agency does not increase.

Given the fact that federal jobs have become increasingly attractive in this job market because of higher salary and benefit payments, it is appropriate to freeze such appropriations in Fiscal Year 2011.

[111] The total cost in salary for non-defense, non USPS federal employees ($161.1 billion) multiplied by the increase recommended by President Obama (1.4 percent) totals $2.512 billion.

Section ___10 – Collect Unpaid Taxes from Federal Employees

- While millions of Americans continue to send back portions of their hard earned wages to Washington, many federal employees are failing to contribute their share.

- In 2008, the Internal Revenue Service (IRS) found nearly 100,000 civilian federal employees were delinquent on their federal income taxes, owing a total of $962 million in unpaid federal income taxes.

- When considering retirees and military, more than 276,000 people owed $3 billion.

- This amendment simply requires the Internal Revenue Service (IRS) to collect any unpaid taxes from federal employees, which could generate $3 billion in savings.

- At the same time, the disparity in salaries between the federal workforce and private employment is appalling.

- Recent data show federal employees fare better than private-sector workers in almost every aspect, including pay, benefits, time off, and job security.

- Federal salaries have increased on average of 4% since 1999 while inflation has increased on average of 2.4%.

- Federal salaries increased 3% from 2008 to 2009, outpacing inflation by 1.6 percent.

- Most notably, in 2009 inflation was at -.04% while federal salaries increased 3% from 2008.

- Not only do federal workers get paid more and are not held accountable to pay their taxes, we are hiring more of them to pay

- Since 1999 federal employment has increased by 18 percent.

- There are now well over 2 million federal employees, and this number is only expected to continue increasing in 2010.

Section__10 – Collect Unpaid Taxes from Federal Employees

Our nation's economy is on the brink of fiscal collapse. Unemployment has reached all time highs, and the national debt is rapidly approaching $13 trillion.

While millions of Americans continue to send back portions of their hard earned wages to Washington, many federal employees are failing to contribute their share.

The Internal Revenue Code of 1986 allows the IRS to "garnish" the wages (pay or other income) of federal employees who are delinquent on their federal income taxes. A "garnishment" is the process by which the federal government collects a tax liability from the pay of an employee.

This amendment would save $3 billion by requiring the Internal Revenue Service (IRS) to collect any unpaid taxes from federal employees.

This amendment carefully reaches only federal workers who have willfully neglected to pay their incomes taxes and excludes federal employees from termination if there is a good faith effort on their part to pay up.

This commonsense measure will stem the flow of irresponsible taxpayer funded employees who fail to pay their income taxes.

Federal employees have a clear obligation, just as the rest of American citizens do, to pay their federal income taxes.

In 2008, the Internal Revenue Service (IRS) found nearly 100,000 civilian federal employees were delinquent on their federal income taxes, owing a total of $962 million in unpaid federal income taxes.[112]

When considering retirees and military, more than 276,000 people owed $3 billion.[113]

Consider the following examples:

The U.S. Department of Agriculture (USDA) has a delinquency rate of 2.07 percent. USDA employs 2,166 who have been found delinquent on over $17 million of unpaid tax liabilities.

The Department of Veterans Affairs has a delinquency rate of 3.91 percent with over 10,000 employs owing more than $130 million.

The Department of Health and Human Services (HHS) has a delinquency rate of 3.86 percent and found that 2,924 of its employees owe a total of nearly $34 million.

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[112] Internal Revenue Service, Excel Spreadsheet, October 2008.
[113] Internal Revenue Service, Excel Spreadsheet, October 2008.

The U.S. Senate employs 231 staffers who owe a total of nearly $2.5 million.

This is occurring on the backdrop of a significant disparity in salaries between the federal workforce and private employment.

Recent data show federal employees fare better than private-sector workers in almost every aspect, including pay, benefits, time off, and job security. [114]

A broad expansion of six-figure salaries has occurred throughout the federal government furthering the disparity between public and private wages.[115]

The number of federal employees who earn six-figure salaries ballooned during the recession.

From December 2007 to June 2009, the number of federal employees earning more than $100,000 increased 46 percent. The number of federal employees making more than $150,000 more than doubled. [116]

Federal salaries increased 3% from 2008 to 2009, outpacing inflation by 1.6 percent.[117]

Federal salaries have increased on average of 4% since 1999 while inflation has increased on average of 2.4%.[118]

Most notably, in 2009 inflation was at -.04% while federal salaries increased 3% from 2008.[119]

USA Today recently reported, "Paychecks from private business shrank to their smallest share of personal income in U.S. history during the first quarter of [2010]…At the same time, government-provided benefits from Social Security, unemployment insurance, food stamps and other programs rose to a record high in the first three months of 2010."

The article goes on to point out that this is an unsustainable trend as it is tax dollars from private salaries that fund the expansion in government services and spending.[120]

Considering that tax revenue is the means by which Congress can spend, it would behoove the federal government to ensure it collected what it was owed.

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[114] http://reason.com/archives/2010/01/12/class-war/print
[115] http://www.usatoday.com/printedition/news/20091211/1afedpay11_st.art.htm?loc=interstitialskip
[116] http://www.usatoday.com/printedition/news/20091211/1afedpay11_st.art.htm?loc=interstitialskip
[117] OPM historical data compiled in conjunction with CRS
[118] Compiled with numbers from OPM in conjunction with CRS
[119] Compiled with numbers from OPM in conjunction with CRS
[120] http://www.usatoday.com/money/economy/income/2010-05-24-income-shifts-from-private-sector_N.htm

Not only do federal workers get paid more and are not held accountable to pay their taxes, we are hiring more of them to pay.

Since 1999 federal employment has increased by 18 percent.[121]

There are now well over 2 million federal employees, and this number is only expected to continue increasing in 2010.[122]

In 2008, the Bureau of Labor Statistics (BLS) reported a loss of 3.65 million jobs in the private sector while government jobs increased nearly 150,000 during the same time period.[123]

In 2009 BLS reported that as the private sector continued to shed jobs during the toughest months of the recession, public sector jobs increased.[124]

A recent Washington Times article projects that 2010 does not look much better. The number of civilian federal employees will increase by over 150,000 to a total of 1.43 million this year.[125]

Some of the Feds' hiring increases have been stunning. When considering the four-year period from 2006 to 2010, the number of Homeland Security employees increased by 22 percent, the Justice Department has increased by 15 percent, and the Nuclear Regulatory Commission increased 25 percent. (These figures assume Congress adopts the President's FY 2010 budget without significant changes.)[126]

Voting against this amendment is a clear indication that Congress is determined not to live by the same rules they write.

The very nature of federal employment demands salaried workers pay their federal income taxes. Failure to do so is an affront to taxpayers.

Failing to file a tax return is also a misdemeanor. It can result in a prison sentence of one year and/or fines up to $25,000 for each year a return was not filed.

Failing to pay taxes is a big deal for private citizens. Why not hold federal employees to the same standard?

Federal workers are not immune from taxation as outlined in the Constitution and thus still subject to the same laws as private citizens.

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[121] Compiled with numbers from OPM in conjunction with CRS
[122] http://www.washingtontimes.com/news/2010/feb/23/obamas-federal-jobs-program/
[123] http://www.cnsnews.com/public/content/article.aspx?RsrcID=44662
[124] http://www.cnsnews.com/public/content/article.aspx?RsrcID=44662
[125] http://www.washingtontimes.com/news/2010/feb/23/obamas-federal-jobs-program/
[126] http://www.cbsnews.com/8301-503983_162-5007862-503983.html

The concept of “public service” seems to contradict the very idea of special treatment and exemptions.

While many federal employees are indeed public servants, it is important to remember public servant jobs are not in the interest of the public when they fail to contribute their share in turn.

It is in the best interest of taxpayers for Congress not to turn their heads at income tax delinquency.

Amendment __11 — Reducing Excessive Duplication and Overhead Within the Federal Government

There are hundreds of duplicative government programs costing taxpayers billions of dollars every year.

For example, According to a May 2007 report of the Academic Competitiveness Council, there are 105 federal programs supporting STEM education, with aggregate funding of $3.2 billion in FY 2006. After decades of attempts to improve U.S. ratings in STEM areas, the Council reported the outcomes of federal STEM programs to be “sobering.”

In addition, too many federal programs intended to assist needy Americans and provide essential services waste far too much on administrative costs and overhead. Most programs do not track the costs of administration so it is difficult to control overhead costs.

Simply capping administrative cost and eliminating the duplication of federal programs that pervades the federal bureaucracy could save taxpayers billions of dollars in one year alone.

This amendment would require a reduction of five percent in administrative expenses at every department in the next fiscal year.

This amendment would also direct the Office of Management Budget and the Secretary of each department to work with the Chairman and ranking member

of the relevant congressional committees to consolidate programs with duplicative goals, missions, and initiatives.

Section ____-- Eliminates the awarding of bonuses to government contractors for unsatisfactory performance.

The federal government awards billions of dollars of bonuses to federal contractors for projects that are over budget or have failed to meet basic performance requirements.

This section would prohibit bonuses from being paid to government contractors whose performance is not satisfactory performance or does not meet the basic requirements of the contract.

Federal agencies continue to pay bonuses to contractor for unsatisfactory work even after the Office of Management and Budget directed agencies to stop the practice.

This amendment would save at least $8 billion over the next decade by eliminating federal bonuses paid to poorly performing contractors.

Amendment __11 — Reducing Excessive Duplication and Overhead Within the Federal Government

There are hundreds of duplicative government programs costing taxpayers billions of dollars every year. Various GAO reports and other oversight studies over the last few years examining small portions of federal funding provide a long list of examples of numerous federal programs that overlap and duplicate other federal efforts.

For example, According to a May 2007 report of the Academic Competitiveness Council, there are 105 federal programs supporting STEM education, with aggregate funding of $3.2 billion in FY 2006. After decades of attempts to improve U.S. ratings in STEM areas, the Council reported the outcomes of federal STEM programs to be "sobering."

In addition, too many federal programs intended to assist needy Americans and provide essential services waste far too much on administrative costs and overhead. Most programs do not track the costs of administration so it is difficult to control overhead costs. As a result, billions of dollars are wasted annually.

Simply capping administrative cost and eliminating the duplication of federal programs that pervades the federal bureaucracy could save taxpayers billions of dollars in one year alone.

This amendment would require a reduction of five percent in administrative expenses at every department in the next fiscal year, forcing each agency to set priorities and rein in excessive and duplicative spending.

