FISCAL YEAR 2013

CUTS, CONSOLIDATIONS, AND SAVINGS

BUDGET OF THE U.S. GOVERNMENT

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GENERAL NOTES

1. All years referenced for budget data are fiscal years unless otherwise noted. All years referenced for economic data are calendar years unless otherwise noted.

2. Detail in this document may not add to the totals due to rounding.

3. Under the President's Government consolidation proposal announced on January 13, 2012, a number of agencies and programs would be consolidated into a new department focused on supporting the growth of American business and the resulting job creation, with the goal of improving services and reducing costs. The specific proposal to create the new department will be submitted to the Congress once the consolidation authority requested by the President is enacted. The Administration's budget proposal, including the request in this Budget and agencies' supporting materials, is presented in terms of the existing agency structures, and appropriate adjustments will be submitted once consolidation authority is enacted.

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INTRODUCTION

To rebuild our economy and strengthen the middle class, we must create an America where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same set of rules. We need to win a race to the top for good jobs that pay well and offer middle-class security. That means investing in areas like education, innovation, and infrastructure that are critical to giving every American an opportunity at success and creating a strong economy that is built to last.

To pay for these investments and to free our economy from the burden of historic deficits and mounting debt, we also need to restore responsibility for what we spend and accountability for how we spend it. For far too long, many Government programs have been allowed to continue or grow even when objectives are unclear and rigorous assessments of effectiveness are lacking. The result has been a profusion of programs that are duplicative, ineffective, or outdated—at a significant cost to taxpayers. To be competitive in the 21st Century, the United States cannot afford to be weighed down by crippling budget deficits, ineffective programs that waste tax dollars, and Government spending that lacks accountability.

In his first Budget, the President directly confronted the fiscal problems he inherited by making a commitment to restoring fiscal responsibility, while recognizing that increasing the deficit in the short term was necessary to arrest the economic freefall. He signed into law pay-as-you-go (PAYGO) legislation that returned the tough but disciplined budget rules of the 1990s to Washington. The principle behind PAYGO is simple: all new, non-emergency entitlement spending and revenue losses must be offset by savings or revenue increases, with no exception for new tax cuts. And, recognizing the role that rising health care costs play in our long-term fiscal future, the President advocated for and signed into law fiscally responsible health care reform that will reduce our deficit by more than $1 trillion over the next two decades, as well as fully pay for all new coverage.

Throughout 2011, the President also pursued significant, balanced deficit reduction: first, in February, in his 2012 Budget; then, in April, in the Framework for Shared Prosperity and Shared Fiscal Responsibility that built on the Budget to identify $4 trillion in deficit reduction; and next, in July, in a similarly sized plan presented to congressional Republicans during negotiations over extending the debt ceiling this summer. Ultimately, the President signed into law the Budget Control Act of 2011 (BCA) that put into effect nearly $1 trillion of discretionary spending cuts.

The spending caps enacted by the BCA, on top of significant reductions to discretionary spending for 2011, will dramatically reduce this category of spending. Indeed, further cuts would lead to an erosion of Government effectiveness and services that the American people neither want nor deserve. Nevertheless, we can meet these tight caps by making tough choices about where to invest taxpayer dollars. That begins with identifying programs that are outdated, ineffective, or duplicative and designating them to be reformed, consolidated, or cut. In each of his three previous budgets, the President identified, on average, more than 150 terminations, reductions, and savings, totaling nearly $25 billion each year. These proposed cuts ranged from a radio circumnavigation system for ships that was made obsolete by GPS to new F-22 aircraft that the military said it does not need and did not want.

However, cutting to the levels necessitated by the BCA caps will take more than eliminating waste. It will take making difficult decisions about reducing funding or ending programs that are laudable, but that in this fiscal environment cannot be funded at desired levels.

In the *Cuts, Consolidations, and Savings* volume, the Administration details the 210 cuts, consolidations, and savings measures that are proposed in the 2013 Budget. These proposals total more than $24 billion in 2013, and $520 billion through 2022. First, we have identified programs that are no longer needed and should be eliminated. For example, the Budget proposes cutting programs within National Science Foundation's Directorate for Computer and Information Science and Engineering Research that were designed to have a limited duration and have already achieved their goals. We are also proposing to cut an Air Force satellite system that is no longer needed to meet mission requirements. Other cuts target duplicative grants programs whose activities can be accomplished through existing programs. Second, we have singled out opportunities to consolidate programs that are duplicative of each other and could deliver more for less if combined. For example by consolidating the Bureau of the Public Debt and the Financial Management Service, the operational arms of Treasury's Fiscal Service, to share a single administrative, management, and leadership structure, Treasury can save taxpayer dollars while better leveraging the expertise and resources of the two bureaus to strengthen and modernize financial management. Finally, there are a range of actions that we are taking to save money in the operations of Government. These range from the commonsensical—reducing the use of expensive overnight express shipping, using video teleconferencing in the place of costly travel, and migrating forms and publications to digital formats—to the more ambitious such as consolidating regional offices across the country and shutting down excess data centers.

Twenty-seven of these administrative savings ideas come from frontline Federal workers through the President's SAVE Award process in which Federal workers send in their ideas for how to make the Federal Government more efficient and effective. This year, the Administration received nearly 20,000 submissions. The winning idea was from Matthew Ritsko of NASA's Goddard Space Flight Center, who suggested the creation of a centralized "lending library" that will store space flight project tools to help reduce duplicative purchases.

Cutting waste and finding administrative savings is not an exercise limited to the Budget process; they are part of a sustained effort—the Campaign to Cut Waste—that the Administration launched this past year to root out misspent tax dollars across the Federal Government. As part of this effort to build a more accountable Government, the Administration already has moved to cut wasteful spending and programs that do not work, strengthen and streamline what does work, leverage technology to transform Government operations to save money and improve performance, and make Government more open and responsive to the needs of the American people. These reforms include cracking down on fraud and error to cut improper payments by $50 billion by the end of 2012; disposing of excess and underutilized Federal properties; halting the production of excess dollar coins; reaping record recoveries of tax dollars from those who attempt to defraud the Government; saving billions of dollars in real estate and energy costs; reducing spending on unnecessary travel and printing; and cutting contracting costs for the first time in over a decade—saving taxpayers billions of dollars.

The cuts, consolidations, and savings detailed in this volume build on these efforts. On their own, these moves will not solve our fiscal problems or undo the years of irresponsible policy decisions that have brought us to this moment. But as stewards of taxpayer dollars, it is the responsibility of policymakers to take these steps. We have to invest in what works, streamline existing programs, and abandon programs that have outlived their utility. We also need to make tough decisions about where we can invest taxpayer dollars during this era of tight discretionary caps. This will not be easy, but making these choices is how we will forge the efficient, effective, and accountable Government the American people expect and deserve.

DISCRETIONARY CUTS, CONSOLIDATIONS, AND SAVINGS

(Budget authority and obligation limitation in millions of dollars)

Cuts	2012	2013	2013 Change from 2012
Agricultural Marketing Service - Microbiological Data Program, Department of Agriculture	5	....	–5
Agricultural Marketing Service - Pesticide Recordkeeping Program, Department of Agriculture	2	....	–2
Alaska Conveyance Program, Department of the Interior	29	17	–12
Area Health Education Centers, Department of Health and Human Services	27	....	–27
Assistance for Europe, Eurasia, and Central Asia, Department of State and Other International Programs	627	514	–113
Beach Grants, Environmental Protection Agency	10	....	–10
Bureau of Indian Affairs Construction, Department of the Interior	124	106	–18
Bureau of Labor Statistics' International Labor Comparisons Program, Department of Labor	2	....	–2
C–130 Avionics Modernization, Department of Defense	208	....	–208
C–27 Joint Cargo Aircraft, Department of Defense	480	....	–480
Chemical Risk Management Fibers Program, Environmental Protection Agency	2	....	–2
Children's Hospital Graduate Medical Education Payment Program, Department of Health and Human Services	265	88	–177
Children's Mental Health Grant, Department of Health and Human Services	117	89	–28
Christopher Columbus Fellowship Foundation	....	....	....
Clean Automotive Technologies, Environmental Protection Agency	16	....	–16
Clean Water and Drinking Water State Revolving Funds, Environmental Protection Agency	2,384	2,025	–359
CMRR Facility, Department of Energy	200	35	–165
Coastal Impact Assistance Program, Department of the Interior	....	–200	–200
Community Services Block Grant, Department of Health and Human Services	679	350	–329
Computer and Information Science and Engineering Research Programs, National Science Foundation			
Interface Between Computer Science and Economics and Social Sciences	7	....	–7
Network Science and Engineering	3	....	–3
Social-Computational Systems	7	....	–7
Cruiser Modernization Program, Department of Defense	573	101	–472
Cyber-Enabled Discovery and Innovation Program, National Science Foundation	29	....	–29
Defense Weather Satellite System, Department of Defense	43	....	–43
Diesel Emissions Reduction Grant Program, Environmental Protection Agency	30	15	–15
Drawdown of Military End Strength, Department of Defense	....	–774	–774
Economic Impact Grants, Department of Agriculture	6	....	–6
Education Research Centers and Agricultural Research, Department of Health and Human Services			
Agricultural, Forestry, and Fishing Program	20	....	–20
Education Research Centers	24	....	–24
Electric Guaranteed Underwriting Loan Program, Department of Agriculture	1	....	–1
Elimination of Overlapping Programs, Department of Labor			
Veterans Workforce Investment Program	15	....	–15
Women in Apprenticeship in Non-Traditional Occupations	1	....	–1
Environmental Education, Environmental Protection Agency	10	....	–10
Farm Service Agency Discretionary Conservation Programs, Department of Agriculture	5	....	–5
Federal Flight Deck Officer Program, Department of Homeland Security	25	12	–13
Fossil Energy Research and Development, Department of Energy	534	421	–113
Global Hawk Unmanned Aerial Vehicle, Department of Defense	324	....	–324
Grants-in-Aid for Airports, Department of Transportation	3,350	2,424	–926
Harry S. Truman Scholarship Foundation	1	....	–1
Health Care Services Grant Program, Department of Agriculture	3	....	–3
Health Careers Opportunity Program, Department of Health and Human Services	15	....	–15
High Energy Cost Grants, Department of Agriculture	10	....	–10
High Mobility Multipurpose Wheeled Vehicle Modernized Expanded Capacity Vehicle Recapitalization, Department of Defense	4	....	–4
Housing for Persons with Disabilities, Department of Housing and Urban Development	165	150	–15
Hypersonics, National Aeronautics and Space Administration	25	4	–21
Impact Aid - Payments for Federal Property, Department of Education	1,291	1,224	–67
International Forestry, Department of Agriculture	8	4	–4
Investigator-Initiated Research Grants, Department of Health and Human Services	43	29	–14
Job Corps, Department of Labor	1,703	1,650	–53
Joint Air-to-Ground Missile Program, Department of Defense	235	10	–225
Joint High Speed Vessel, Department of Defense	372	189	–183

DISCRETIONARY CUTS, CONSOLIDATIONS, AND SAVINGS—Continued
(Budget authority and obligation limitation in millions of dollars)