This amendment would also direct the Office of Management Budget and the Secretary of each department to work with the Chairman and ranking member of the relevant congressional committees to consolidate programs with duplicative goals, missions, and initiatives.

Too many federal programs intended to assist needy Americans and provide essential services waste far too much on administrative costs and overhead.

These excessive overhead costs siphon funding from the very populations the program is intended to serve.

Yet, most programs do not track the costs of administration so it is difficult to control overhead costs. As a result, billions of dollars are wasted annually.

This amendment will require federal agencies to prioritize their administrative spending by reducing administrative expenditures at each agency by five percent.

Congress has previously capped administrative costs for particular programs and purposes. The FY 2008 Defense appropriations bill, for example, set a 35 percent cap on overhead expenses for research grants. The Ryan White CARE Act, which provides services to those living with HIV/AIDS, has a 10 percent administrative cost cap for grants awarded to states.

Recent examples of excessive or wasteful overhead costs.

Department of Transportation

"Design and engineering companies helping to build the nation's highways ran up millions of dollars in inappropriate charges at the expense of taxpayers, including bills for parties, luxury car leases and hefty paychecks for executives, according to auditors. The bills were described by the firms as overhead costs," *The Washington Post* reported. Among the overhead costs billed to taxpayers were:

- $355,767 to pay the personal income taxes of executives;
- $301,667 to lease 45 automobiles, including Mercedes, BMW and other luxury brands;
- $247,685 for dinners, tickets to sporting events, and theme-holiday parties;
- $60,000 paid to a consultant with only a verbal agreement;
- $35,352 charged by two firms for "image-enhancing items such as golf shirts";
- $950,000 in unallowable costs including a political contribution, spa resort bills and alcohol; and
- $73 million in overpayments for the salaries of contractor executives.

The Washington Post noted "The billing questions at the heart of the audit have been a matter of concern for years, especially since the federal government loosened limits on overhead costs more than a decade ago" and "Members of the American Association of State Highway and Transportation Officials -- including state auditors from across the country -- said they noticed that overhead and compensation costs had been rising for years."

Department of Housing and Urban Development

The overhead cost of the Housing Opportunities for People With AIDS (HOPWA) program has increased sharply in recent years and, as a result, the proportion of funds supporting housing for those with HIV/AIDS has declined.

According to a Government Accountability Office (GAO) investigation, in FY 2003 only 57 percent of HOPWA funding was spent on housing financial assistance. The remainder was spent on overhead (35 percent for “case management” and 8 percent for “administration”). By comparison, between 1994 and 1998, 64 percent of HOPWA funds were spent on financial rent assistance.

Department of Defense

The Department of Defense currently administers separate agencies that sell groceries and retail goods on military bases. The Defense Commissary Agency operates grocery stores (commissaries), while retail goods are sold by the Army and Air Force Exchange, the Navy Exchange, and the Marine Corps Exchange. Since these agencies are separate but perform similar functions, the overhead and administration of each duplicates the others. Consolidation of the commissaries and exchanges could save billions per year that is currently spent on duplicative overhead. A portion of these savings could be paid to members of the Armed Forces as an additional cash benefit (grocery allowance).

Department of Labor

Nearly $1 million intended to help adults and teenagers find jobs were misspent by the Tulare County Workforce Investment Board to pay for overhead expenses including rent and utility bills, according to an audit released by the California Inspector General in March. The expenses categorized as overhead by the report make up more than 20 percent of the total determined to have been spent out of the original $6.8 million awarded to the board.

Department of Energy

Massachusetts spent $800,000 to distribute $5.4 million in federal stimulus funds for an appliance exchange program that provided rebates for trading in old appliances for new energy-efficient appliances. The program distributed rebates in less than two hours, yet Massachusetts’ administrative costs for running the exchange neared13 percent. This was significantly higher than the 5 percent in overhead costs for running a similar program in neighboring New Hampshire.

REDUCE DUPLICATION IN GOVERNMENT PROGRAMS

This amendment would also direct the Office of Management and Budget (OMB) to work with each federal agency head to consolidate programs with duplicative goals, missions, and initiatives.

There are hundreds of duplicative government programs costing taxpayers billions of dollars every year

In only a few weeks of work, my office compiled a list of over 640 duplicative federal programs that overlap each other and various efforts at nearly every agency. Every federal department is now administering programs that address challenges tasked to be addressed by other agencies.

Over the past five years, efforts to conduct oversight of duplicative government programs have been routinely delayed because it is very difficult to compile a complete list of government programs, broken down by each federal department.

GAO Reports and other studies reveal a widespread duplication through the federal bureaucracy

Various GAO reports and other oversight studies over the last few years examining small portions of federal funding provide a long list of examples of numerous federal programs that overlap and duplicate other federal efforts.

Examples

According to a May 2007 report of the Academic Competitiveness Council, there are 105 federal programs supporting STEM education, with aggregate funding of $3.2 billion in FY 2006. After decades of attempts to improve U.S. ratings in STEM areas, the Council reported the outcomes of federal STEM programs to be "sobering."

- According to a 2003 GAO report, to the tune of $30 billion, the federal government funds more than 44 job training programs, administered by nine different federal agencies across the federal bureaucracy.

- According to data from the Catalog of Federal Domestic Assistance, 14 departments within the federal government and 49 independent agencies operate exchange and study abroad programs.

- A 2009 GAO report found 69 early education programs administered by nine different agencies.

- A 2005 GAO study found there are a total of 23 federal housing programs target or have special features for the elderly.

Congress has created a program (or several in most cases) and poured billions of dollars into these programs, in order to address nearly every issue and problem faced by any individual, group, or entity across the country. And yet, many of these problems and challenges still exist today, as if the government never even tried to address it.

Many of these challenges such as homelessness, poverty, education, juvenile delinquency, drug abuse, and hundreds others, remain today—homelessness rates, education testing, juvenile crime rates remain unchanged and unimproved, despite decades of federal programs and billions of dollars in taxpayer funding spent to alleviate and address these concerns.

President Obama Pledged to "Spend Taxpayer Money Wisely" and "Eliminate Wasteful Redundancy"

As a candidate for president in 2008, Barack Obama pledged to "spend taxpayer money wisely," and specifically to "eliminate wasteful redundancy."

Obama stated "too often, federal departments take on functions or services that are already being done or could be done elsewhere within the federal government more effectively. The result is unnecessary redundancy and the inability of the government to benefit from economies of scale and integrated, streamlined operations."

He pledged to "conduct an immediate and periodic public inventory of administrative offices and functions and require agency leaders to work together to root out redundancy."

Yet, little has been done in the last year to accomplish these goals as spending and the number of new government programs have increased.
In fact, sixty percent of Americans think President Obama is not cutting enough waste from government, according to a poll released last year.[1]

This amendment, requiring OMB and the agencies to identify duplication, is a first step toward achieving the President's goal of eliminating waste and duplication in the federal bureaucracy.

Section __12 -- Eliminates the awarding of bonuses to government contractors for unsatisfactory performance.

The federal government awards billions of dollars of bonuses to federal contractors for projects that are over budget or have failed to meet basic performance requirements.

This section would prohibit bonuses from being paid to government contractors whose performance is not satisfactory performance or does not meet the basic requirements of the contract.

Federal agencies continue to pay bonuses to contractor for unsatisfactory work even after the Office of Management and Budget directed agencies to stop the practice.

This amendment would save at least $8 billion over the next decade by eliminating federal bonuses paid to poorly performing contractors.

This amendment would ensure:

1. All new contracts using award fees and bonuses link such fees and bonuses to acquisition outcomes, which should be defined in terms of program cost, schedule, performance, and outcome;

2. No bonuses or awards are paid for contractor performance that is judged to be below satisfactory performance or performance that does not meet the basic requirements of the contract or significantly exceeds the original cost estimate; and

3. All funds set aside for bonuses and incentive fees that are not paid due to contractors' inability to meet performance criteria are returned to the Treasury.

Section __12 -- Eliminates the awarding of bonuses to government contractors for unsatisfactory performance.

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<u>The federal government awards billions of dollars of unwarranted bonuses to poorly performing contractors.</u>

There are numerous examples of unwarranted bonuses awarded by the federal government that have cost taxpayers billions of dollars over the past decade.

These include:

- The Department of Defense paid $8 billion in bonuses to contractors for weapons programs that had severe cost overruns, performance problems, and delays between 1999 and 2004.

- The U.S. Army paid "tens of millions of dollars in bonuses" to KBR Inc., even after it concluded the firm's electrical work had put U.S. soldiers at risk. While the Army is investigating the situation, the Senate Democratic Policy Committee, the research arm of the Senate Democratic leadership, claims KBR is linked to at least two, and as many as five, electrocution deaths of U.S. soldiers and contractors in Iraq due to "shoddy work."

- The Centers for Medicare and Medicaid Services pays more than $312 million per year in quality-of-care bonuses to nursing homes that provide below average care and have past violations of health-and-safety regulations.

- The Customs and Border Protection Agency improperly awarded a $475 million no-bid contract, which included an inappropriate financial bonus as part of the deal, to Chenega Technology Services in 2003. In response, then-Senator Hillary Rodham Clinton noted a "troubling pattern" of such bonuses at the Department of Homeland Security (DHS) and asked Inspector General Richard Skinner to investigate. "In too many cases, DHS appears to be awarding bonuses despite poor performance, or worse, without even evaluating work," Clinton wrote, stating "Failing contractors should be rooted out, not rewarded."

- The National Aeronautics and Space Administration (NASA) paid Boeing a bonus of $425.3 million for work on the space station that ran eight years late and cost more than twice what was expected. Boeing estimates that it will incur an additional $76 million in overruns by the time the contract is completed.

- NASA paid Raytheon a $103.2 million bonus for the Earth Observing System Data and Information System despite the project costing $430 million more and taking two years longer to complete than expected.

- Lockheed collected a $17 million bonus from NASA for the Landsat-7 satellite even though the project was delayed nine months even and the costs rose 20 percent to $409.6 million.

- The Department of Commerce selected Northrop Grumman in 2002 to build a $6.5 billion satellite system that would conduct both weather surveillance and military reconnaissance that was supposed to save the government $1.6 billion. The first launch was scheduled for 2008 but hasn't happened, the project's budget has doubled to $13.1 billion, and Northrop's performance has been deemed unsatisfactory. Yet, from 2002 to 2005, the government awarded Northrop $123 million worth of bonuses.

- In 2007, Harris Corp. developed a handheld device to collect data for the 2010 Census that failed to work properly and was $198 million over budget. Despite this costly failure that could cause delays in preparing for the nationwide head count, the Department of Commerce's Census Bureau awarded Harris $14.2 million in bonuses.

- In 2006, the Department of Treasury abandoned a $14.7 million computer project intended to help detect terrorist money laundering. The failed project was 65 percent over its original budget, but the vendor, Electronic Data Systems Corp., was awarded a $638,126 bonus.

- The repair and restart a Tennessee Valley Authority (TVA) nuclear reactor cost $90 million more than what the federal utility budgeted, but TVA paid the primary contractors on the project, Bechtel Power Corp. and Stone and Webster Construction Inc., an extra $42 million in bonuses and other fees last year.

Federal agencies continue to pay bonuses to contractor for unsatisfactory work even after the Office of Management and Budget directed agencies to stop the practice.

Government contractors continue to be given bonuses for unsatisfactory work even after the Office of Management and Budget (OMB) directed agencies to stop

rewarding poor-performing contractors, according to the Government Accountability Office (GAO).

GAO identified examples of agencies awarding bonuses to poorly performing contractors across the government:

- The Homeland Security Department (DHS) continues to award vendors who perform poorly a second chance to earn 100 percent of their performance bonuses.

- The Energy Department (Energy) allows vendors to receive up to 84 percent of their performance awards, even if they do not meet expectations.

- A Health and Human Services (HHS) contract for call center services pays the contractor bonuses for its effort — such as fully staffing the center — instead of its performance, such as how quickly calls are answered.

The awarding of bonuses for shoddy work continues even after OMB issued guidelines in December 2007 requiring agencies to withhold such awards for poor performance and deny vendors second chances to earn bonuses withheld for poor performance.

Acquisition staffs at DHS, HHS and Energy told GAO they did not follow OMB's guidance because they were not aware of it.

<u>This amendment would save at least $8 billion over the next decade by eliminating federal bonuses paid to poorly performing contractors.</u>

This amendment would ensure:

4. All new contracts using award fees and bonuses link such fees and bonuses to acquisition outcomes, which should be defined in terms of program cost, schedule, performance, and outcome;

5. No bonuses or awards are paid for contractor performance that is judged to be below satisfactory performance or performance that does not meet the basic requirements of the contract or significantly exceeds the original cost estimate; and

6. All funds set aside for bonuses and incentive fees that are not paid due to contractors' inability to meet performance criteria are returned to the Treasury.

Section ___13 —To cap voluntary payments to the United Nations at $1 billion annually

<u>The United States currently gives over $6 billion a year to the United Nations, with much of that contribution as 'voluntary'.</u>

The United States taxpayer is the single largest contributor to the United Nations providing over $6 billion annually to the entire United Nations system that is estimated to be at least $20 billion.

The United States' payments to these organizations are **entirely optional**; the United State is **NOT** legally obliged to contribute to these programs.

<u>The United Nations is tainted with fraud, waste, and abuse</u>

<u>United Nations Peacekeeping Operations</u>

U.N. Peacekeeping operations plagued by rape and sexual exploitation of refugees – In 1994, a draft U.N. report was leaked detailing how peacekeepers in Morocco, Pakistan, Uruguay, Tunis, South Africa and Nepal were involved in 68 cases of rape, prostitution and pedophilia

<u>U.N. Wastes Millions in Funds for Critical Afghan Presidential Election</u>

<u>U.N Oil for Food Program</u>

The Oil for Food program had weaknesses in the four key internal control standards—risk assessment, control activities, information and communication, and monitoring—that facilitated **Iraq's ability to obtain illicit revenues ranging from $7.4 billion to $12.8 billion.**

<u>United Nations ignores calls for reforms</u>

<u>The United States representative at the United Nations does not understand the limits of the U.N.'s charter</u>

Section ___13 —To cap voluntary payments to the United Nations at $1 billion annually

<u>The United States currently gives over $6 billion a year to the United Nations, with much of that contribution as 'voluntary'.</u>[ii]

The United States taxpayer is the single largest contributor to the United Nations providing over $6 billion annually to the entire United Nations system that is estimated to be at least $20 billion. No one knows for sure how big the U.N. really is – not even the U.N. itself since it operates in an opaque, unaccountable fashion, refusing even the most basic of transparency requests.

Voluntary contributions finance special programs and offices created by the U.N. system, such as the United Nations Development Program (UNDP), the United Nations Environment Program (UNEP), the United Nations Children's Fund (UNICEF), and the U.N. Democracy Fund (UNDEF).

The United States' payments to these organizations are **entirely optional**; the United State is **NOT** legally obliged to contribute to these programs. This differs from the assessed contributions that the United States pays as part of its agreements as a member of that body and agreements to pay a portion of U.N. peacekeeping activities.

<u>This amendment caps the amount of U.S. government-wide voluntary contributions at $1 billion a year.</u>

Over $4 billion worth of these contributions are listed in the State Department's report to Congress on United States contributions to the United Nations.[iii]

U.S. voluntary contributions are financed through the annual appropriations legislation, primarily through the State and Foreign Operations Appropriations bill. However, almost every Department of the federal government contributes to the

United Nations with either cash or in-kind contributions. For example the Department of the Interior contributed $40,000 in Fiscal Year 2008 for Marine Turtle Conservation. The United States also contributed $1.1 million for the United Nations Convention on Endangered Species.[iv]

This $1 billion cap leaves plenty of room for the United States to give its past contributions to the United Nations Children's Fund (UNICEF), the United Nations Development Program (UNDP), and the International Atomic Energy Agency (IAEA).

The Director of the Office of Management and Budget, in coordination with the National Security Council, will be required to prioritize the voluntary contributions to the United Nations and determine which programs are the most important to American national interests.

<u>The United Nations is tainted with fraud, waste, and abuse</u>

The U.S. federal budget that is rife with waste, fraud, and abuse, but the U.N. budget is far worse. Its funding is complicated by diplomatic immunities, spends across international borders, is impossible to audit, and spent by U.N. agencies that levy taxes and fees on each other.

According to internal U.N. reports, U.N. procurement programs suffer from serious fraud and mismanagement problems that taint almost half of the contracts that were audited. The report from the U.N. procurement task force found that 43% of UN procurement investigated is tainted by fraud. Out of $1.4 billion in contracts internally investigated, $630 million were tainted by "significant fraud and corruption schemes."[v]
The U.N. Environment Program spends over $1 billion annually on global warming initiatives but there is almost no auditing or oversight being conducted. The U.N. Environment program has one auditor and one assistant to oversee its operations. According to the task force it would take 17 years for the auditor to oversee just the high-risk areas already identified in UNEP's work.[vi]

The United Nations Human Settlements program, knows as UN-Habitat, only has one auditor, and it would take him 11 years to cover the high-risk areas alone. In cases where the U.N. auditors and investigators found evidence of administrative malpractice, the U.N. management has taken little if any action. For example, the managers of the U.N. Department of Economic and Social Affairs abused a $2.6 million trust fund given by the government of Greece. The U.N. auditors recommended that the program repay Greece, but so far, the U.N. has ignored this recommendation.

The U.N. spends $85 million annually for its Public Affairs Office, the sole purpose of which is to promote a positive image of the international body. Further, the $1

billion U.N. Foundation is devoted, in part, to pro-U.N. advocacy efforts all over the world.

United Nations Peacekeeping Operations

U.N. Peacekeeping operations plagued by rape and sexual exploitation of refugees – In 1994, a draft U.N. report was leaked detailing how peacekeepers in Morocco, Pakistan, Uruguay, Tunis, South Africa and Nepal were involved in 68 cases of rape, prostitution and pedophilia. The report also stated that the investigation into these cases is being undermined by bribery and witness intimidation by U.N. personnel.[vii]

In 2006, it was reported that peacekeepers in Haiti and Liberia were involved in sexual exploitation of refugees.[viii]

In 2007, leaked reports indicate the U.N. has caught 200 peacekeepers for sex offenses in the past three years ranging from rape to assault on minors. In all of these cases, there is no known evidence of an offending U.N. peacekeeper being prosecuted.[ix]

Just this month, Human Rights Watch reported that Congolese armed forces, supported by U.N. peacekeepers in the eastern Democratic Republic of Congo have brutally killed hundreds of civilians and committed widespread rape in the past three months in a military operation backed by the United Nations.

Most of the victims were women, children, and the elderly. Some were decapitated. Others were chopped to death by machete, beaten to death with clubs, or shot as they tried to flee.

The UN peacekeeping mission provides substantial operational and logistics support to the soldiers, including military firepower, transport, rations, and fuel.

The attacking Congolese soldiers made no distinction between combatants and civilians, shooting many at close range or chopping their victims to death with machetes. In one of the hamlets, Katanda, Congolese army soldiers decapitated four young men, cut off their arms, and then threw their heads and limbs 20 meters away from their bodies. The soldiers then raped 16 women and girls, including a 12-year-old girl, later killing four of them.[x]

The U.S. now pays 27% of all UN peacekeeping operations. Reducing our contribution to these wasteful efforts could help ensure that UN peacekeepers are not funding widespread rape and exploitation of refugees.

U.N. Wastes Millions in Funds for Critical Afghan Presidential Election[xi]

The United Nations cannot account for tens of millions of dollars provided to the troubled Afghan election commission, according to two confidential U.N. audits and interviews with current and former senior diplomats.

The Afghan election commission, with tens of millions in U.N. funding and hundreds of millions in U.S. funding, facilitated mass election fraud and operated ghost polling places.

"Everybody kept sending money" to the elections commission, said Peter Galbraith, the former deputy chief of the U.N. mission in Afghanistan. "Nobody put the brakes on. U.S. taxpayers spent hundreds of millions of dollars on a fraudulent election." **Galbraith, a deputy to the senior U.N. official in Afghanistan, was fired last month after protesting fraud in the elections.**

As of April 2009, the U.N. spent $72.4 million supporting the electoral commission with $56.7 million coming from the U.S. Agency for International Development. The Special Inspector General for Afghanistan Reconstruction states that the United States provided at least $263 million in funding for the election.

In one instance, the United Nations Development Program paid $6.8 million for transportation costs in areas where no U.N. officials were present. Overall the audits found that U.N. monitoring of U.S. taxpayer funds was "seriously inadequate."

Oil for Food[xii]

In 1996, the United Nations (UN) Security Council and Iraq began the Oil for Food program to address Iraq's humanitarian situation after sanctions were imposed in 1990. More than $67 billion in oil revenue was obtained through the program, with $31 billion in humanitarian assistance delivered to Iraq.