Cuts	2012	2013	2013 Change from 2012
Light Attack and Armed Reconnaissance Aircraft, Department of Defense	115	....	–115
Low Income Home Energy Assistance Program, Department of Health and Human Services	3,472	3,020	–452
Low-Priority Construction Projects, Corps of Engineers	5,002	4,731	–271
Mathematics and Physical Sciences Research Programs, National Science Foundation			
Cultural Heritage Science	4	....	–4
Grid Computing	2	....	–2
Mathematical Physics	2	....	–2
Solar Energy Initiative (SOLAR)	2	....	–2
Nanoscale Science and Engineering Centers, National Science Foundation	31	26	–5
NASA Education, National Aeronautics and Space Administration	136	100	–36
National Bio-Agro-Defense Facility, Department of Homeland Security	50	10	–40
National Drug Intelligence Center, Department of Justice	20	....	–20
National Heritage Areas, Department of the Interior	17	9	–8
National Park Service Construction, Department of the Interior	155	131	–24
National Pre-Disaster Mitigation Fund, Department of Homeland Security	36	....	–36
National Undersea Research Program, Department of Commerce	4	....	–4
National Wildlife Refuge Fund, Department of the Interior	14	....	–14
NOAA Office of Education External Grants, Department of Commerce	24	11	–13
Office of the Assistant Secretary Grant Programs, Department of Health and Human Services	89	70	–19
Office of the Special Trustee for American Indians, Department of the Interior	152	146	–6
Patient-Centered Health Research, Department of Health and Human Services	17	10	–7
Pest and Disease Programs, Department of Agriculture	816	762	–54
Preparedness and Response Activities, Department of Health and Human Services			
Centers for Public Health Preparedness	8	....	–8
Hospital Preparedness Program	380	255	–125
Presidio Trust, Presidio Trust	12	....	–12
Preventive Health and Health Services Block Grant, Department of Health and Human Services	79	....	–79
PRIME Technical Assistance, Small Business Administration	4	....	–4
Public Broadcasting Grants, Department of Agriculture	3	....	–3
Public Outreach Programs, National Science Foundation			
Communicating Science Broadly	2	....	–2
Connecting Researchers with Public Audiences	4	....	–4
REACH, Department of Health and Human Services	14	....	–14
Research, Education and Extension Grants, Department of Agriculture			
Animal Health (Sec. 1433)	4	....	–4
Capacity Building: Non-Land Grant Colleges	4	....	–4
Competitive Grants for Policy Research	4	....	–4
Critical Agricultural Materials	1	....	–1
Farm Business Management and Benchmarking	1	....	–1
Food Animal Residue Avoid Database	1	....	–1
Forest Products Research	1	....	–1
Methyl Bromide Transition Program	2	....	–2
Potato Breeding Research (Competitive)	1	....	–1
Rangeland Restoration	1	....	–1
Rural Health and Safety	2	....	–2
Sungrants	2	....	–2
Supplemental and Alternative Crops	1	....	–1
Water Quality	5	....	–5
Youth Organizations	1	....	–1
Robotic Exploration of Mars, National Aeronautics and Space Administration	587	361	–226
Rural Access to Emergency Devices, Department of Health and Human Services	1	....	–1
Rural Business Opportunity Grants, Department of Agriculture	2	....	–2
Rural Community Facilities, Department of Health and Human Services	5	....	–5
Rural Hospital Flexibility Grant Programs, Department of Health and Human Services	41	26	–15
Rural Multifamily Housing Preservation Grants, Department of Agriculture	4	....	–4

DISCRETIONARY CUTS, CONSOLIDATIONS, AND SAVINGS—Continued

(Budget authority and obligation limitation in millions of dollars)

Cuts	2012	2013	2013 Change from 2012
Rural Single Family Housing Grant Programs, Department of Agriculture	60	38	–22
Sea-Based X-Band Radar, Department of Defense	177	10	–167
Second Line of Defense, Department of Energy	262	93	–169
Self-Help and Assisted Homeownership Opportunity Program, Department of Housing and Urban Development	14	....	–14
Single Family Housing Direct Loans, Department of Agriculture	43	39	–4
State and Volunteer Fire Assistance Grants, Department of Agriculture	99	84	–15
State Criminal Alien Assistance Program, Department of Justice	240	70	–170
State Indoor Radon Grant Program, Environmental Protection Agency	8	....	–8
Superfund Remedial, Environmental Protection Agency	565	532	–33
Superfund Support to Other Federal Agencies, Environmental Protection Agency	6	....	–6
T-AGOS Ocean Surveillance Ship, Department of Defense	10	....	–10
Valles Caldera, Department of Agriculture	3	....	–3
Volunteer Generation and Nonprofit Capacity Building Funds, Corporation for National and Community Service			
Nonprofit Capacity Building Fund	....	....	....
Volunteer Generation Fund	4	....	–4
Washington Metropolitan Area Transit Authority, Department of Transportation	150	135	–15
Water and Wastewater and Community Facilities Loan Guarantees, Department of Agriculture	6	....	–6
Water Resources Research Act Program, Department of the Interior	6	....	–6
Watershed Rehabilitation Program, Department of Agriculture	15	....	–15
Wildland Fire Program/Hazardous Fuels Reduction, Department of the Interior	183	145	–38
Total, Discretionary Cuts	**27,247**	**19,297**	**–7,950**
Consolidations			
Central Utah Project, Department of the Interior	29	21	–8
Data Centers Closures, Department of Defense	....	–300	–300
Elementary and Secondary Education Act, Department of Education	....	....	....
Family Self-Sufficiency, Department of Housing and Urban Development	75	60	–15
Forest Service Integrated Resource Restoration, Department of Agriculture	806	793	–13
Higher Education Programs, Department of Education	....	....	....
Information Technology, Department of the Treasury	....	–9	–9
Integrated Approaches to Prevention, Department of Health and Human Services	....	....	....
National Oceanic and Atmospheric Administration, Department of Commerce	....	....	....
Rehabilitation Act Programs, Department of Education	....	....	....
State and Local Grants Reform, Department of Homeland Security	....	....	....
State Substance Abuse Prevention Grants, Department of Health and Human Services	455	405	–50
United States Visitor and Immigrant Status Indicator Technology, Department of Homeland Security	....	....	....
Total, Discretionary Consolidations	**1,365**	**970**	**–395**
Savings			
Financial Crimes Enforcement Network, Department of the Treasury	....	–6	–6
Increased Flexibility for the U.S. Mint in Coinage, Department of the Treasury	....	....	....
Law Enforcement-Wide Administrative Efficiencies, Department of Justice	....	–127	–127
Pit Disassembly and Conversion Savings, Department of Energy	26	....	–26
Senate Campaign Finance Reports Electronic Submission, Federal Election Commission	....	....	....
Total, Discretionary Savings	**26**	**–133**	**–159**
Total, Discretionary Cuts, Consolidations, and Savings	**28,638**	**20,134**	**–8,504**

MANDATORY CUTS, CONSOLIDATIONS, AND SAVINGS

(Outlays and receipts in millions of dollars)

Cuts	2013	2014	2015	2016	2017	2013–2017	2013–2022
Coal Tax Preferences, Department of Energy							
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels	–13	–23	–24	–26	–28	–114	–271
Expensing of Exploration and Development Costs	–26	–44	–46	–48	–50	–214	–440
Percent Depletion for Hard Mineral Fossil Fuels	–185	–177	–172	–168	–168	–870	–1,744
Royalty Taxation	–11	–25	–31	–38	–43	–148	–422
Commodity Payments to Farmers, Department of Agriculture	516	–3,296	–2,027	–647	–893	–6,347	–22,668
Conservation Reserve Program, Department of Agriculture	–11	–40	–79	–134	–127	–391	–977
Crop Insurance Program, Department of Agriculture	–225	–264	–702	–889	–895	–2,975	–7,621
Geothermal Payments to Counties, Department of the Interior	–4	–4	–5	–5	–5	–23	–50
Oil and Gas Company Tax Preferences, Department of Energy							
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years	–61	–225	–339	–310	–226	–1,161	–1,400
Repeal Credit for Oil and Gas Produced from Marginal Wells	....	....	....	....	....	....	....
Repeal Deduction for Tertiary Injectants	–7	–11	–11	–11	–11	–51	–100
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies	–574	–986	–1,043	–1,105	–1,169	–4,877	–11,612
Repeal Enhanced Oil Recovery Credit	....	....	....	....	....	....	....
Repeal Exception to Passive Loss Limitations for Working Interests in Oil and Natural Gas Properties	–9	–11	–10	–9	–8	–47	–82
Repeal Expensing of Intangible Drilling Costs	–3,490	–2,398	–1,867	–1,760	–1,453	–10,968	–13,902
Repeal Percentage Depletion for Oil and Natural Gas Wells	–612	–1,046	–1,083	–1,122	–1,166	–5,029	–11,465
Oil and Gas Research and Development Program, Department of Energy	–20	–40	–30	–10	....	–100	–100
Student Loan Savings for Pell Grant Program, Department of Education							
Limit In-School Interest Subsidy to 150%	–82	–164	–187	–187	–187	–807	–1,779
Payments to Guarantee Agencies—FFEL	–3,390	....	....	....	....	–3,390	–3,390
Telecommunications Development Fund, Telecommunications Development Fund	–7	–7	–7	–7	–7	–35	–70
Unrestricted Abandoned Mine Lands Payments, Department of the Interior	–173	–166	–92	–71	–71	–573	–1,100
Total, Mandatory Cuts	**–8,384**	**–8,927**	**–7,755**	**–6,547**	**–6,507**	**–38,120**	**–79,193**
Consolidations							
Federal Highways Programs, Department of Transportation	....	....	....	....	....	....	....
Savings							
Currency Reader Coupon Program, Department of the Treasury	–53	–12	–12	–12	–13	–102	–170
FECA Reform, Department of Labor	–13	–16	–26	–36	–47	–138	–536
Health Care (Medicaid Proposals), Department of Health and Human Services	–180	–200	–1,685	–2,335	–6,390	–10,790	–50,900
Health Care (Pharmaceutical Proposals), Department of Health and Human Services and Office of Personnel Management	–694	–766	–1,016	–1,452	–1,639	–5,566	–16,490
Medicare Provider Payment Modifications, Department of Health and Human Services	–5,026	–13,466	–16,878	–20,103	–23,727	–79,200	–267,473
Prevention and Public Health Fund, Department of Health and Human Services	....	–28	–283	–678	–523	–1,512	–4,012
Total, Mandatory Savings	**–5,966**	**–14,488**	**–19,900**	**–24,616**	**–32,339**	**–97,308**	**–339,581**
Total, Mandatory Cuts, Consolidations, and Savings	**–14,350**	**–23,415**	**–27,655**	**–31,163**	**–38,846**	**–135,428**	**–418,774**

ADMINISTRATIVELY IMPLEMENTED CONSOLIDATIONS AND SAVINGS

(In millions of dollars)