The Oil for Food program had weaknesses in the four key internal control standards—risk assessment, control activities, information and communication, and monitoring—that facilitated **Iraq's ability to obtain illicit revenues ranging from $7.4 billion to $12.8 billion.** In particular, the UN did not provide for timely assessments to address the risks posed by Iraq's control over contracting and the program's expansion from emergency assistance to other areas.

According to GAO, the Oil for Food program was flawed from the outset because it did not have sufficient controls to prevent the former Iraqi regime from manipulating the program.

GAO identified over 700 findings in these reports. Most reports focused on U.N. activities in northern Iraq, the operations of the U.N. Compensation Commission, and the implementation of U.N. inspection contracts. In the north, OIOS audits found problems with coordination, planning, procurement, asset management, and cash management. For example, U.N. agencies had purchased diesel generators in an area where diesel fuel was not readily available and constructed a health facility subject to frequent flooding. An audit of U.N.-Habitat found $1.6 million in excess construction material on hand after most projects were complete. OIOS audits of the U.N. Compensation Commission found poor internal controls and **recommended downward adjustments totaling more than $500 million.**

UN Headquarters Renovation

In 2008, the United Nations began construction associated with its Capital Master Plan (CMP) to renovate its headquarters complex in New York City. As the UN's host country and largest contributor, the United States taxpayer has a vested interest in the way funds are spent in renovating these buildings.

The United Nations headquarters renovation, now estimated to cost $2 billion from its original $1.2 billion price tag, was found to be almost $100 million over its budget before breaking ground on the project.[xiii] Part of the cost increase is due to previously hidden "scope options" for "environment friendly" options like planting grass on the roof and electricity-producing wind turbines.

First, the U.N. failed to adequately maintain its complex after 50 years of deterioration and decay. The U.N. paid millions of dollars to an Italian design firm that had to be fired under intimations of corruption after never producing a single workable plan for the renovation project.

The UN renovation project is just another example of UN spending out of control. The UN's purported $2 billion renovation budget includes over $550 million for expected increased costs and other "contingencies."

U.S. Taxpayers are responsible for at least $485 million in the renovation of the U.N. buildings. However, this figure is likely to rise as GAO has assessed that there exists a high risk that the project will cost much more than anticipated.[xiv]

Unfortunately, the U.N. renovation program is carried out by the same system responsible for the Oil-for-Food scandal. The U.N.'s own internal audits suggest that the entire procurement system is plagued by corruption.

The current cost of the UN renovation is as follows:

- $890 million for construction
- $350 million budgeted future escalation in costs
- $200 million "contingencies"
- $75 million for redundancies (extra generators, additional fiber optic lines, etc)
- $40 million "sustainability" (wind turbines, grass on roof, etc)

UN European "Palace" Renovation[xv]

In addition to housing a massive bureaucracy in New York, the United Nations also keeps a European headquarters, in scenic Geneva, Switzerland. The similarity is striking, as this 70 year old building that used to house the League of Nations is reportedly in need of a billion dollars to fully renovate the '*Palais de Nations',* as the U.N. building is known, because of the building suffers from 70 year old wiring, fire hazards, rusty pipes, asbestos, and a roof caving in.

For cost comparison, $1 billion could build 407,244 square meters of office space in Geneva. That's one and a half times the size of the Empire State Building, and **five times** the size of the main building at the Palais des Nations.

Keeping the Palais des Nations could cost more than double what it would take to build a new home from scratch.

That $1 billion, relief groups said, is also larger than the entire humanitarian action appeal for all countries served by UNICEF, the United Nations Children's Fund, which requested $850 million to address 39 humanitarian emergencies around the world in 2008.

$1 billion could also go a long way to feed the hungry. Oxfam America reports on its Web site that "$1,000 brings potable water to 22 families in the Rift Valley of Ethiopia," and that "$20 buys enough maize to feed a family of four" there for six months — enough food and water to feed millions and flood the valley.

The Director General in Geneva renovated his office this year, though the U.N. would not say how much the changes cost and did not specify whether a member state paid for the work. A spokeswoman said that his office was often overheated by the sun, and he had an air conditioner installed to cool it.

As the United States is responsible for 22% of the U.N.'s budget, it is entirely reasonable to expect that the U.S. taxpayer would be responsible for at least $220 million in the renovations of the U.N.'s Geneva offices.

Any major work on the *Palais de Nations* would likely come after the $1.9 billion renovation of the U.N.'s New York headquarters is complete, which is at least 4 years away barring further delays. The director general's figure of one billion dollars isn't on the U.N. budget yet and is an estimate that would have to be evaluated by a team of architects.

United Nations ignores calls for reforms

Despite these and the dozens of other examples of U.N. mismanagement and fraud and exhortation by the U.N.'s largest donor, the United States, the U.N. refuses to stop wasting U.S. taxpayer dollars. Instead, the U.N. is receiving even increasing amounts of new funding from the U.S. and other donors.

According to the State Department, the U.N. 2008/2009 biennial budget represents the largest increase for a funding request in the U.N.'s history.[xvi]

The 2008/2009 UN budget is in excess of $5.2 billion. This represents a 25% jump from the 2006/2007 budget that was only $4.17 billion and a 193% increase from the 1998/1999 budget.

The overwhelming majority of the U.N. budget goes to staff salaries and common staff costs including travel to resorts to discuss global warming – rather than direct humanitarian assistance or conflict prevention.

The U.N. has never identified offsets in existing funding in order to pay for new U.N. spending, a position that is supported by a U.N. General Assembly resolution.[xvii]

Following the U.N. Secretariat's poor example, the 3/4 of the U.N. not covered by the U.N. budget have experienced massive budget growth due to a complete inability to control spending. Peacekeeping is growing by 40%, the U.N. tribunals by 15% and numerous other Funds and Programs are no better off.[xviii]

The United States representative at the United Nations does not understand the limits of the U.N.'s charter

Last week at a United Nations event on distracted driving, Susan Rice, the US Ambassador to the United Nations, discussed the merits of a United Nations resolution for discouraging texting while driving. Amazingly, she stated that the problem of texting while driving "needs global attention and action."[xix]

The problem of texting and driving is a problem for national governments, and in the United States, it is handled by state governments. It is certainly not a problem that should be considered by the United Nations.

Ambassador Rice clearly does not understand that the United Nations was founded to "maintain international peace and security," "develop friendly relations among nations," and "achieve international cooperation in solving international problems."

Article 2(7) of the Charter goes on to say that "Nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state."[xx]

There is hardly an issue more within the sole domestic jurisdiction of nations, and not at all related to matters of international peace and security among nations, or completely unrelated to an international problem, than a country's legislative actions regarding texting and driving.

Amendment __14— RETURNING EXCESSIVE FUNDS FROM AN UNNECESSARY, UNNEEDED, UNREQUESTED, DUPLICATIVE RESERVE FUND THAT MAY NEVER BE SPENT.

(Women, Infants and Children special supplemental program)

$362 million one-time savings

Established in the 1970s, the Women, Infants and Children (WIC) program at the United States Department of Agriculture (USDA) administers "nutrition assistance programs to provide children and needy families better access to food and a more healthful diet."[127]

Individuals who participate in the program must show medical need, verified by a health professional. Participants must be able to prove that they are below 185 percent of the poverty level.[128]

WIC has $362 million that it does not plan to use, which can be used as an offset.

The tax extenders bill should be funded from programs that have a surplus before additional money is added to the deficit.

This amendment would transfer $362 million from the WIC program to the programs being financed by the emergency supplemental.

Congress had already funded a "contingency fund" for the WIC program

Ordinarily, WIC payments are covered by the regular program budget of $6-7 billion a year.

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[127] http://www.usda.gov/oig/webdocs/27703-1-CH(RA).pdf
[128] http://clinton3.nara.gov/pcscb/rmo_wic.html

The American Recovery and Reinvestment Act (ARRA) allocated $400 million for WIC as a “reserve amount” to ensure payments during the economic downturn.

Congress already provides WIC with a $125 million “contingency reserve fund,” which it replenishes each year up to that amount.[129]

The Stimulus Legislation Provided the WIC Program With Ten Times More Funding Than It Needed

According to an April 2010 report of the USDA Inspector General, only $38 million out of $400 million was spent in 2009 and WIC administrators do not expect to need any of the remaining funds in 2010.[130]

This means that Congress overfunded the contingency fund by a factor or ten. While it was unknown at the time how big the need would be, we are now in a better position to reprogram the money.

It is even possible that the remaining funds will *never* be used.

USDA officials at the Food and Nutrition Service have publically stated that the $400 million provided by the American Recovery and Reinvestment Act was more than was needed.

To quote directly from the IG report:

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[129] http://www.usda.gov/oig/webdocs/27703-1-CH(RA).pdf
[130] http://www.usda.gov/oig/webdocs/27703-1-CH(RA).pdf

> "FNS officials informed us that most of the $400 million in WIC reserve funds provided by the Recovery Act would not be used."

Because the WIC program only need $38 million to support the additional support needs that agency need to help with in 2009, the additional amount could be used for more pressing needs.

Agency Officials Did Not Request the Extra Stimulus Funds, and Were Surprised to Get Them

In the same April 2010 report from the United States Department of Agriculture Inspector General, official had said that they "had not anticipated receiving"[131] the millions from the stimulus.

Because the agency already had an existing program contingency reserve fund, the new money was unnecessary.

The House Supplemental Already Uses the Surplus WIC Funds as an Offset

The House of Representatives has attempted to return the $362 million to the Federal Treasury as an offset.[132]

This amendment does not have any impact on the WIC program, it simply returns money that agency officials have stated that they do not need for their program.

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[131] http://www.usda.gov/oig/webdocs/27703-1-CH(RA).pdf
[132] http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h4899rfs.txt.pdf

Section __15 -- RESCINDING A STATE DEPARTMENT TRAINING FACILITY UNWANTED BY RESIDENTS OF THE COMMUNITY IN WHICH IT IS IT IS PLANNED TO BE CONSTRUCTED.

(State Department training facility in Ruthsberg, Maryland)

$500 million one-time saving

The New Training Facility Cannot be Characterized as a "Shovel Ready" Project

Local Residents Have Expressed Serious Concerns About Having a New Government Facility in Their Backyard

The State Department Already Has Training Facilities – It Simply Wants New and Upgraded Facilities

Cheaper Options Exist if the New Facility Is Built In West Virginia Instead of Maryland

Section __15 -- RESCINDING A STATE DEPARTMENT TRAINING FACILITY UNWANTED BY RESIDENTS OF THE COMMUNITY IN WHICH IT IS IT IS PLANNED TO BE CONSTRUCTED.

(State Department training facility in Ruthsberg, Maryland)

$500 million one-time saving

The State Department's Bureau of Diplomatic Security is responsible for providing security at U.S. embassies and consulates worldwide.

According to State, the rising threats of terrorism, civil disorder, and crime mean that more and more embassies and consulates that were previously safe are now potential targets.

Unfortunately, the State Department has taken a very expensive route to providing security-related training by building a facility in Maryland instead of in West Virginia.

The current proposal would require spending $70 million in stimulus funding alone to plan a new facility, while another alternative would cost $75 million total.

This amendment would cancel the planning for a new training facility in Ruthsberg, Maryland, resulting in an immediate savings to taxpayers of more than $400 million.

<u>The New Training Facility Cannot be Characterized as a "Shovel Ready" Project</u>

"Shovel ready" stimulus projects are those that can be started quickly and help the economy by giving it and economic boost.

To be considered "shovel ready," we were told projects would meet the following common sense criteria –

- All design work is complete;
- All land necessary for construction has been purchased;
- All environmental and regulatory reviews have been completed;
- The project was proposed *before* the stimulus bill passed; and
- The project could be started within 3-4 months of the stimulus bill passing Congress.

When the new training facility project is examined in light of these criteria, it does not seem to pass the test.

Current plans to build the new facility in Ruthsberg, Maryland are on hold pending the results of an environmental impact statement.

Citizens Against Government Waste (CAGW) observed the following as it relates to this project:

> "The location chosen currently [Ruthsberg] has no sewer or water lines, few roads, and would require tens of millions of dollars in additional infrastructure improvements to support major construction and eventually, a sprawling campus, complete with driving tracks, explosives and firearms training areas – hardly a shovel-ready project."[133]

This new training facility is hardly shovel ready if in order to build it there will need to be major infrastructure improvements first.

Local Residents Have Expressed Serious Concerns About Having a New Government Facility in Their Backyard

[133] Paige, Leslie, "Stimulus Rebellion on the Eastern Shore," Citizens Against Government Waste, April 29, 2010, http://swineline.org/2010/04/29/stimulus-rebellion-on-the-eastern-shore/

Residents of Queen Anne's County, where Ruthsford is located, forced the State Department to answer questions regarding the training facility at multiple town hall meetings.

The town hall meetings quickly turned adversarial when some claimed that the Government Services Administration (GSA) misled county leaders on the full impact of the facility.

Trip Callahan, a local farmer from Ruthsburg expressed his frustration at one of these town hall meetings about the facility, saying:

> This project to us looks like a large square peg, which is your center that you're trying to put in to a very small round hole, which is Ruthsburg. And what you're doing or what you've been doing for the last two or three months is whittling away at this very large square peg.[134]

Mr. Callahan went on to complain that the whole process seemed rigged to find no "significant impact" on the community.

Many others like him voiced similar concerns at the town hall, but the project moved forward anyway over their objections.

One report indicated that the objections by locals were widespread, with one resident even saying he felt "lied to:"

> "County Commissioners, most of whom initially supported the training facility, have now withdrawn support. Local businessman and community activist Sveinn Storm recalls that during one meeting, when residents assailed the facility as wasteful and unnecessary, GSA and State Department officials claimed that it would yield huge savings to taxpayers by enabling the agencies to close the 19 other training facilities and consolidate their activities.
>
> However, at a later meeting, when residents reminded government officials that the ARRA was supposed to be creating jobs and then pressed them about how many jobs would be lost at the 19 facilities slated for closure, agency officials reversed themselves, admitted that the other facilities would not be closing at all, and that the savings extolled earlier were nonexistent.

[134] http://www.state.gov/documents/organization/138395.pdf

During the January 7, 2010 meeting, one angry resident **asked** "If this is such a godsend, why are they lying to us?"[135]

The State Department Already Has Training Facilities – It Simply Wants New and Upgraded Facilities

Our overseas foreign service workers are a true asset to this country, and no one disputes that they need training facilities.

What is a question, however, is whether they need *brand new* facilities *right now*.

The State Department is currently meeting its training needs through a combination military bases and contracted use of other areas.

For example, State currently conducts defensive and counterterrorist driving training at the Bill Scott Raceway in Summit Point, West Virginia.

While State says that a brand new consolidated facility is needed to handle the increased demand for trained foreign service officers, it must be balanced against other budgetary priorities.

Cheaper Options Exist if the New Facility Is Built In West Virginia Instead of Maryland

In 2008 the State Department planned to build its new training facility adjacent to the Bill Scott Raceway in Summit Point, West Virginia, where it currently conducts training.

It estimated that this cost would be around $75 million to build the additional facilities needed for this project.

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[135] Paige, Leslie, "Stimulus Rebellion on the Eastern Shore," Citizens Against Government Waste, April 29, 2010, http://swineline.org/2010/04/29/stimulus-rebellion-on-the-eastern-shore/

In late 2009, however, State changed its mind and found that its best option was a new $500 million facility in Ruthsberg, Maryland.

The State Department has not provided information on why Ruthsberg is a more suitable site for this training.

Compared with the 2008 proposal, the one receiving stimulus money would be six times as expensive.

If State had simply moved forward with its 2008 proposal, it could have paid for all of its needs with the stimulus money, instead of just the planning costs of a new center in Maryland.

Interestingly, State has been considering a new training facility for at least 20 years, but did not make it a priority until now.

According to a 2008 report of the State Department, in the late 1990s the State Department began examining potential options for placement of a Center for Antiterrorism and Security Training (CAST) facility.

According to State Department justification materials, military bases that were slated for closure were considered but anything outside of the Washington, DC area was discarded because of logistic concerns.[136]

Rather than trying to be economical and spend money on the most pressing needs, State is trying to cash in on free stimulus money and build a lavish new facility for itself.

Another explanation for moving the facility to Maryland is simple politics.

After the stimulus passed into law, Sen. Barbara Mikulski (D-Md.) advocated that the center be placed in Maryland.

The training facility also had the support of fellow Sen. Ben Cardin (D-Md.), House Majority Leader Steny Hoyer (D-Md.), and Rep. Frank Kratovil (D-Md.), a so-called

[136] Department of State May 2008 Report on the Consolidation of Diplomatic Security Training.

Blue Dog Democrat who represents Queen Anne's County and whose House seat is widely-viewed as being in jeopardy in 2010."[137]

Passing this amendment could save up to $500 million if no facility was built and the State Department just continued with current operations.

However, even if the facility were built at the preferred site from the report: the Bill Scott Raceway in Summit Point, West Virginia, it would only cost $75 million, saving the taxpayers $425 million.

[137] Paige, Leslie, "Stimulus Rebellion on the Eastern Shore," Citizens Against Government Waste, April 29, 2010, http://swineline.org/2010/04/29/stimulus-rebellion-on-the-eastern-shore/

Section ___16 – Terminate the EnergyStar program

The EnergyStar program has been plagued with problems at the taxpayers' expense.

This joint program between the Department of Energy and EPA has been giving consumers false assurances of efficiency and cost savings and providing retailers with a marketing boon at the expense of taxpayers.

Investigations have continued to **show fraud and corruption within this program**, deeming it useless and a waste of taxpayer dollars at the same time misleading consumers to spend their hard earned wages on non-effective products.

In April 2010, the Government Accountability Office (GAO) conducted an undercover assessment of the program in which it created fictitious energy efficiency information on 20 products. The EnergyStar program granted Certification to 15 of them.

This amendment would save $294 million through 2014 by terminating the EnergyStar program and allow industries to develop their own efficiency standards and the free market to determine the most efficient, cost-effective products.

Following scathing reports from GAO, the Department of Energy Inspector General, and *Consumer Reports*, the Department of Energy claimed it would "aggressively pursue" any manufacturers whose appliances do not meet energy efficiency standards and beef up the enforcements of the program.

This situation presents considerable irony – The Department of Energy is tasked by Congress to set energy efficiency standards for all agencies in the federal government. Yet, a recent IG report revealed the Department consumes more energy than every other agency with the exception of the Postal Service.

Section __16– Terminate the EnergyStar program

As our economy continues to teeter, millions of Americans continue to cope with financial hardships.

During this time of economic struggles, Americans are forced to shop with a keen eye towards efficiency and thrift.

EnergyStar is a voluntary labeling program that provides consumers with energy efficiency data for a wide range of products sold in stores, covering more than 60 product categories from household appliances and computers to water coolers and vending machines.

This joint program between the Department of Energy and EPA has been giving consumers false assurances of efficiency and cost savings and providing retailers with a marketing boon.

This amendment would save $637 million over the next ten years[138] by eliminating the EnergyStar program and allow industries to develop their own efficiency standards and the free market to determine the most efficient, cost-effective products.

Investigations have continued to show fraud and corruption within this program, deeming it useless and a waste of taxpayer dollars at the same time misleading consumers to spend their hard earned wages on non-effective products.

Energy Star received $59.7 million in FY 2010 and requested $65.5 million for FY 2011.[139]

<u>This program has been plagued with problems at the taxpayers' expense</u>

In October 2008, Consumer Reports reported[140] that legal loopholes, lax enforcement, and outdated testing procedures were allowing appliances with the Energy Star label to go to market with efficiency ratings higher than they actually were, effectively duping consumers and providing a boon for retailers.[141]

An internal 2008 Department of Energy audit[142] revealed that the Department was not providing oversight over its own requirements to ensure appliance manufacturers met mandated energy efficiency specifications.[143]

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[138] CBO Budget Options, August 2009,

[139] FY 2011 Budget Justification from CRS

[140] http://www.consumerreports.org/cro/home-garden/resource-center/energy-star-has-lost-some-luster/overview/energy-star-ov.htm

[141] http://www.aolnews.com/nation/article/energy-star-efficiency-ratings-get-boost-after-department-of-energy-crackdown/19315821

[142] http://www.energy.gov/news2009/8129.htm

An October 2009 Department of Energy IG report determined the Department had not implemented planned improvements to the Energy Star Program, such as quality assurance, effective monitoring of the Energy Star label, formal procedures for establishing and revising product specifications and proper documentation.