	2012	2013	2012–2016
Department of Agriculture			
Consolidating Offices	0.000	–60.000	–240.000
Forest Service Administrative Efficiencies	0.000	–60.000	–360.000
Department of Defense			
Air Force Basic Developmental Education Program	–1.904	–1.904	–9.520
Department of Education			
Electronic Grant Award Notification	–0.250	–1.250	–5.250
Department of Health and Human Services			
Eliminating Waste in Drug Procurement for Uninsured Patients	–1.400	–1.900	–7.700
FDA Processing Domestic Inspection Reports Electronically to Save Paper and Postage	–1.700	–1.800	–10.000
NIH Free Stuff Website	–0.039	–0.060	–0.279
Department of Homeland Security			
Sharing Excess Aviation Equipment	0.000	0.000	–20.000
Department of Housing and Urban Development			
Risk-based Monitoring with Project-based Contract Administrators	0.000	–28.000	–69.000
Department of Justice			
Digitizing BOP X-Rays	–1.300	–1.300	–6.300
Learning and Development Training Efficiencies	–2.020	–2.030	–11.000
Reducing Use of FedEx and Other Couriers	–0.500	–1.000	–3.500
Department of Labor			
Regional Office Consolidations	–1.000	–4.000	–19.000
Department of State and Other International Programs			
Electronic Signatures	0.000	–2.900	–11.600
Green IT	–1.200	–2.700	–12.000
Department of Transportation			
Enterprise Software Licenses	–4.670	–4.660	–11.330
Federal Register Electronic Delivery	–0.043	–0.047	–0.235
Strategic Sourcing	–3.850	–3.470	–8.500
Department of the Treasury			
Bureau of the Public Debt and Financial Management Service	0.000	0.000	–18.000
Cut Training Travel Costs by Offering Improved On-line Learning	–1.000	–2.000	–10.000
Energy and Water Conservation at the Main Treasury Building	–1.600	–2.100	–10.500
Fleet Management	–0.800	–0.800	–4.000
Reduce Paper Copies of U.S. Code	–0.010	–0.010	–0.140
Environmental Protection Agency			
Administrative Proceedings Paper Reduction	–0.115	–0.750	–0.415
National Aeronautics and Space Administration			
Electronic Performance Plans	0.000	–0.100	–0.500
Elimination of Hard Copies	0.000	–0.100	–0.500
Tool Crypt for Projects	0.000	–1.100	–3.500
Social Security Administration			
Commemorative Month Flyers	–0.005	–0.005	–0.025
Social Security Magazine	–0.084	–0.126	–0.588
TOTAL	**–23.490**	**–184.112**	**–853.382**

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

PROGRAM INTEGRITY SAVINGS

(Outlays and receipts in millions of dollars)

	2012[1]	2013	2014	2015	2016	2017	2012-2017	2012-2022
Savings from Discretionary Cap Adjustments:								
Disability Insurance and Supplemental Security Income Programs, Social Security Administration	–39	–452	–2,183	–3,264	–4,343	–4,821	–15,102	–47,935
Health Care Fraud and Abuse Control, Department of Health and Human Services	–405	–450	–496	–546	–599	–628	–3,124	–5,950
IRS Tax Enforcement and Compliance, Department of the Treasury	....	–421	–1,123	–2,251	–3,455	–4,694	–11,944	–39,393
Unemployment Insurance, Department of Labor	....	–22	–54	–77	–99	–121	–373	–1,028
Total, Savings from Discretionary Cap Adjustments	**–444**	**–1,345**	**–3,856**	**–6,138**	**–8,496**	**–10,264**	**–30,543**	**–94,306**
Savings from Mandatory/Receipt Legislative Proposals:								
Cut Waste, Fraud, and Abuse in Medicare, Medicaid, and CHIP, Department of Health and Human Services	....	–161	–236	–306	–336	–376	–1,416	–3,616
Levy payments to Medicare Providers with Delinquent Tax Debt, Department of the Treasury	....	–56	–66	–68	–70	–72	–332	–717
Provide Authority To Contact Delinquent Debtors Via Their Cell Phones, While Enhancing Consumer Protections, Department of the Treasury	....	–12	–12	–12	–12	–12	–60	–120
Unclaimed Asset Recovery, Department of the Treasury	....	–2	–2	–2	–2	–2	–10	–20
WEP/GPO Enforcement Provision, Social Security Administration	....	13	20	17	–211	–456	–617	–3,412
Total, Savings from Mandatory/Receipt Legislative Proposals	**.........**	**–218**	**–296**	**–371**	**–631**	**–918**	**–2,435**	**–7,885**
Other Program Integrity Savings:								
Partnership Fund for Program Integrity Innovation, Executive Office of the President	....	....	....	....	....	....	....	....
Leveraging Technology to Reduce Improper Payments, Government-wide	....	....	....	....	....	....	....	....
Workers Compensation Information Reporting, Social Security Administration	....	....	....	....	....	....	....	....
Offset Federal Income Tax Refunds to Collect Delinquent State Income Taxes For Out-Of-State-Residents, Department of the Treasury[2]	....	[–100]	[–150]	[–250]	[–100]	[–100]	[–700]	[–1,200]
Total, Program Integrity Savings	**–444**	**–1,563**	**–4,152**	**–6,509**	**–9,127**	**–11,182**	**–32,978**	**–102,191**

[1] This table includes 11-year savings instead of 10-year savings to reflect the proposal to fund program integrity at the full level authorized for 2012 by the Balanced Budget and Emergency Deficit Control Act.

[2] Collections returned to States.

Cuts

CUTS

Overview

To build an economy that is built to last, we have to do more to live within our means and restore fiscal accountability and responsibility across the entire Federal Government. In some cases, that means making tough, often painful cuts that will put America on a more sustainable fiscal course. Since taking office, that is precisely what the President has done.

In each of his three previous budgets, the President identified on average more than 150 terminations, reductions, and savings, totaling nearly $25 billion each year. These cuts ranged from eliminating subsidies for oil and gas companies that hardly need to be propped up to saving millions of dollars by leveraging technology to make Treasury transactions paperless and more efficient. While recent administrations have seen between 15 and 20 percent of their proposed discretionary cuts approved by the Congress, the Administration saw 60 percent of its proposed discretionary cuts become law for 2010. The 2012 Budget proposed nearly $25 billion in discretionary terminations and reductions; Congress reduced these programs by $23 billion, 92 percent of the requested reduction.[1]

The Budget Control Act that the President signed into law in August will generate approximately $1 trillion in deficit reduction over 10 years through the use of discretionary spending caps. Meeting these caps requires reducing the overall discretionary spending level for the second straight year. In fact, compared to 2010, discretionary spending has decreased by $42 billion or 4 percent. To meet these caps, it will take not only eliminating ineffective and duplicative programs, but also cutting worthy programs that the Administration would otherwise fund were it not for the tight fiscal environment. This section highlights some of these reductions.

Citations

[1] The 2012 proposals included 2011 proposals as final 2011 appropriations had not been enacted when the 2012 Budget was released

CUTS: AGRICULTURAL MARKETING SERVICE - MICROBIOLOGICAL DATA PROGRAM

Department of Agriculture

The Budget proposes to terminate the Agricultural Marketing Service's (AMS's) Microbiological Data Program (MDP) program because of the program's limited impact. MDP is a lower-priority program because it is has a low impact and is not central to the core mission of AMS, which is to facilitate the competitive and efficient marketing of agricultural products.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	5	0	-5

Justification

MDP, through cooperation with State agriculture departments and other Federal agencies, collects, analyzes, enters data, and reports on food-borne pathogens on selected agricultural commodities. In developing the 2013 Budget, the Department of Agriculture (USDA) took a hard look at activities that support its core mission. In light of this, USDA has determined that this activity has limited impact and is not closely aligned with AMS's core mission to facilitate the competitive and efficient marketing of agricultural products. Thus, the 2013 Budget eliminates funding for MDP, which saves about $5 million.

CUTS: AGRICULTURAL MARKETING SERVICE - PESTICIDE RECORDKEEPING PROGRAM

Department of Agriculture

The Budget proposes to terminate Agricultural Marketing Service's (AMS's) Pesticide Recordkeeping Program (PRP). PRP is a lower-priority program because it is not central to the core mission of AMS, which is to facilitate the competitive and efficient marketing of agricultural products.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	2	0	-2

Justification

PRP utilizes the services of State pesticide regulatory agencies to conduct record compliance inspections of private pesticide applicators in most States that are under the Federal pesticide recordkeeping regulations. There are currently 27 States and two territories under the Federal pesticide recordkeeping program. The Department of Agriculture has determined that this activity is not closely aligned with AMS's core mission to facilitate the competitive and efficient marketing of agricultural products. Thus, the 2013 Budget eliminates funding for PRP, which saves about $2 million.

CUTS: ALASKA CONVEYANCE PROGRAM

Department of the Interior

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	29	17	-12

Justification

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

By the end of 2011, BLM had surveyed and patented 88 million acres, or 59 percent, of the original 150 million acres. In addition, approximately 55 million acres, or 36 percent, of the acres are under some form of tentative conveyance but have not been surveyed. About 7 million acres, or 5 percent, of the lands remain to be both surveyed and conveyed.

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

CUTS: AREA HEALTH EDUCATION CENTERS

Department of Health and Human Services

The Administration proposes not to fund Area Health Education Centers (AHECs). Instead, the Administration proposes to prioritize workforce training programs that directly increase the number of primary care providers.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	27	0	-27

Justification

The program supports partnerships between schools of medicine and nursing and AHECs to encourage individuals to enter health professions, expose students to training in underserved areas, and provide continuing education to existing providers. These activities do not directly train new providers and thus do not increase the number of providers trained. The 2013 Budget focuses resources on activities that more directly address the primary care provider shortage. The Federal Government has supported AHECs since 1972 and awardees are required though grant guidance to develop plans to become self-sufficient. Many programs have well-established infrastructure with State and local support. These activities may be supported through other funding sources.

CUTS: ASSISTANCE FOR EUROPE, EURASIA, AND CENTRAL ASIA

Department of State and Other International Programs

The Administration proposes to transition programs previously funded by the Assistance for Europe, Eurasia and Central Asia (AEECA) account into other foreign assistance accounts and to reduce resources for this region. These changes reflect the achievement of some assistance goals and the need to focus resources on the highest global priorities.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	627	514	-113

Justification

The United States remains deeply engaged in Europe, Eurasia, and Central Asia, using its diplomatic and assistance resources to advance national security interests and address difficult development challenges. At the same time, the successful transition of a number of countries to market democracies over time has enabled the United States to decrease assistance levels to the region. Eleven of these countries have essentially graduated from U.S. development assistance; 12 have joined the North Atlantic Treaty Organization; and 10 have acceded to the European Union. In the current context of a tightly constrained budget environment, the 2013 Budget for assistance in Europe, Eurasia, and Central Asia transitions programs previously funded via AEECA into the Economic Support Fund (ESF), International Narcotics Control and Law Enforcement (INCLE), and Global Health Programs (GHP) accounts. The Budget also proposes a significant decrease in resources for programs previously funded via this account, providing a total of $514 million ($424 million in the ESF account, $65 million in INCLE, and $25 million in GHP), which is $113 million below the 2012 enacted amount. These changes reflect the need to focus resources on the highest global priorities in this constrained budget environment, while continuing to provide support for programs that further democratic and economic reform and advance U.S. interests in the region.

CUTS: BEACH GRANTS

Environmental Protection Agency

The Administration proposes to terminate funding for the Environmental Protection Agency's (EPA's) Beach Grants. These grants have helped States, Tribes, and territories implement water quality monitoring and public notification programs at coastal and Great Lakes beaches.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	10	0	-10

Justification

EPA has worked with State, tribal, and territorial governments for over 10 years to develop their capacity to implement beach monitoring programs. As a result, many of these non-Federal agencies now have the ability and knowledge to run their own programs without Federal support. Additionally, based on the importance of beach areas to local economies, non-Federal agencies have significant incentive to continue these well-established, well-understood activities.

CUTS: BUREAU OF INDIAN AFFAIRS CONSTRUCTION

Department of the Interior

The Administration proposes to reduce funding for the Bureau of Indian Affairs Construction Program. The reductions focus primarily on construction of Bureau of Indian Education-funded educational facilities. Substantial progress has been made in replacing or rehabilitating these facilities over the last decade, with close to two-thirds of the schools having been funded for either full replacement or major improvement and repair.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	124	106	-18

Justification

Funding at the proposed level will allow the program to continue major improvement and repair work, while concentrating efforts on completing projects already funded. This program has a substantial amount of unobligated balances of funding provided over the past several years.