Nevertheless, by January of 2010, EnergyStar had certified 600,000 residential products from 160 manufacturers.[144]

The Energy Star's signature blue star was placed on the products and shoppers felt they were saving money and helping the environment by purchasing them. Little did they know the process is a hoax.

EnergyStar officials admit that the program relies on self-policing and after-market testing (e.g. after consumer purchase). It's clear the program officials did not even visit the bogus companies' websites.

Following these scathing reports, the Department of Energy claimed it would "aggressively pursue" any manufacturers whose appliances do not meet energy efficiency standards and beef up the enforcements of the program.[145]

This was clearly not the case.

In April 2010, the Government Accountability Office (GAO) conducted an undercover assessment of the program in which it created fictitious energy efficiency information on 20 products. The EnergyStar program granted Certification to 15 of them.[146]

This revealed that EnergyStar program does not test products for efficiency before the products go to market and only test some of the products after they are for sale. GAO fabricated four firms and received partner status for all of them. – a room air cleaner, a geothermal heat pump, a dehumidifier, and six other bogus products all approved by EnergyStar.

These products were all eligible for state rebate programs, federal tax credits or both.

The "air cleaner," for example, submitted by the GAO did not include required criteria (product disclaimer or safety standard file number), yet, GAO claimed its

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[143] http://www.aolnews.com/nation/article/energy-star-efficiency-ratings-get-boost-after-department-of-energy-crackdown/19315821

[144] http://www.aolnews.com/nation/article/energy-star-efficiency-ratings-get-boost-after-department-of-energy-crackdown/19315821

[145] http://www.aolnews.com/nation/article/energy-star-efficiency-ratings-get-boost-after-department-of-energy-crackdown/19315821

[146] http://www.theoaklandpress.com/articles/2010/04/30/opinion/doc4bd8ea1eaf938788972577.txt

product did meet the standards and EnergyStar accepted the claim and approved the product in 11 days.

The bogus company claimed 20 percent more efficiency for humidifier and geothermal heat pump and EnergyStar also approved these without questions.

EnergyStar granted a gas-powered alarm clock named “Black-Gold” even though its dimensions were “similar to those of a small portable generator.” EPA claimed the application likely went unread.

A computer monitor was approved 30 minutes after it was submitted and listed on the Energy Star website.

EnergyStar requested quick submission so the computer monitor could appear on the Qualified Product list before the holiday season – duping Christmas shoppers.

This situation presents considerable irony – The Department of Energy is tasked by Congress to set energy efficiency standards for all agencies in the federal government. Yet, a recent IG report revealed the Department consumes more energy than every other agency with the exception of the Postal Service.

The Department of Energy is designated as the lead federal agency for energy efficiency efforts. In this role, the Department coordinates energy efficiency efforts for all federal agencies, and also it is also the primary outlet for federal energy efficiency programs and enforcement for the private sector.

Despite this central role, the Department is the largest consumer of energy among all federal civilian agencies (excluding the postal service) and unlike most other agencies, has actually increased its energy usage in the most recent reporting period.

The Department of Energy’s Inspector General found at least $13.8 million in wasted energy costs due to inefficient technology and poor temperature controls.

The IG estimates the agency wastes $11.5 million annually, by simply refusing to adhere to these federal thermostat guidelines (and by using programmable thermostat setbacks). More to the point, the energy savings would be enough to power 9,800 homes for an entire year.

The agency spends an estimated $300 million annually "to provide energy to over 9,000 federal buildings at its facilities."[147]

The Department's Inspector General released a report in 2009 outlining its failed use to implement efficiency measures.[148] The most basic of these are required by Executive Order signed in January 2007.[149]

In 2008, the Department of Energy spent $1.6 million on utility bills that it could have avoided if efficiency recommendations had been followed.

The Department's Office of Energy Efficiency and Renewable Energy spent $465,000 to develop ways to identify energy-savings options within its data centers. Yet, none of the sites reviewed by agency auditors had implemented them.[150]

A June 2009 reported that the Department of Energy wastes enough electricity to power more than 9,800 homes annually by not turning down the heat or air conditioning when employees leave for the day.[151]

FEMP describes it role this way: "The Federal Government, as the nation's largest energy consumer, has a tremendous opportunity and clear responsibility to lead by example.[152]

Anything less is an affront to taxpayers, and further erodes confidence in the federal government.

Despite calls for "tough" new standards for home appliances,[153] the Federal government is the single largest consumer of energy in the United States.[154]

EnergyStar has been misleading the public and wasting consumer money since 2008 on a hoax that even federal procurement has fallen for.[155] It has had

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[147] Department of Energy, Inspector General: "The Department of Energy's Opportunity for Energy Savings Through the Use of Setback in its Facilities," July 2009, http://www.ig.energy.gov/documents/IG-0817.pdf.
[148] U.S. Department of Energy, Office of Inspector General, OAS-RA-9-03, May 2009. http://www.ig.energy.gov/documents/OAS-RA-09-03.pdf
[149] Executive Order 13423, U.S. General Services Administration, January 2007. http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=22395
[150] Government Executive, IG: Energy is Setting a Poor Example for Conservation, June 2009. http://www.govexec.com/story_page.cfm?articleid=42877&dcn=todaysnews
[151] Associated Press, Audi Says Energy Department Could Save Energy, July 2009. http://www.google.com/hostednews/ap/article/ALeqM5jEGxSLPb8yL1mw56TddkPgvDCGdAD99KELKO0
[152] Federal Energy Management Program website: "About the Program," Last accessed on July 28, 2009, http://www1.eere.energy.gov/femp/about/about.html.
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numerous chances to change and failed on all accounts. It is time Congress put an end.

But like Senator Mark Warner was quoted earlier this year, “It’s almost impossible to end funding for an existing program.”[156]

[156] CQToday, Pulse of Congress, Page 12, April 23, 2010.

Section __17 – Saves $50 billion by returning unspent federal funds that have not been obligated for any purpose.

The amendment would not rescind any unobligated funds held by the Department of Defense or the Department of Veterans Affairs.

The section allows the President's Office of Management and Budget (OMB) to identify the accounts and amounts rescinded to pay for the tax extenders bill.

The federal government ended 2009 with nearly $1 trillion of unobligated funds

There is no reason for Congress to borrow more money when the government is not spending hundreds of billions of dollars it has already borrowed and has no plans to spend

This section would save $50 billion by rescinding $100 billion in unobligated federal discretionary funds that have not been obligated or committed for any purpose. Under Washington budget scoring rules, a rescission of $100 billion in unobligated discretionary funding will yield a savings of roughly $50 billion.

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Under Washington budget scoring rules, a rescission of $100 billion in unobligated discretionary funding will yield a savings of roughly $50 billion.

The Federal Government Ended 2009 With Nearly $1 Trillion Of Unobligated Funds

Nearly every federal department ends each year with billions of dollars in unobligated funding. Unlike obligated funding that has not yet been spent, unobligated funds are not set aside for a specific purpose to be funded in the near future.

Federal agencies ended Fiscal Year 2009 with nearly $1 trillion of unobligated funds, according to the OMB. In FY 2009, the federal government held $921.8 billion in unspent funds and OMB estimates that this amount will exceed $600 billion in FY 2010 and 2011.[1]

While it is applaudable that government bureaucrats are not spending every dollar that they are entrusted, this staggering amount of unspent money exposes the mismanagement of our national finances by Congress.

Every year, Congress borrows hundreds of billions of dollars to pay for increases for programs that end each year with billions of dollars in unobligated money.

Simply put, Congress is approving increases in government funding faster than bureaucrats can spend it!

While all of the money is not being spent, taxpayers still must pay for the funding increases as well as the cost to finance the interest on the billions of dollars being borrowed and added to our over $13 trillion national debt.

1 http://www.whitehouse.gov/omb/budget/fy2011/assets/balances.pdf

This section would rescind $100 billion of the $596,837 billion the federal government is projected to end the fiscal year holding in non-DOD and non-VA unobligated funds, which will produce savings of $50 billion.

There Is No Reason For Congress To Borrow More Money When The Government Is Not Spending Hundreds of Billions Of Dollars It Has Already Borrowed And Has No Plans To Spend

America can no longer afford Congress' reliance on borrowing money. The federal government has been spending more than it collected for a record 18 consecutive months.[3]

There is no reason to borrow more money when the government isn't even spending hundreds of billions of dollars it has already borrowed.

If Congress is unable or unwilling to make the tough choices to offset new spending by cutting spending elsewhere in the federal budget, it should at the very least be willing to pay for the costs by rescinding some of the funds that are going unspent and have no intended use.

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[3] http://www.washingtonpost.com/wp-dyn/content/article/2010/04/12/AR2010041204364_2.html?hpid=topnews

FEDERAL FUND UNOBLIGATED BALANCES BY AGENCY

(in millions of dollars)

Department or other unit	2009 Actual	2010 Estimate	2011 Estimate
Legislative Branch	1,876	1,450	1,481
Judicial Branch	429	317	306
Department of Agriculture	20,311	9,197	12,174
Department of Commerce	16,517	523	456
Department of Defense--Military	111,113	75,679	71,423
Department of Education	35,827	7,995	7,586
Department of Energy	25,687	4,838	1,538
Department of Health and Human Services	38,224	31,682	16,721
Department of Homeland Security	14,070	5,567	4,796
Department of Housing and Urban Development	34,662	20,069	25,213
Department of the Interior	9,159	7,959	6,681
Department of Justice	3,193	2,054	1,736
Department of Labor	16,237	15,343	16,429
Department of State	9,926	9,490	11,281
Department of Transportation	24,267	8,725	4,331
Department of the Treasury	417,666	330,967	309,184
Department of Veterans Affairs	8,759	4,437	3,854
Corps of Engineers-Civil Works	16,677	11,845	5,365
Other Defense Civil Programs	41	41	38
Environmental Protection Agency	1,741	1,589	1,523
Executive Office of the President	33	52	41
General Services Administration	10,760	5,435	3,610
International Assistance Programs	47,109	46,739	50,774
National Aeronautics and Space Administration	1,120	390	1,201
National Science Foundation	753	---	---
Office of Personnel Management	918	839	707
Small Business Administration	1,488	860	733
Social Security Administration	936	573	419
Other Independent Agencies	52,300	72,298	55,249
Allowances	---	---	---
TOTAL	921,799	676,953	614,850

Section__18 - To reduce the appropriation for Departmental Administration of the Department of Energy so that the Department can set an example for all Americans by reducing unnecessary energy usage

- The federal government is the largest energy consumer in the United States.