CUTS: BUREAU OF LABOR STATISTICS' INTERNATIONAL LABOR COMPARISONS PROGRAM

Department of Labor

The Budget proposes to eliminate the Bureau of Labor Statistics' (BLS') lower-priority International Labor Comparisons Program, which provides international comparisons of employment, compensation, productivity, and price data. Savings associated with this cut would be used to help finance other higher-priority needs across BLS.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	2	0	-2

Justification

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

Savings from this cut would help finance higher-priority activities, including an annual supplement to the Current Population Survey and a modification to the Consumer Expenditure Survey to better support the Census Bureau's supplemental statistical poverty measure.

CUTS: C-130 AVIONICS MODERNIZATION

Department of Defense

The Administration proposes to end the C-130 avionics modernization program (AMP). The C-130 AMP program was designed to standardize the cockpit instruments and improve the operational flexibility of the older aircraft in the C-130 fleet. However, the C-130 AMP program was costly and the mission can be achieved with a less robust program while maintaining the ability to perform its national security mission.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	208	0	-208

Justification

The goal of the AMP program was to modernize all previous generation C-130 cargo aircraft – a total of 221 aircraft – at an estimated cost of $6.4 billion. The upgraded avionics would enable the aircraft to conform to future international navigation and air traffic management requirements, create savings by eliminating one crew member, and improve reliability. However, with less robust upgrades, the aircraft will be able to perform their missions and canceling the program will result in savings that can be used for other programs.

CUTS: C-27 JOINT CARGO AIRCRAFT

Department of Defense

The Administration proposes to end procurement of the C-27J medium-sized cargo aircraft and divest itself of the fleet. The decision to eliminate the C-27J fleet was taken after the Department of Defense's (DOD's) comprehensive strategic review concluded that the intra-theater airlift fleet could be reduced in size.

Funding Summary

(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	480	0	-480

Justification

The C-27J is a medium-sized airlift aircraft that provides responsive delivery of time critical cargoes and personnel to austere operating locations. Its major roles are to directly support ground forces during contingency operations, as well as to provide general support of airlift needs in the theater of operations. However, the larger C-130 can perform almost all of the missions envisioned for the C-27J fleet and the recently-completed comprehensive strategic review concluded that the intra-theater airlift fleet could be safely reduced. Divesting the C-27J fleet will not negatively affect the operations of the intra-theater airlift fleet, but will save $480 million in 2012 and other sustainment funds in the upcoming years – funds that can be used for other programs.

CUTS: CHEMICAL RISK MANAGEMENT FIBERS PROGRAM

Environmental Protection Agency

The Environmental Protection Agency (EPA) proposes to eliminate the Fibers program, which is part of the Chemical Risk Management (CRM) program. This program, which is primarily administered by States via their departments of environmental protection or health, will continue to be where the public gets their information about asbestos.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	2	0	-2

Justification

CRM supports national programs aimed at mitigating chemical risk and exposure through reductions in use and safe removal, disposal, and containment of certain prevalent, high-risk chemicals, known generally as legacy chemicals. In 2013, EPA proposes to eliminate the Fibers program within CRM, shifting focus away from providing guidance and outreach to the public and regulated communities regarding asbestos. The Fibers program is primarily administered by States via their departments of environmental protection or health. These other avenues will continue to inform the public through dissemination of information regarding asbestos risks. EPA will continue asbestos-related efforts elsewhere through the provision of State grants for asbestos compliance.

CUTS: CHILDREN'S HOSPITAL GRADUATE MEDICAL EDUCATION PAYMENT PROGRAM

Department of Health and Human Services

The Administration proposes to fund only the direct costs associated with training pediatric residents in freestanding Children's Hospitals, focusing resources on grant activities that directly expand the primary care workforce.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	265	88	-177

Justification

The purpose of the program is to support the training of pediatricians in the Nation's freestanding children's hospitals. The Children's Hospitals Graduate Medical Education (CHGME) Payment Program supports graduate medical education (GME) in freestanding children's teaching hospitals. Approximately one-third of the $265 million appropriated for the CHGME Payment Program in 2012 directly supports the training of pediatric residents, while the remaining two-thirds cover indirect costs.

Within the constrained budget environment, this proposal supports only the direct costs of training pediatricians. As such, CHGME grants will no longer fund the indirect costs associated with graduate medical education. Indirect costs for GME include expenditures such as those associated with the reduced productivity of the hospital staff because they are helping train residents and the processing of additional diagnostic tests that residents may order during their clinical experience. Indirect graduate medical education (IME) costs are not well-documented and studies indicate that they may be overstated.[1] The funding reduction for IME in 2013 may not have a substantial impact on the number of residents trained in the short-run as programs have infrastructure in place to support specific residency class size. Children's hospitals will be asked to find other sources of funding to support such indirect expenses.

The $88 million included in the 2013 Budget for the CHGME Payment Program supports the same number of pediatric resident slots as in previous years by funding the direct costs associated with training residents, such as salaries and the fringe benefits of supervising faculty.

Citations

[1] MedPac report to the Congress, June 2010, Chapter 4.

CUTS: CHRISTOPHER COLUMBUS FELLOWSHIP FOUNDATION

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	0.450	0	-0.450

Justification

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

CUTS: CLEAN AUTOMOTIVE TECHNOLOGIES

Environmental Protection Agency

The Administration proposes to eliminate funding for the Environmental Protection Agency's (EPA's) Clean Automotive Technology (CAT) program, which sought to advance fuel efficiency technologies through cooperative research and development agreements with car and truck manufacturers. The Administration will continue to support fuel efficiency technology development through research and development programs at other Federal agencies. EPA will redeploy CAT resources to higher-priority statutory responsibilities such as implementation and compliance activities associated with greenhouse gas emissions standards for light-duty and heavy-duty vehicles.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	16	0	-16

Justification

The proposal would terminate the CAT program and redeploy staff to conduct higher-priority implementation and certification activities associated with the Administration's national program of fuel economy and vehicle greenhouse gas standards. The goal of the CAT program was to research, develop and evaluate advanced vehicle engine and drivetrain technologies that help increase fuel efficiency, reduce criteria pollutant emissions such as nitrogen oxides and particulate matter, and cut greenhouse gas emissions. While the program has been a successful enterprise, evidenced by dozens of patents issued for innovative advanced automotive technologies and numerous licenses to private sector firms to commercialize the innovations, the Administration proposes to terminate the program because other Federal programs are better positioned to research, develop, demonstrate, and deploy a broad suite of advanced vehicle technologies. 2012 will be a transition year in which the program will complete work on the highest-priority projects, and continue technology deployment through various actions including license agreements. In 2013, other Federal research programs, such as the Department of Energy's Vehicles Technology program, will support the development of advanced automotive technologies. To promote the deployment of those technologies, the Administration will support grant programs, tax incentives, and regulatory options.

CUTS: CLEAN WATER AND DRINKING WATER STATE REVOLVING FUNDS

Environmental Protection Agency

The Administration proposes to reduce funding for the Environmental Protection Agency's (EPA's) Clean Water and Drinking Water State Revolving Funds (SRFs), which provide capitalization grants to States for their own water infrastructure revolving funds. States provide a 20 percent match and, then, make loans to municipalities for water infrastructure projects, with repayments returned to their revolving fund, allowing them to finance additional projects.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	2,384	2,025	-359

Justification

The Administration has strongly supported SRFs, either having requested or received funding for them totaling over $18 billion since 2009; since their inception, over $52 billion has been provided. This significant level of Federal capitalization, combined with the State match and repayments, has allowed States to finance tens of thousands of water infrastructure projects that protect human health and the environment. At the level requested in the 2013 Budget, States will still be able to provide over $6 billion annually in water infrastructure loans to municipalities over the long term. Additionally, EPA will work to target assistance to small and underserved communities with limited ability to repay loans. A number of systems could also have access to capital through the Administration's proposed National Infrastructure Bank.

CUTS: CMRR FACILITY

Department of Energy

The Administration proposes deferring the construction of the Chemistry and Metallurgy Research Replacement (CMRR) facility and meeting plutonium requirements by using existing facilities in the nuclear complex.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	200	35	-165

[1] *In 2012, the funds are in the CMRR construction account. In 2013, the funds are in the Nuclear Operations account in the Readiness Technical Base Facilities program.*

Justification

The National Nuclear Security Administration (NNSA) has designed CMRR for the following stockpile missions: plutonium chemistry; plutonium physics; and storage of special nuclear materials. Construction has not begun on the nuclear facility. NNSA has determined in consultation with the national laboratories that existing infrastructure in the nuclear complex has the inherent capacity to provide adequate support for these missions.[1] Therefore, NNSA proposes deferring CMRR construction for at least five years. Studies are ongoing to determine long-term requirements. Instead of CMRR, NNSA will modify existing facilities, and relocate some nuclear materials. Estimated cost avoidance from 2013 to 2017 totals approximately $1.8 billion.

In place of CMRR for plutonium chemistry, NNSA will maximize use of the recently constructed Radiological Laboratory and Utility Office Building that will be fully equipped in April 2012, approximately one year ahead of schedule. In place of CMRR for plutonium physics, NNSA has options to share workload between other existing plutonium-capable facilities at Los Alamos and Lawrence Livermore national laboratories.

In place of CMRR for the storage of special nuclear materials, the Budget includes $35 million to accelerate actions that process, package, and dispose of excess nuclear material and reduce material at risk in the plutonium facility at Los Alamos. If additional storage is needed, NNSA can stage plutonium for future program use in the Device Assembly Facility in Nevada. The Office of Secure Transportation Asset will execute shipments as needed.

Citations

[1]Requirements for these plutonium missions are discussed in the following documents:

Brett R. Kniss and Drew E. Kornreich, *Frequently Asked Questions (FAQ) on Pit Manufacturing Capacity*, November 16, 2009, Los Alamos National Laboratory.

Office of Defense Programs, *Chemistry and Metallurgy Research Replacement Nuclear Facility Study*, National Nuclear Security Administration, December 31, 2008.

Options for Plutonium-Related Missions and Associated Facilities between 2007 and 2022, Los Alamos National Laboratory, LA-CP-06-0957, Oct. 10, 2006.

Alternatives for Increasing Pit Production Capacity at the Los Alamos Plutonium Facility, Los Alamos National Laboratory, LA-CP-06-0289, Apr. 10, 2006.

CUTS: COAL TAX PREFERENCES (4 PROPOSALS)

Department of Energy

To foster the development of a clean energy economy and reduce the Nation's dependence on fossil fuels that contribute to climate change, the Administration proposes to repeal tax provisions that preferentially benefit fossil fuel production. Coal subsidies are costly to the American taxpayer and do little to create incentives to boost production or reduce energy prices. Removing these lower-priority subsidies would reduce greenhouse gas emissions and generate $2.9 billion of additional revenue over the next 10 years, an amount that represents only a small percentage of annual domestic coal revenues – about one percent over the coming decade.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Total, Proposed Changes from Current Law	-235	-269	-273	-280	-289	-1,346	-2,877
Expensing of Exploration and Development Costs	-26	-44	-46	-48	-50	-214	-440
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels	-13	-23	-24	-26	-28	-114	-271
Percent Depletion for Hard Mineral Fossil Fuels	-185	-177	-172	-168	-168	-870	-1,744
Royalty Taxation	-11	-25	-31	-38	-43	-148	-422

Justification

Especially during a time of fiscal challenges, it makes little sense to provide incentives for fossil fuel producers when the Nation's priority is to increase the demand for and supply of clean energy. Repealing fossil fuel tax preferences helps eliminate market distortions, strengthening incentives for investments in clean, renewable, and more energy efficient technologies. This proposal would take effect beginning January 1, 2013.

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

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. http://www.state.gov/e/eb/ecosum/pittsburgh2009/resources/165081.htm (Accessed February 2012)

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

CUTS: COASTAL IMPACT ASSISTANCE PROGRAM

Department of the Interior

The Administration proposes to cancel $200 million in balances from a mandatory grant program established by the Energy Policy Act of 2005 (EPAct) to assist six coastal States (Louisiana, Texas, Mississippi, Alabama, California, and Alaska) adjacent to Federal offshore waters with oil and gas development. About $540 million remains available from a total of $1 billion provided in 2007-2010, even though the States have broad flexibility to use the funds.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	---	-200	-200

Justification

The Coastal Impact Assistance Program was established under EPAct to provide grants to six coastal oil and gas producing States (Louisiana, Alabama, Mississippi, Texas, Alaska, and California). EPAct appropriated $250 million per year for 2007-2010 for eligible States and coastal political subdivisions for coastal restoration and improvement projects.

Though language in EPAct provides a broad definition of what constitutes a restoration project, States have been slow to obligate funding, resulting in approximately $540 million remaining in unobligated balances. In a period of severe fiscal restraint, leaving these unobligated funds in an account where they are not being deployed is no longer defensible.

CUTS: COMMODITY PAYMENTS TO FARMERS

Department of Agriculture

The Administration proposes to eliminate direct payments, while strengthening the safety net for those who need it most by providing disaster assistance for farmers suffering losses for the 2013 to 2017 crop years. Counter-cyclical assistance payments are also expected to increase, partially offsetting the reduction in payments to farmers.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	5,205	5,395	6,843	5,234	5,179	27,856	53,822
Proposed Change from Current Law	516	-3,296	-2,027	-647	-893	-6,347	-22,668

Justification

For the past decade, the agricultural sector has been extremely strong. Farm income has been high and continues to increase, with net farm income forecast to be $100.9 billion for 2011, up $21.8 billion from 2010 – the second highest inflation-adjusted value for net farm income recorded in more than 35 years. The top five earnings years for the past three decades have occurred since 2004, attesting to the profitability of farming over the past decade. The Administration proposes to eliminate the direct payment program, which provides producers fixed annual income support payments for having historically planted crops that were supported by Government programs, regardless of whether the farmer is currently producing those crops – or producing any crop. Direct payments do not vary with prices, yields, or producers' farm incomes. As a result, taxpayers continue to foot the bill for these payments to farmers even when farmers are earning record incomes. The Administration remains committed to a strong safety net for farmers, one that protects them from revenue losses that result from low yields or price declines. Providing income support payments to farmers that are experiencing near record incomes is not prudent. In fact, more than 50 percent of direct payments go to farmers with more than $100,000 in income. Economists have shown that direct payments have priced young Americans out of renting or owning the land needed to enter into farming. In a period of severe fiscal restraint, these payments are no longer defensible.

Citations

USDA's Economic Research Service's briefing room on farm and commodity policy: http://www.ers.usda.gov/briefing/farmpolicy/directpayments.htm

"Evidence of Capitalization of Direct Government Payments into U.S. Cropland Values," *American Journal of Agricultural Economics,* 79 (5), 1997: pp. 1642-1650 (C.H. Barnard, G. Whittaker, D. Westenbarger, and M. Ahearn).

CUTS: COMMUNITY SERVICES BLOCK GRANT

Department of Health and Human Services

Although it supports the important goals of the Community Services Block Grant (CSBG) program, the Administration proposes to reduce funding in order to meet fiscal targets as required by the Budget Control Act. In addition, the Administration proposes to establish a system of performance standards and competition for CSBG funds, which will promote innovation and target funds to the high-performing entities and areas of greatest need.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	679	350	-329

Justification

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

The Administration recognizes that many CAAs play an important role in the Nation's communities – providing much needed and adaptable anti-poverty programs to those in most need of assistance. In order to ensure that CSBG funding is used most effectively, the Administration proposes to establish standards that States will be required to use in assessing whether an eligible entity is meeting a high standard of service delivery. If an entity falls short of meeting the standards, States will be required to implement immediate open competition to serve the affected communities. In this system, States will be provided the flexibility to target funds to the areas of greatest need.

The Administration supports the important goals of the CSBG program, but proposes a reduction of $329 million in order to meet fiscal targets. Introducing a system of standards and requiring competition will make better use of limited taxpayer funds by promoting innovation and assuring low-income families and communities are receiving high-quality services. The Administration looks forward to working with the Congress, the States, and other interested parties to further develop the core standards, and to further refine the reporting systems necessary to support implementation.

Citations

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

CUTS: COMPUTER AND INFORMATION SCIENCE AND ENGINEERING RESEARCH PROGRAMS (3 PROPOSALS)

National Science Foundation

The Administration proposes to eliminate three programs within the Directorate for Computer and Information Science and Engineering (CISE) because the programs were designed to have a limited duration and they have achieved their original goals.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Network Science and Engineering	3	0	-3
Social-Computational Systems	7	0	-7
Interface Between Computer Science and Economics and Social Sciences	7	0	-7

Justification

The Network Science and Engineering (NetSE) program was created as a CISE cross-cutting program in 2008. NetSE was designed to develop the science and engineering of socio-technical networks, yielding new scientific understanding about their complexity and informing their future design. As planned at the outset of this program, support for this research will be absorbed into CISE core programs.

The Social-Computational Systems program, with participation from the Directorate for Social, Behavioral, and Economic Sciences (SBE), was designed to reveal new understanding about the properties that systems of people and computers together possess, and to develop a practical understanding of the purposeful design of systems to facilitate socially intelligent computing. Cross-cutting programs are designed from the outset to last two to three years. Therefore, as planned at the outset of this program, this research will be absorbed into CISE core programs.

The Interface between Computer Science and Economic and Social Sciences (ICES) program, with support from SBE, was begun in 2011 to recognize the increasing interaction between the disciplines of computer science and economics and the social sciences. ICES was designed to support innovative research at this interdisciplinary boundary, including projects that use computational thinking for economic and social decision problems and/or ideas from economics and other social sciences for computing and communication systems. Cross-cutting programs are designed from the outset to last two to three years. Therefore, as planned at the outset of this program, this research will be absorbed into CISE's core programs.

CUTS: CONSERVATION RESERVE PROGRAM

Department of Agriculture

The Administration proposes to cap enrollment in the Conservation Reserve Program (CRP) to achieve cumulative savings of roughly $977 million over 10 years.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Proposed Change from Current Law	-11	-40	-79	-134	-127	-391	-977

Justification

CRP will be capped at 30 million acres by 2013 (saving an estimated $977 million in outlays over 10 years) by gradually reducing the acreage enrolled in the program through attrition. High commodity prices have lowered demand for enrollment in CRP as more farmers look to increase planted acres.

CUTS: CROP INSURANCE PROGRAM

Department of Agriculture

The Budget proposes to streamline crop insurance subsidies by: establishing a reasonable rate of return to participating crop insurance companies; reducing the reimbursement rate to insurance companies of administrative and operating expenses; reducing the premium rate on catastrophic coverage to better reflect historical performance; and decreasing the premium subsidy paid by producers by two percentage points.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	9,387	8,844	9,354	9,518	9,671	46,774	97,781
Proposed Change from Current Law	-225	-264	-702	-889	-895	-2,975	-7,621

Justification

Crop insurance is a foundation of the Nation's farm safety net. Yet, the program continues to be highly subsidized and costs the Government approximately $10 billion a year to run: $3 billion per year for the private insurance companies to administer and underwrite the program and $7 billion per year in premium subsidies to the farmers. A Department of Agriculture commissioned study found that when compared to other private companies, crop insurance companies' rate of return on investment (ROI) should be around 12 percent, but is currently expected to be 14 percent. The Administration is proposing to lower the crop insurance companies' ROI to meet the 12 percent target, saving $1.2 billion over 10 years.

In addition, the current cap on administrative expenses is based on the 2010 premiums, which were among the highest ever. A more appropriate level for the cap would be based on 2006 premiums, neutralizing the spike in commodity prices over the last four years, but not harming the delivery system. The Administration, therefore, proposes setting the cap at $0.9 billion adjusted annually for inflation, which would save $2.9 billion over 10 years.

For premium subsidy changes, the Administration proposes to reduce the premium for catastrophic (CAT) coverage policies, which will slightly lower the reimbursement to crop insurance companies. The premium for CAT coverage is fully subsidized for the farmer, so the farmer is not impacted by the change. This change will save $255 million over 10 years. In addition, the Administration is proposing to reduce producers' premium subsidy by two basis points for all but catastrophic crop insurance, where the subsidy is greater than 50 percent. This will have little impact on producers. Most producers pay only 40 percent of the cost of their crop insurance premium on average, with the Government paying for the remainder. This cost-share arrangement was implemented in 2000, when very few producers participated in the program and "ad-hoc" agricultural disaster assistance bills were passed regularly. The Congress increased the premium subsidy for buy-up coverage by over 50 percent at the time to encourage greater participation. With current participation rates, the deep premium subsidies are no longer needed. This proposal is expected to save $3.3 billion over 10 years.

CUTS: CRUISER MODERNIZATION PROGRAM

Department of Defense

The Administration proposes to reduce its planned modernization of Navy Cruisers. An overall reduction in defense funding and changing priorities within the Navy resulted in the proposed decommissioning of seven older Cruisers, six of which had been scheduled for modernization. Consequently, the procurement and installation of the combat systems improvements will be reduced, resulting in a savings of $1.5 billion over the next four years.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	573	101	-472

Justification

Guided-missile Cruisers are large surface ships capable of performing air warfare, undersea warfare, fire support, surface warfare, and ballistic missile defense. The Cruiser class of ships is being updated to incorporate modern systems and ensure they reach their projected 35-year service life. The Cruiser Modernization Program improves the CG-47 Ticonderoga class by modernizing the computing and display infrastructure, weapons and sensor sets, and the hull, mechanical and electrical systems. With the early retirement of six Cruisers, these planned modernizations are no longer necessary.

CUTS: CYBER-ENABLED DISCOVERY AND INNOVATION PROGRAM

National Science Foundation

The Administration proposes to eliminate the Cyber-enabled Discovery and Innovation (CDI) Program because it was planned to end in 2013 and it has achieved many of its original goals.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	29	0	-29

Justification

The CDI Program is a National Science Foundation initiative created in 2008 to spur revolutionary science and engineering research outcomes made possible by recent innovations and advances in computational thinking. These cross-agency initiatives are designed to last about five years. By the end of 2012, CDI will have seeded research and education in several hundred multidisciplinary projects.

Since many goals of CDI were met, the program will not be supported in the future. The funds allocated to CDI in 2012 have been redirected to support new efforts in two new cross-agency initiatives (Cyber-enabled Materials, Manufacturing, and Smart Systems and Cyberinfrastructure Framework for 21st Century Science and Engineering) in 2013, which will build on the accomplishments made in the CDI Program.

CUTS: DEFENSE WEATHER SATELLITE SYSTEM

Department of Defense

The Administration proposes to terminate the Air Force's Defense Weather Satellite System (DWSS) program because the Air Force believes that it can meet mission requirements and save money by launching two existing Defense Meteorological Satellite Program (DMSP) satellites, currently in storage. DWSS was spun-off from the restructured National Polar-orbiting Operational Environmental Satellite System (NPOESS) and was being designed to satisfy the weather information requirements of the Department of Defense (DOD).