- The Department of Energy (DOE) consumes more energy than all but one other federal civilian agency (US Postal Service).

- Internal audits raise serious concerns about DOE's commitment to energy efficiency.

- As the designated energy efficiency coordinator for all federal agencies, the Department of energy should follow its own energy efficiency guidelines.

- As the lead federal enforcement agency for *private sector energy efficiency mandates*, DOE must lead by example.

- To be able to promote energy efficiency and conservation to the general public, DOE itself must be a model.

Section___18- To reduce the appropriation for Departmental Administration of the Department of Energy so that the Department can set an example for all Americans by reducing unnecessary energy usage

The federal government is the largest energy consumer in the United States.

Within the federal government, the Department of Energy has been designated as the lead federal agency to coordinate energy efficiency efforts for all federal agencies. It is also the primary outlet for federal energy efficiency programs and enforcement for the private sector.

Despite this central role, the Department is the largest consumer of energy among all federal civilian agencies (excluding the postal service).

The Department of Energy's Inspector General found at least $13.8 million in wasted energy costs due to inefficient, duplicative technology and poor temperature controls at the agency.

This amendment would reduce administrative funds at the Department of Energy by $13.8 million in order to encourage them to lead by example in reducing their energy usage.

The Department of Energy (DOE) consumes more energy than all but one other federal civilian agency (US Postal Service).

In a detailed report released by the Federal Energy Management Program (FEMP), itself a DOE agency, the Department of Energy ranks only behind the US Postal Service in energy consumption among all civilian agencies.

That report indicates that DOE consumed nearly 73,000 billion of BTU's in FY 2007. This is more primary energy consumed than NASA and the Departments of Transportation, Homeland Security and Agriculture combined.

The agency spends an estimated $300 million annually "to provide energy to over 9,000 Federal buildings at its facilities."

DOE reports to the Government Accountability Office (GAO) that over 10 percent of its facilities are "excess or underutilized."

There are many legitimate reasons for the agency's large consumption rate, including its important nuclear decommissioning work and its cutting edge energy research programs.

However, as the lead federal agency for energy efficiency agency efforts, the Department of Energy must do better in managing its everyday energy usage such as turning off the lights and using more efficient hardware technology.

Internal audits raise serious concerns about DOE commitment to energy efficiency.

The agency's own Inspector General has released four audit reports recently that raise serious concern regarding the agency's commitment to energy efficiency.

An October 2008 report highlighted the failure of agency contracted data centers monitor duplicated services (e-mail, data storage), and to utilize

efficient hardware technologies. Just for the six sites audited, the IG estimates that the agency could have saved $2.3 million annually.

A May 2009 IG Audit revealed similar concerns with the Department's management of its massive Information Technology resources. The agency spends an estimated $2 billion annually on IT resources, and its failure to adopt accepted IT energy efficiency standards is preventing major cost savings. For instance, of the just the seven sites audited, failure to adopt accepted efficiency is practices is wasting the "equivalent to the annual power requirements of over 2,400 homes or, alternatively, removing about 3,000 cars from the road each year."

In a report released in 2009 regarding agency heating and air conditioning usage, the Inspector General noted with concern: "In spite of its energy conservation leadership role, we found that the department and its facility contractors did not place adequate emphasis on reducing energy consumption" by adjusting their after-hours thermostats."

These thermostat standards are federal law. Title 41, Section 102-74.185 requires in part: "(c) Set heating temperatures no higher than 55 degrees Fahrenheit during non-working hours; (d) Not provide air-conditioning during non-working hours, except as necessary to return space temperatures to a suitable level for the beginning of working hours."

The IG estimates the agency wastes $11.5 million annually, by simply refusing to adhere to these federal thermostat guidelines (and by using programmable thermostat setbacks). More to the point, the energy savings would be enough to power 9,800 homes for an entire year.

As the designated energy efficiency coordinator for all federal agencies, the Department of energy should follow its own energy efficiency guidelines.

The Federal government is the single largest consumer of energy in the United States. Agencies spend $10 billion annually purchasing energy consuming products.

To demonstrate their commitment to reducing federal energy usage Congress and several administrations have established specific goals and policies in the National Energy Policy Act of 200, the National Energy Conservation Policy Act, the Energy Independence and Security Act of 2007(EISA), and Executive Order 13423.

In justifying the creation of the Department of Energy in 1977 Senate leaders noted: “The absence of a lead agency with a scope of authority broad enough to initiate and follow through on energy conservation programs is in part responsible for the Nation's lack of progress in cutting back excessive or unnecessary energy consumption.”

Coordinating and monitoring these energy efficiency efforts for the Department of Energy is the Federal Energy Management Program (FEMP).

The Federal Energy Management Program’s (FEMP) role is to “facilitate the Federal Government's implementation of sound, cost-effective energy management and investment practices to enhance the nation's energy security and environmental stewardship. This is delivered through project transaction services, applied technology services, and decision support services.”

FEMP describes it role this way: “The Federal Government, as the nation's largest energy consumer, has a tremendous opportunity and clear responsibility to lead by example. FEMP is central to this responsibility, guiding agencies to use funding more effectively in meeting Federal and agency-specific energy management objectives.”

Yet, a September 2009 Inspector General investigation into DOE's management of Energy Savings Performance Contracts (ESPC) found major management flaws costing taxpayers millions. ESPC's—which allow agencies to finance energy efficiency upgrades by sharing future energy savings with contractors—are coordinated by DOE. DOE IG examined 4 of the 16 most recent ESPC contracts and found that poor oversight by DOE "may risk spending up to $17.3 million more than it will realize in energy savings."

The IG specifically noted: "In one case, the Department continued to pay for energy savings even after the four buildings containing ESPC improvements had been demolished (emphasis added). The Department also continued to pay for an ESPC project that had not functioned for six years."

Despite its poor performance and while appropriators noted a "lack of progress" for FEMP, the Congress rewarded the FEMP with a major increase in spending in FY 2010—increasing the program from $22 million to $32 million.

As the lead federal enforcement agency for private sector energy efficiency mandates, DOE must lead by example.

DOE is responsible for enforcing federal energy efficiency standards that apply to the private sector, particularly appliance manufacturers. The Department is not shy in enforcing these mandates, often on the very same issues where it is failing internally.

<u>Consider the following examples:</u>

Four days after the Inspector General exposed major problems with DOE's management of its own heating and cooling systems, the agency

announced its decision to subpoena records from AeroSys, Inc “to obtain data necessary to determine whether certain AeroSys commercial air conditioners and heat pumps comply with relevant DOE energy efficiency standards.”

That press release goes on to note: “President Obama and Energy Secretary Steven Chu have moved aggressively to clear the backlog of energy efficiency standards for appliances, and to reinforce DOE's efforts to save energy for U.S. residents and businesses.”

The Department of Energy has recently announced new rules intended to “toughen” standards on the types of light bulbs Americans can use in their homes.

In the same announcement, the Department of Energy has also announced “tough” new standards for most home appliances.

To be able to promote energy efficiency and conservation to the general public, DOE itself must be a model.

Consider the words of the agency’s counsel regarding the need for enforcement standards in the private sector:

“In order for the Department of Energy’s efficiency standards to effectively promote the development and distribution of energy efficient products that will save energy and reduce costs for millions of Americans, we must ensure that these standards are aggressively and consistently enforced.”

DOE must apply that same advice to its own internal energy management.

Anything less is an affront to taxpayers, and further erodes confidence in the federal government.

Amendment__19 - Strike Section 522 of the Amendment That Increases Medicare Payments to Physicians Who Live in California.

Under the Medicare program, payments to doctors are adjusted to reflect regional differences in the cost of providing care. For example, practicing medicine in Washington, DC is more expensive than practicing in Muskogee, OK.

The Medicare program uses government data to adjust payments to physicians who care for seniors. Each metropolitan area has its own geographic adjustment factor and generally (rural) non-metro areas have lower payments from Medicare.

Section 522 of the extenders amendment creates a new way of calculating payments, but the news system only impacts physicians in one state – California. The provision would take federal taxpayer dollars to effectively offset the cost of paying rural physicians in California more than they currently receive.

Why should physicians in California get special treatment? What about physicians in Nevada? Or Iowa? Or Oklahoma?

According to CBO, Section 522 costs American taxpayers $400 million (over ten years). This amendment would simply strike Section 522, and save American taxpayers $400 million dollars.

<u>This Amendment Strikes a Special Deal That Gives One State Special Treatment</u>

Current Medicare decisions regarding reimbursements for urban and rural localities are based upon government statistical data (BLS, Census, wage costs, etc.) adjusted for differences in the relative costs among different areas.

Medicare's geographic reimbursement rates are always contested by physicians in one area or another, who think they should receive higher pay based on where they practice medicine. Virtually every Member of Congress has heard complaints from physicians in some part of their home state who think that these geographic adjustments do not adequately reflect the cost of doing business in their local community.

However, Section 522 gives the entire state of California special treatment. Under the provision, the calculation of "urban" and "rural" areas would be changed. Medicare would start paying physicians in some areas of California more, and American taxpayers would be on the hook to pay for it.

Americans are tired of health care earmarks that amount to special deals for one state over another. They realize that Section 522 is not fair to other states.

This Amendment Strikes a Special Deal That Members of Congress Support

Americans were dismayed to watch a health reform debate that was full of special treatment and backroom deals. This provision was included in the House-passed health care bill, but left out of the new health law since the Senate bill became law.

Now, this special deal has made it back into a legislative proposal Congress is considering. We do not know which member of Congress from the majority pushed for this to be in the current extenders package.

But we do know that California Rep. Sam Farr (D-Calif.) and Sen. Dianne Feinstein (D-Calif.) introduced legislation last summer that is virtually identical to this provision. We also know that the California Medical Association supported and endorsed their legislation, H.R. 2820 in the House and Senate bill 1236.

Americans are tired of Members of Congress using federal taxpayer dollars to fund their pet projects and win support in their state. They are tired of Congress running up deficits so they can promise constituents "benefits" – while saddling all Americans with increased debt. The nonpartisan Congressional Budget Office has said this provision will add $400 million to the deficit.

Physicians in California may be tempted to just think that their Members of Congress are just advocating on their behalf by introducing a bill that would require Medicare to pay some California doctors more.

But physicians in California need to remember that those same Members of Congress just voted for a massive takeover of health care earlier this year – that assumes that all physicians see a permanent 21 percent reimbursement cut from Medicare. So, on the one hand these politicians are introducing a bill to pay some doctors in California more, and on the other hand they vote for a bill that assumes that all doctors get a huge pay cut. Sounds like these Members of Congress basically "were for it before they were against it."