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	43	0	-43

Justification

This proposal would cancel DWSS, as the Air Force has determined that it can continue to meet DOD's overhead weather requirements by launching the last two DMSP satellites. To accomplish this, the Air Force is completing the renovation and upgrade of the two DMSP satellites, currently in storage on earth. The renovations to the satellites will meet DOD's mission requirements and will preclude the need for a near-term replacement satellite program. The last two DMSP satellites will be launched as needed – with the first launch as early as 2014, and the other in approximately 2020.

The Air Force estimates that terminating DWSS will save $527 million in 2013 and approximately $3.8 billion in life-cycle costs. Extending DMSP on-orbit operations while storing and preparing the final two satellites for launch will cost approximately $120 million per year.

DMSP is a proven weather satellite program that has been fully operational for four decades. It has been shown to be a valuable tool in providing timely and accurate global weather information to the Military Services everywhere on the globe. Moreover, it is DOD's only assured source of weather data for providing visible and infrared cloud cover imagery – as well as providing other meteorological, oceanographic, land surface, and space environmental information. Nevertheless, DOD will continue to investigate potential alternatives for a future weather satellite follow-on capability, consistent with congressional direction.

This proposal further implements the congressionally-directed termination of DWSS in the 2012 National Defense Authorization Act and the Consolidated Appropriations Act, 2012. The Congress provided $43 million for DWSS termination liabilities and $125 million for weather satellite follow-on activities.

CUTS: DIESEL EMISSIONS REDUCTION GRANT PROGRAM

Environmental Protection Agency

The Administration proposes to eliminate the Diesel Emissions Reduction Act (DERA) grant program, which is designed to help States and localities reduce emissions from diesel engines by retrofitting or replacing older, more polluting diesel engines. In lieu of the current DERA funding strategy, the Environmental Protection Agency (EPA) will use rebates on purchases of pollution control technology and grants to establish revolving loans to reduce diesel pollution in a targeted set of communities.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	30	15	-15

Justification

In 2013, EPA proposes to eliminate DERA and replace the current funding strategy with a program designed to transition away from ongoing Federal support. The new funding strategy will provide rebates on the purchase of pollution control technology and grants for revolving loan programs, and target these funds to communities with the greatest need, such as a limited set of low-income and high exposure areas near ports and freight distribution hubs. Establishing a rebate mechanism will allow EPA to more precisely and efficiently address pollution from the dirtiest, most polluting engines. Providing grants for revolving loan programs will subsidize retrofits and replacements of older engines without the need for additional infusions of Federal grant dollars.

The DERA grant program was authorized as part of the Energy Policy Act of 2005 (and reauthorized in 2011) to fund retrofits and replacements of the oldest, most polluting diesel engines, complementing the stringent emissions standards on new diesel engines that EPA promulgated in 2007. With the $469 million appropriated by the Congress in 2008-2010, EPA has funded projects that reduced approximately 203,900 tons of nitrogen oxides (NOx) and 12,500 tons of particulate matter (PM). States and localities have also established programs to address diesel emissions from older engines not subject to current regulations, such as the Texas Emissions Reduction Program and the Carl Moyer Program in California. Beginning in 2007, new diesel engines are subject to strict emissions controls that reduce PM pollution by 90 percent and NOx emissions by 50 percent, compared to the previous standard.

CUTS: DRAWDOWN OF MILITARY END STRENGTH

Department of Defense

The Department of Defense (DOD) is aligning the military forces to address the challenges that are outlined in the recently released comprehensive strategic review of defense strategy, resulting in a planned long-term reduction in the total number of military personnel.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	---	-774	-774

Justification

In response to the President's direction to conduct a fresh review of its roles, missions, and capabilities, DOD is resizing and reshaping U.S. military forces to meet future challenges and preserve core assets while retaining the ability to regenerate lower priority capabilities as necessary. The Administration is committed to supporting properly sized, balanced, and flexible forces that will continue to be the core of our dominant and capable military power. The Budget preserves core military capabilities and better integrates active and reserve forces to provide a smaller but more agile military force that will remain a strong deterrent. At the same time, DOD will sustain the intellectual capital and rank structure to facilitate the expansion of key elements of the force if required to meet new demands.

CUTS: ECONOMIC IMPACT GRANTS

Department of Agriculture

The Budget proposes no funding for the duplicative economic impact grant program, which are grants for communities suffering from high unemployment and out-migration to finance community projects such as fire stations, medical clinics, and day care centers. These activities can be funded with the Department of Agriculture's (USDA's) community facilities grant program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	6	0	-6

Justification

USDA's community facilities grant program can fund the same activities as the lower-priority economic impact grants. The community facilities grant program is funded at $13 million in the 2013 Budget, an increase of $2 million over 2012. The community facilities grant program targets limited funds to the most needy based on set criteria laid out in the regulations. Specifically, priority projects are those that: serve small communities – with the highest priority going to projects located in a community with a population of 5,000 or less; serve low-income communities – with the highest priority going to projects serving communities with median household incomes below the higher of the poverty line or 60 percent of the State non-metropolitan median household income; and provide healthcare, public safety, or public and community services. Therefore, potential recipients of the economic impact grants are eligible and meet the criteria for the community facilities grant program.

CUTS: EDUCATION RESEARCH CENTERS AND AGRICULTURAL RESEARCH

Department of Health and Human Services

The Administration proposes no funding for the Agriculture, Forestry, and Fishing (AgFF) Program and the Education and Research programs within the National Institute of Occupational Safety and Health at the Centers for Disease Control and Prevention (CDC) because these activities are lower-priority programs for CDC's public health mission.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Agricultural, Forestry, and Fishing Program (AgFF)	20	0	-20
Education Research Centers (ERCs)	24	0	-24

Justification

In a limited resource environment, both the Education Research Centers (ERCs) and the AgFF are lower-priority programs within CDC. When the ERCs were initially created in the 1970s there were a limited number of academic programs focusing on industrial hygiene, occupational health nursing, occupational medicine, and occupational safety. The ERCs reach and impact have grown substantially across the Nation since the program's inception. More than 30 years later, many schools of public health include coursework and many have specializations in these areas. Although the Federal portion of these grants will be terminated in the 2013 Budget, CDC will continue to provide technical assistance to the ERCs as requested.

AgFF is one of 10 sectors that CDC has been focused on over several years. There have been positive accomplishments from this program. However, given the relation to CDC's mission and the ability to have a national impact on improved health outcomes, the AgFF program has been designated as a low priority program and proposed for elimination. Over 136.9 million Americans, the majority of working adults, are employed in the nine remaining research sectors and CDC will focus on the needs of this significant group.

CUTS: ELECTRIC GUARANTEED UNDERWRITING LOAN PROGRAM

Department of Agriculture

The Administration proposes to eliminate funding for the lower-priority Electric Guaranteed Underwriting program because it is duplicative of the Rural Electric and Rural Telecommunication loan programs administered by the Rural Utilities Service (RUS).

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	1	0	-1

Justification

As part of the 2008 Farm Bill, the Electric Guaranteed Underwriting program, also referred to as the 313A program, was extended until 2012 and given an authorization cap of $1 billion per fiscal year.

The goal of the Electric Guaranteed Underwriting program is to facilitate funding to rural areas for improvement of electrification and telephone services. Under the program, lenders apply to the Department of Agriculture for a bond guarantee and then issue those bonds to the Federal Financing Bank. The lenders use the proceeds of the bond issuance to make loans for electrification or telephone purposes. Lenders can be cooperatives or other lenders organized on a nonprofit basis planning to finance the improvement of electric and telephone services in rural areas.

This program is entirely duplicative of the Rural Electric and Rural Telecommunication loan programs administered by RUS. In addition, over the past several years the Electric Guaranteed Underwriting program has had only one active applicant and very few actual disbursements.

CUTS: ELIMINATION OF OVERLAPPING PROGRAMS (2 PROPOSALS)

Department of Labor

The Budget proposes to eliminate two job training and employment programs that overlap with services provided by other Department of Labor (DOL) activities, and are therefore lower-priority programs. The Budget ends funding for the Women in Apprenticeship in Non-Traditional Occupations (WANTO) program, whose important mission of expanding apprenticeship opportunities for women can be met through DOL's work to expand registered apprenticeships and ensure equal access to apprenticeship programs. The Budget also terminates the Veterans Workforce Investment Program (VWIP), instead supporting service delivery innovations through the Workforce Innovation Fund and continuing funding for other veterans' employment programs.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Women in Apprenticeship in Non-Traditional Occupations	1	0	-1
Veterans Workforce Investment Program	15	0	-15

Justification

WANTO provides competitive grants to improve the recruitment and retention of women in registered apprenticeships for non-traditional occupations, such as advanced manufacturing and construction. The program is small and has limited impact, and its goal of increasing women's participation in apprenticeship can be more broadly achieved through other DOL activities. DOL funds a $28 million Office of Apprenticeship, with more than 125 Federal staff, which provides technical assistance to employers and other apprenticeship sponsors. These outreach efforts include ensuring equal opportunity in registered apprenticeship programs through sharing best practices and implementing regulatory requirements. Based on lessons learned from previous WANTO grants, the Office of Apprenticeship is developing a national framework to establish consistency and quality across pre-apprenticeship programs that help minorities and women gain greater access to apprenticeship opportunities. DOL also is revising the apprenticeship system's Equal Employment Opportunity regulations, which will help break down barriers so that all qualified women and minorities have access to registered apprenticeship.

VWIP provides competitive grants to programs that help veterans overcome barriers to employment and obtain jobs. In recent years, it has focused on preparing veterans for jobs in green industries. The program's goals are the same as those of the Veterans State Grant program, which supports employment services and training specifically for veterans in career centers around the Nation including connecting veterans to training opportunities supported by Workforce Investment Act funding to local workforce areas, and has stronger accountability measures than VWIP. The Budget provides $170 million for State grants, a $5 million increase from 2012; and provides a $3 million increase for the Transition Assistance Program, which helps newly separated servicemembers transition to civilian life. In addition, the Budget provides $125 million for the Workforce Innovation Fund, which will promote reform of multiple workforce programs, including several DOL programs that offer priority of service to veterans.

CUTS: ENVIRONMENTAL EDUCATION

Environmental Protection Agency

The Environmental Protection Agency (EPA) conducts environmental education activities and outreach through its national program offices (e.g., the Office of Water), as well as through its Environmental Education program. The Administration proposes to eliminate its Environmental Education program in order to focus limited resources on further integrating environmental education activities into existing environmental programs under a streamlined approach.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	10	0	-10

Justification

In 2012, EPA established the Intra-Agency Environmental Education Workgroup to incorporate environmental literacy and stewardship activities across all EPA programs. By aligning environmental education and outreach activities with the appropriate national programs, EPA is improving the accountability and outcomes of these activities. Elimination of the Environmental Education program will allow EPA to better leverage its resources for environmental outreach activities, which will be carried out under a streamlined and coordinated approach, thus better serving the public while promoting environmental literacy. In addition, EPA will enhance efforts to develop additional public-private partnership to help support environmental education stakeholders.

CUTS: FARM SERVICE AGENCY DISCRETIONARY CONSERVATION PROGRAMS

Department of Agriculture

The Administration proposes to eliminate two discretionary conservation programs administered by the Farm Service Agency. The Hardwood Tree Reforestation Pilot Program and Grassroots Sourcewater Protection Program are lower-priority programs and duplicative of other private lands conservation programs administered by the Department of Agriculture.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	5	0	-5

Justification

The Grassroots Source Water Protection Program provides assistance to help address sourcewater pollution through voluntary actions implemented by producers at the local level. The Natural Resources Conservation Service (NRCS) administers several programs that address planning and implementation of voluntary practices for water quality benefits, including the Conservation Technical Assistance Program and Environmental Quality Incentives Program.

The Hardwood Tree Reforestation Pilot Program promotes the use of new technologies to help increase the rate of growth of reforested hardwood trees on nonindustrial private forestlands impacted by Hurricane Katrina in 2005. Both NRCS and the Forest Service offer technology transfer to address a wide range of conservation and land management issues, including conservation and reforestation in post-disaster areas.

CUTS: FEDERAL FLIGHT DECK OFFICER PROGRAM

Department of Homeland Security

The Administration proposes to reduce the Federal Flight Deck Officer (FFDO, or armed pilots) program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	25	12	-13

Justification

The Administration proposes to reduce funding for the FFDO program (i.e., deputized, armed pilots) in 2013. As the Transportation Security Administration (TSA) focuses its aviation security activities on programs that mitigate the highest amount of risk at the lowest cost, the Budget has prioritized funding in the same manner. The voluntary FFDO program was created as a "last defense" layer of security at a time when comprehensive aviation screening and other physical security measures were not fully developed or deployed on a system-wide basis. Since 2001, however, there have been a number of enhancements to aviation security. TSA now conducts 100 percent screening of all passengers and their carryon items, has overseen installation of reinforced and locking cockpit doors on aircraft that operate in U.S. airspace, and has increased passenger and flight crew awareness to address security risks. Combined, these improvements have greatly lowered the chances of unauthorized cockpit access and represent a comprehensive and redundant risk-mitigation strategy that begins well before passengers board the aircraft.

CUTS: FOSSIL ENERGY RESEARCH AND DEVELOPMENT

Department of Energy

To foster the clean energy economy of the future and reduce the Nation's reliance on fossil fuels that contribute to climate change, the Budget proposes to focus limited Fossil Energy Research and Development (FER&D) resources on clean energy technology, namely carbon capture and storage (CCS). The proposal places priority on post-combustion capture R&D and geologic carbon storage R&D that will lead to technologies essential for implementation of CCS, with potential benefits for both the existing fleet and new power plants, and places lower priority on other R&D. The Budget proposal also redirects oil and gas R&D within the FER&D account to support a coordinated, interagency effort by the Department of Energy (DOE), the Environmental Protection Agency (EPA), and the U.S. Geological Survey (USGS) to conduct research and development aimed at understanding and reducing the environmental, health, and safety risks of natural gas and oil production through hydraulic fracturing.[1] In total, the Budget reduces funding for FER&D by $113 million, after adjusting for a one-time rescission of funds in 2012.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Total, Budget Authority	534	421	-113
Oil and Gas Research and Development	20	17	-3
Advanced Fossil Energy Systems Research and Development	100	55	-45
Carbon Capture and Storage Research and Development	184	156	-28
Other Fossil Energy Research and Development	230	193	-37

Note: 2012 Enacted excludes an unobligated balance rescission of $187 million.

Justification

The 2013 Budget reduces the effective program level for FER&D from $534 million in 2012 to $421 million in 2013, due to budget constraints and in keeping with the Administration's commitment to phase out fossil fuel subsidies in order to help reduce greenhouse gas emissions. Budget constraints require reducing the budget for CCS from $184 million in 2012 to $156 million in 2013. Advanced fossil energy systems (AFES) facilitate certain approaches to carbon capture, but the Budget gives AFES R&D relatively lower priority because it focuses primarily on technologies that will improve the efficient operation of fossil plants, regardless of whether they use CCS. In addition, on its own, industry is highly unlikely ever to develop CCS technologies, while market incentives do exist to operate more efficiently. According to the Government Accountability Office, DOE's R&D funding for fossil energy production is dwarfed by industry's ($20 billion for oil and gas R&D between 1997 and 2006), and DOE has often conducted research in areas that were already receiving funding from the private sector, especially for evolutionary advances and incremental improvements.[2]

Citations

[1] Shale Gas Production Subcommittee, Secretary of Energy Advisory Board, "Second Ninety Day Report," November 18, 2011. http://www.shalegas.energy.gov

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

CUTS: GEOTHERMAL PAYMENTS TO COUNTIES

Department of the Interior

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

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	4	4	5	5	5	23	50
Proposed Change from Current Law	-4	-4	-5	-5	-5	-23	-50

Justification

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

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

CUTS: GLOBAL HAWK UNMANNED AERIAL VEHICLE

Department of Defense

The Administration proposes to end production of the Global Hawk unmanned aerial reconnaissance vehicle. High altitude reconnaissance operations will continue with the manned U-2 aircraft which can perform the same missions as the Global Hawk, but at a lower cost.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	324	0	-324

Justification

There are three different versions of the Global Hawk. The only version still in production is the high altitude surveillance version designed to provide persistent intelligence for extended periods. Like the U-2 this version of the Global Hawk carries electro-optical, infrared, radar and electronic signals intelligence sensors for high-altitude reconnaissance and performs the same missions as the U-2. However, the Global Hawk's operating cost is higher. The comprehensive strategic review, recently completed by the Department of Defense, reduced the requirement for the number of high altitude reconnaissance "orbits" and this reduction allows the current fleet of U-2 aircraft to fulfill all requirements for high altitude reconnaissance. The decision to cancel Global Hawk production, therefore, will have little impact on operations, which will continue using the U-2. However, ending Global Hawk production will result in substantial long-term savings that can be used for other programs.

CUTS: GRANTS-IN-AID FOR AIRPORTS

Department of Transportation

The Budget proposes to reduce funding for the airport grants program by eliminating guaranteed funding for large- and medium-hub airports, a reduction of $926 million. The Budget focuses the traditional Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges; thereby giving the larger airports greater flexibility to generate their own revenue.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Obligation Limitation	3,350	2,424	-926

Justification

To assist those airports that need the most help, the Administration proposes to focus Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital and reduce grants for larger airports. In 2010, the 65 largest commercial airports accounted for 89 percent of passenger boardings. Therefore, these airports have access to multiple sources of financing such as bonds, airport landing fees, concession and parking revenue, and non-Federal passenger facility charges. The Budget would eliminate lower-priority Federal grants and allow larger airports to increase non-Federal passenger facility charges, creating for them an opportunity and flexibility to generate their own revenue as they see fit. In addition, the Budget provides an additional $2 billion in one-time funding for the airport grants program under the President's Immediate Transportation Investment proposal targeted at investments in roads, railways and runways. As eligible recipients for the $2 billion competitive grant program, large and medium hub airports could use the funding to support runway safety projects as well as other long term capital projects that are currently underway. Further, if enacted, a transportation-focused National Infrastructure Bank could support nationally significant airport and aviation projects.

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

Citations

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

[2] Congressional Budget Office, Reducing the Deficit: Spending and Revenue Options, March 2011.

CUTS: HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	1	0	-1

Justification

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

CUTS: HEALTH CARE SERVICES GRANT PROGRAM

Department of Agriculture

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	3	0	-3

Justification

USDA's Rural Utilities Service (RUS) provides grants, loans, and loan guarantees for utility projects, such as those dealing with electrification, telecommunications, water, wastewater, and sewer facilities. The 2008 Farm Bill authorized a new program to address health needs in the Delta region. The authorization provides for grants for the development of health care services, health education programs, and health care job training programs. The 2012 appropriations provided $3 million for this program.

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

CUTS: HEALTH CAREERS OPPORTUNITY PROGRAM

Department of Health and Human Services

The Administration is prioritizing workforce training programs that more immediately increase the number of primary care providers and therefore does not fund the Health Careers Opportunity Program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	15	0	-15

Justification

The Health Careers Opportunity Program encourages students from disadvantaged backgrounds to train as health care professionals through recruitment and enhancement of academic preparation. The 2013 Budget redirects resources from this activity to activities that more immediately address the primary care provider shortage by supporting students who have committed to and are in training as health care professionals. Investments initiated in the 2013 Budget will yield 2,800 new primary care providers over the next five years. Other federally funded health workforce development programs will continue to promote training of individuals from disadvantaged backgrounds. For example, Primary Care Training and Enhancement grantees must have in place recruitment and retention strategies to increase the representation of underrepresented or disadvantaged minority trainees. In addition, the Department of Education provides support to students from disadvantaged backgrounds though activities aimed at enhancing their general academic preparedness and many health professions training institutions have initiatives aimed at recruiting students from disadvantaged backgrounds.

CUTS: HIGH ENERGY COST GRANTS

Department of Agriculture

The Administration proposes to eliminate the High Energy Cost Grants program. The activities funded in this program are of a lower priority because they are duplicative of, and less effective than, the Rural Utilities Service's (RUS) Electric Loan Program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	10	0	-10

Justification

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

CUTS: HIGH MOBILITY MULTIPURPOSE WHEELED VEHICLE MODERNIZED EXPANDED CAPACITY VEHICLE RECAPITALIZATION

Department of Defense

The Administration proposes to terminate the recapitalization program for the Modernized Expanded Capacity Vehicle (MECV) variant of the High Mobility Multipurpose Wheeled Vehicle (HMMWV). The Army's plan was to recapitalize approximately 6,000 HMMWVs to the MECV configuration which allows for armor protected vehicles to be used in air assault operations. However, MECV would cost too much for a niche capability.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	4	0	-4

Justification

HMMWV is the military's light truck designed to support troops in a variety of missions. HMMWV recapitalization is the repair and enhancement of up-armored HMMWVs and non-armored HMMWV's returning from theater. The recapitalization of these HMMWVs will incorporate the latest automotive technology and survivability upgrades common to the fleet of vehicles.

MECV variant is designed to support air assault – meaning the movement of ground-based military forces by helicopter to seize and hold key terrain. MECV recapitalization for air assault operations would add underbody armor to protect the crew, improve mobility, and increase survivability.

Termination of MECV recapitalization will save $4 million in 2013 and $849 million over five years. The Army decided to terminate this program in anticipation of the forthcoming Joint Light Tactical Vehicle (JLTV), which is the next-generation light truck intended to replace and complement HMMWV.

CUTS: HOUSING FOR PERSONS WITH DISABILITIES

Department of Housing and Urban Development

The Administration proposes funding for new awards for the Housing for Persons with Disabilities program at a reduced level. The Budget provides a total of $150 million for the program, of which $54 million will be used to expand the number of affordable housing units assisted. Projects under construction and support for existing units will not be affected.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	165	150	-15

Justification

The Budget proposes $150 million for the Housing for Persons with Disabilities program (commonly referred to as Section 811), which includes $96 million to maintain existing projects and $54 million for new project rental assistance awards to expand the supply of affordable, supportive housing for very low-income persons with disabilities. While funding for new awards is proposed at a reduced level, this funding level will add approximately 1,850 units to the supply of supportive housing. In addition, the Administration also plans to maximize use of existing funds to support new awards in 2013 and will continue to implement reforms to the program to ensure that Section 811 units serve as a platform for persons with disabilities to live independently in integrated community-based settings.