Physicians in California should know better. According to the California Medical Society, that endorsed the bill, "one of the biggest barriers for seniors to get access to health care" are "low Medicare reimbursement

rates…" These Members of Congress and the Congressional majority left a doc-fix out of their health overhaul and assumed a big pay cut to all of America's physicians.

This Amendment Strikes a Special Deal That Makes Taxpayers Pay Rich Doctors More

Congress should be serious about the choices before it right now.

The nation's economy is still extremely fragile. Currently, 1 in 10 Americans is out of work, and 1 in 5 is underemployed. Many Americans have given up looking for work altogether.

Now Congress is considering a bill before it – the extenders package– which will increase the deficit by over $82 billion dollars, $400 million of it in special treatment for California.

This is irresponsible and fiscally dangerous. Furthermore, Americans might wonder why Congress is planning to increase the deficit to pay rich doctors in California more.

According to the Medical Group Management Association's 2009 physician salary survey, the average compensation for primary care physicians is over $186K and for specialty docs is about $340K.

So while rich physicians in California make around a quarter of a million dollars or a third of a million dollars in salary, Congress is considering a bill that will saddle all Americans – employed or unemployed—with over $80 billion dollars in debt.

Our national debt already stands at a whopping $13 trillion dollars - just under 90 percent of our annual gross domestic product.

Americans might wonder why Democrats in Congress are increasing the flood of red ink and adding to our sky-high debt to pay rich physicians rather than making hard choices to help all Americans get jobs.

This common-sense amendment would simply strike Section 522, and save American taxpayers $400 million dollars.

Key Findings From MGMA's 2009 Physician Compensation Survey

Aug 07, 2009

The new Medical Group Management Association physician compensation survey data is here, and like the previous three years, we're starting to count on a trend: While physician compensation rose slightly in 2008, physicians did not really see a gain. Most increases were outpaced by inflation.

According to MGMA's *Physician Compensation and Production Survey: 2009 Report Based on 2008 Data*:

- Primary care compensation increased only 2.04 percent to $186,044, an inflation-adjusted drop of 1.73 percent.
- Specialty care physicians fared only slightly better with an overall increase of 2.19 percent to $339,751, a 1.59 percent decrease when adjusted for inflation. Interesting to note: Anesthesiology and pulmonary medicine were the only specialties to see increases of more than 10 percent in the past five years.

Is your physicians' compensation keeping pace?

		Actual		Adjusting for Inflation	
	2008 total median compensation	Percent change 2007-2008	Percent change 2004-2008	Percent change 2007-2008	Percent change 2004-2008
All primary care physicians	$186,044	2.04%	14.97%	-1.73%	0.87%
All specialist physicians	$339,738	2.19%	14.39%	-1.59%	0.36%

Source: MGMA Physician Compensation and Production Survey: 2009 Report Based on 2008 Data

Take a deeper look into the data to see what is going on in different practice settings, and which practices are the most efficient in their payout.

Physicians in nonhospital-owned practices earn more – and work more

According to the survey, both primary and specialty care physicians working in nonhospital-owned practices generally earned more than those in hospital-owned practices. How much more? Specialty care physicians see the biggest difference with 27.72 percent more; primary care physicians in nonhospital-owned practices make 2.31 percent more than their counterparts in hospital-owned practice.

But there's more to the story. Although these differences may seem to reflect lower pay rates in hospital-owned practices, our data show it's due to differing physician workloads. When compensation is evaluated per physician work RVU (relative value unit, the standard work measurement unit), the data show there is little difference between group ownership.

- Primary care physicians earned $39.35 per work RVU in hospital-owned practices and $41.05 in nonhospital-owned practices.
- Specialty care physicians produce 15.6 percent more work RVUs in a nonhospital-owned setting but earned $51.08 per work RVU, compared with $51.21 per work RVU in hospital-owned practices – a 13¢ difference.

Hospitals passing "the bucks" to physicians

While hospital-owned groups lagged behind in total compensation and were about even in compensation-per-work RVU, they clearly outpaced nonhospital-owned groups when it came to compensation-to-collections ratio. This is a measure of how much of each dollar collected for professional work by the physician is passed to the physician in the form of compensation.

In hospital-owned practices, primary care physicians earned 53.5¢ for each dollar of professional collections, while specialty care physicians earned 77.5¢ – at least 8 percent more than in nonhospital-owned groups.

Note: MGMA surveys depend on voluntary participation and may not be completely representative of the totality of the industry.

http://blog.mgma.com/blog/bid/24509/Key-findings-from-MGMA-s-physician-compensation-survey

Further Background On Amendment To Strike Section 522

Q. Where did this provision come from?

A. Some of the geographic disparities data Medicare uses is dated and may not accurately portray some California Medicare Service Areas that have seen growth in recent years, as once fairly rural areas have now become exurbs of larger metro areas.

However, this phenomenon exists in many other states such as Virginia and Illinois. The challenge is not unique to California – and the solution should not be targeted to California alone either.

There were some adjustments to Medicare Service Areas included in the CHAMP Act of 2007.

Q. This provision was in the House extenders package. Why didn't the House GOP raise cane about this?

A. The House GOP had to focus on the larger issue of the debate – cost, debt, etc.

Also, the House Rules Committee did not allow amendments or a GOP Motion to Recommit on the Floor.

Q. What has the GOP done to address the problem of geographic reimbursement disparities under Medicare?

A. During the Senate Finance Committee Consideration of the health care bill during the fall of 2009, Senator Grassley offered an amendment that would require CMS to use more updated data and better survey information in determining geographic reimbursement decisions. This amendment was withdrawn at the request of Senator Baucus, but Sen. Baucus did include it in the final bill that became law.

Sen. Grassley supports the Coburn amendment to strike Section 522 and will speak on the Floor in support of it.

Q. Is the problem of Medicare reimbursement geographic disparities worse in California?

A. Challenges for a state should not be fixed at a federal level by giving favorable treatment to one state at the expense of the Americans taxpayers.

And, in fact, California physicians already get paid a lot more than many physicians nationwide – especially more than physicians in states like Oklahoma and Iowa.

According to Medicare's list of Geographic Practice Cost Indices (GPCI) of the 89 Medicare payment localities nationwide, the lowest ranking for a California locality is 32nd, while the entire states of Iowa and Oklahoma rank 78th and 79th respectively.

(Note: The CY2010 Medicare's list of Geographic Practice Cost Indices does *not* include "Handout Montana," the health care earmark in Reid's manager's amendment for the frontier states provision (Sec. 10324), that gives higher physician and hospital payments to so-called frontier states beginning in 2011. This provision increases Medicare reimbursement in these "frontier states" by establishing a 1.0 hospital wage index floor and a 1.0 floor for the geographic adjustment for physician practice expense. According to the Congressional Budget Office, the states that will benefit are Montana, North Dakota, South Dakota, Utah, and Wyoming. So, when you look at the GPCI chart, it's likely that next year Montana, Wyoming, North Dakota and South Dakota will be listed above Oklahoma. And if the order otherwise stays the same, Oklahoma will have moved down to 7th from the bottom.)

FOR IMMEDIATE RELEASE: June 11, 2009

Legislation Introduced to Tackle California's GPCI Problem, Raise Medicare Rates in Certain High-Cost Counties

Boosting Rates Is Essential to Ensuring Seniors Have Access to Health Care

Sacramento - U.S. Rep. Sam Farr (D-Calif.) and Sen. Dianne Feinstein (D-Calif.) today introduced legislation sponsored by the California Medical Association to eliminate one of the biggest barriers for seniors to get access to health care – low Medicare reimbursement rates in several counties.

The low rates have forced many doctors to opt out of Medicare or limit the patients they take through the program. The net result is in several counties currently classified as rural under the formula that sets the rates, the federal government's Geographic Practice Cost Index (GPCI), Medicare recipients have a difficult time finding a doctor to treat them.

"This is a welcome breakthrough on a problem that has reduced access to care for years," said Dr. Dev A. GnanaDev, president of the California Medical Association. "As costs have risen in places like Santa Cruz, Sacramento and San Diego counties, Medicare reimbursements have not kept up, and that has resulted in fewer doctors being able to serve those patients. This legislation provides a fix without punishing other counties. CMA applauds the efforts of U.S. Rep. Sam Farr and Sen. Dianne Feinstein to ensure California's seniors have access to health care."

Under GPCI, 47 of California's counties share the same rural classification and reimbursement rates despite having significantly different costs of living and doing business. Many of California's counties under the rural designation, from San Diego to Santa Cruz, have grown rapidly in recent years and have much higher costs of living than other rural regions.

The legislation would place California localities into up-to-date Metropolitan Statistical Areas (MSAs), which more accurately reflect regional costs, and hold all counties that might experience cuts harmless from a payment reduction by such a change. By doing this, many areas qualify for higher rates. The 14 counties affected are: El Dorado, Monterey, Placer, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Sonoma and Yolo counties.

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The California Medical Association represents more than 35,000 physicians in all modes of practice and specialties. CMA is dedicated to the health of all patients in California.

Section ___20 -- To Eliminate Tax Increases in the Bill

Title IV in the underlying bill contains revenue raisers in the form of tax increases on American businesses. According to the Joint Economic Committee (JEC), this bill imposes *a gross tax increase of $54.6 billion,* which is still $78 billion short of paying for the entire bill.

All of the major revenue offsets are permanent changes to the tax code to pay for temporary spending or tax incentives. This is exactly the reason why the business sector has jettisoned their support for a bill they have supported for years, and has since turned into its fiercest opponent.

Imposing new taxes or increasing current ones in this type of an economically depressed environment only serves to hamper and stifle growth.

Congress has a responsibility to pay for any new spending it passes, but it should do so by cutting waste, inefficiency, and duplication with existing programs before increasing taxes is even considered.

This section simply eliminates the taxes, allowing common sense spending reductions that is contained in this amendment to pay for the new outlays.

Currently, there are15 million Americans whom are currently out of work. This bill raises taxes on small businesses and investment companies, which is best way to kill job creation. The revenue lost through taxation is less money that companies can spend on hiring and expanding businesses. This is ironic considering this has been labeled a “jobs bill” by the majority party.

The problem is overspending and waste, not under-taxation. The federal government does not need more taxpayer dollars. Instead, Congress needs to eliminate the $350 billion lost annually to waste, fraud, and abuse while cutting spending to responsible levels.

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