CUTS: HYPERSONICS

National Aeronautics and Space Administration

The Administration proposes to reduce funding for the National Aeronautics and Space Administration (NASA) hypersonics research, especially in the area of hypersonic air-breathing propulsion systems that are lower-priority and do not benefit civil aviation in the near-term.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	25	4	-21

Justification

The Administration proposes a $21 million cut to reduce the scope and content of the hypersonic research in NASA's Fundamental Aeronautics program. NASA will combine hypersonic and supersonic research into a single project to focus on fundamental research for high-speed flight. Research into hypersonic flight is relevant to the Department of Defense (DOD) and NASA will retain critical core competencies and national asset testing capabilities to continue productive collaborations with DOD. Research for Entry, Descent, and Landing (EDL) is required for NASA's future exploration and planetary science missions. EDL research will be transferred to NASA's Space Technology program to increase synergy with the agency's exploration and science missions. These reductions and realignment will enable NASA to focus on higher-priority research to improve the safety and minimize the environmental impacts of current and future aircraft and air traffic management systems.

CUTS: IMPACT AID - PAYMENTS FOR FEDERAL PROPERTY

Department of Education

The Administration proposes to eliminate the Payments for Federal Property component of the Impact Aid program. Because funds provided by this program are made to local educational agencies (LEAs) without regard to the presence of federally connected children, this program does not align with the policy of the Administration to target Impact Aid payments to the education of federally connected children and is a lower-priority program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	1,291	1,224	-67

Justification

The Department of Education makes Payments for Federal Property to LEAs that have had a loss of their tax base of at least 10 percent due to the acquisition, since 1938, of real property by the Federal Government. In 2008, the most recent year for which data are available, 210 LEAs received funds from this program, and well over half of the LEAs received small grants of less than $100,000. The remaining components of the Impact Aid program will continue to provide over $1 billion in funds to districts affected by the presence of federally connected children.

The policy of the Administration is to use available Impact Aid funds to help pay for the education of: children of members of the uniformed services; children of Federal employees who both live and work on Federal property; children of foreign military officers; children living on Indian lands; and children in federally-subsidized housing. Because Payments for Federal Property are made to LEAs without regard to the presence of federally connected children and therefore do not necessarily provide for education services to such children, these payments are not aligned with this policy.

When this authority was established in 1950, its purpose was to provide assistance to LEAs in which the Federal Government had imposed a substantial and continuing burden by acquiring a considerable portion of real property in the LEA. The law applied only to property acquired since 1938 because, in general, LEAs had been able to adjust to acquisitions that occurred before that time. The Administration believes that the majority of LEAs receiving assistance under this program have now had sufficient time – approximately 60 years – to adjust to the removal of the property from their tax rolls.

In addition, many LEAs receiving funds under this authority do not meet the basic eligibility criteria established in the authorizing statute. The most common reason is that the LEA consists of two or more LEAs that consolidated, at least one of which originally met the eligibility criterion of a loss of 10 percent of the aggregate assessed value of real property removed from the tax rolls. The current statute allows such LEAs to retain eligibility even though they are no longer demonstrably burdened. The continuing receipt of funds by these LEAs further demonstrates why this program is not targeting resources to the greatest needs and is a lower-priority program for this Administration.

CUTS: INTERNATIONAL FORESTRY

Department of Agriculture

The Administration proposes to reduce funding for the Forest Service's International Forestry programs. The assistance offered through International Forestry programs is duplicative of more substantial funding assistance provided through other Federal agencies, and is therefore of a lower priority.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	8	4	-4

Justification

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

The Forest Service will maintain high-priority investments in natural resources conservation at the reduced level. Forest Service investments in international forestry protect U.S. forest products from illegally harvested wood and protect the Nation's forests from invasive species.

Citations

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

CUTS: INVESTIGATOR-INITIATED RESEARCH GRANTS

Department of Health and Human Services

The Administration proposes to reduce funding for investigator-initiated research grants focusing on quality, effectiveness, and efficiency at the Agency for Healthcare Research and Quality (AHRQ) given budget constraints and more targeted grant opportunities within other AHRQ portfolios.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority (reimbursable)	43	29	-14

Justification

AHRQ's investigator-initiated research grants provide the opportunity for unsolicited extramural proposals related to research in the areas of quality, effectiveness, and efficiency. The topics addressed by these proposals reflect current issues and ideas from the top health services researchers. While AHRQ has a number of other grant areas, the funding dedicated to the investigator-initiated research grants allows researchers an opportunity to suggest topics of their own for further study.

In 2011 and 2012, this program received approximately $43 million in funding each year. In the context of competing priorities and budget constraints, the 2013 Budget proposes $29 million for this activity. This funding level will continue to support innovative activities previously funded while providing a modest amount of funding for new activities. In addition, the 2013 Budget proposes over $64 million for other more targeted grant opportunities in AHRQ.

CUTS: JOB CORPS

Department of Labor

The Budget introduces bold reforms to strengthen the Job Corps program by improving its outcomes and cost-effectiveness.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority[1]	1,703	1,650	-53

[1] *Excludes advance appropriations.*

Justification

Job Corps provides training and educational services to over 60,000 disadvantaged youth annually at 125 centers nationwide, which are primarily residential and operate through contractual or interagency agreements. The Administration strongly supports Job Corps and intends to have a center in every State, but believes the program could be more effective and efficient.

The 2013 Budget launches a bold reform effort for Job Corps to improve its outcomes and strengthen accountability. Specifically, the Administration proposes to close by program year 2013 a small number of chronically low-performing Job Corps centers, selected using criteria the Administration will publish in advance. While most centers meet program standards, some centers are chronically low-performing based on their educational and employment outcomes, and have remained in the bottom cohort of center performance rankings for many years. Especially in a constrained budget environment and given the resource intensiveness of the Job Corps model, it is neither possible nor prudent to continue to invest in centers that have historically not served students well. Full savings from center closures will not be achieved in the first year because about 20 percent of first-year savings from eliminating a center's operating budget is absorbed by center close-out costs. Center operating budgets are on average around $10 million annually. Specific close-out costs will vary by the size, location, and type of centers selected for closure.

The program will also make changes to its strategies and approaches based on the findings of program evaluations, strengthen the performance measurement system, and report center-level performance in a more transparent way.

The 2013 proposal for Job Corps is $1.65 billion, reflecting $23 million in first-year savings from these proposed reforms, as well as a $30 million reduction in Construction, Rehabilitation, and Acquisition funding.

CUTS: JOINT AIR-TO-GROUND MISSILE PROGRAM

Department of Defense

The Administration proposes to eliminate any planned Joint Air-to-Ground Missile (JAGM) procurement, but will complete program development. While JAGM would bring new technologies and capabilities, the costs are currently deemed unaffordable.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	235	10	-225

Justification

JAGM can be launched from helicopters and aircraft and is intended to be used primarily against ground vehicles. Currently the TOW missile, Hellfire family of missiles, and the Navy's Maverick family of missiles fulfill this role. The missile has a tri-mode seeker that allows it to operate day or night, in bad weather, and against electronic jamming signals and is designed to replace several missile variants. This single, interoperable weapon is intended to reduce the logistics burden.

Although the Department of Defense recently validated the requirement for JAGM, the new missile is significantly more expensive than the missiles it is designed to replace. The current TOW missile, Hellfire family of missiles, and the Maverick family of missiles have performed successfully in Iraq and Afghanistan. Therefore, the Administration will provide funding from 2013 through 2015 to complete development of the JAGM system and, and at that point, further assess the requirement for this type of close air support. Reducing the JAGM program will save approximately $1.6 billion.

CUTS: JOINT HIGH SPEED VESSEL

Department of Defense

The Administration proposes to limit Joint High Speed Vessels (JHSV) program procurement to 10 ships, producing savings of $1.4 billion over the next five years. The Navy expects to provide sufficient capacity for the military's wartime and peacetime intra-theater lift requirements by increasing its operational tempo.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	372	189	-183

Justification

JHSVs provide fast intra-theater transport of personnel, supplies, and equipment using a commercial, non-combatant vessel. JHSV's shallow draft allows operations in shallow coastal waters, making it a flexible asset for support of a wide range of operations including relief operations in small or damaged ports. Previously the Navy had planned to procure 18 JHSVs. An overall reduction in defense funding and changing priorities within the Navy resulted in limiting procurement to 10 JHSVs, which includes five vessels that the Army transferred to the Navy in 2011. To compensate for the reduction, the Navy will increase the operations tempo of the JHSV fleet to address intra-theater lift requirements.

CUTS: LIGHT ATTACK AND ARMED RECONNAISSANCE AIRCRAFT

Department of Defense

The Administration proposes to cancel the Light Attack and Armed Reconnaissance Aircraft program in an effort to follow the new comprehensive strategic review guidance. The purpose of this program was to help U.S. pilots develop the skills associated with flying counterinsurgency missions in small turboprop-powered aircraft so that they, in turn, could train pilots from partner nations in such missions. The Air Force will focus on other foundational programs to carry out this mission.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	115	0	-115

Justification

This program was intended to give U.S. pilots experience in flying counterinsurgency missions in the types of aircraft that would be suitable for, and that would likely be flown by, the Air Forces of small partner nations. This experience, in aircraft not normally flown by the Air Force, would facilitate the training of pilots from those nations by the United States and help to build partnership capacity (BPC). However, training U.S. pilots in small aircraft operations, though helpful, is not essential to achievement of the BPC mission and canceling the program saves funds that can be used for other purposes.

CUTS: LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

Department of Health and Human Services

The Administration proposes to adjust Low Income Home Energy Assistance Program (LIHEAP) funding for expected winter fuel costs and to target funds to those most in need.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	3,472	3,020	-452

Justification

The President's Budget provides $3 billion for LIHEAP to help struggling families make ends meet by offsetting some of their home heating and cooling costs. This includes $2.8 billion in base grants and $200 million in contingency funds to allow the Administration to respond to energy-related emergencies. The proposal is $450 million above the President's 2012 Budget level and $452 million below the 2012 enacted level.

The additional $450 million above the 2012 Budget level recognizes expected increases in winter fuel costs. While the cost of natural gas – the heating fuel most LIHEAP households use – has not risen in recent years, the price of heating oil has been on the rise. The most common heating fuel types among LIHEAP households are natural gas (60 percent), electricity (19 percent), and heating oil (12 percent).[1] Average home heating expenditures this winter compared to last winter are expected to decrease to well below historic norms for natural gas users (minus 7 percent to $671), decrease modestly for electricity users (minus 2 percent to $934), and increase to a record high for heating oil users (plus 4 percent to $2,383). Forecasts for winter 2012-2013 prices are less certain, but so far suggest little change from winter 2011-2012, with natural gas remaining below historic norms and heating oil continuing to rise.[2]

With constrained resources, the Budget targets limited LIHEAP assistance to where it is needed most. First, the Administration proposes to continue the State allocation of base funds enacted by the Congress in 2012. Second, if the expected price trends are realized, contingency funds will be used to address the needs of vulnerable households reliant on heating oil, as well as those impacted by other energy-related emergencies.

Citations

[1] Department of Health and Human Services, Administration for Children and Families, *LIHEAP Report to Congress for Fiscal Year 2008* (September 2011).

[2] Department of Energy, Energy Information Administration, *Short Term Energy Outlook* (January 10, 2012).

CUTS: LOW-PRIORITY CONSTRUCTION PROJECTS

Corps of Engineers

In 2012, the Congress appropriated hundreds of millions of dollars in unrequested funds to the Corps of Engineers (Corps) civil works program to construct projects. The 2013 Budget prioritizes funds on projects within the three main mission areas of the Corps – commercial navigation, reducing the risk of flood and storm damage, and restoring significant aquatic ecosystems – that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives. The 2013 Budget also reduces funding for lower-priority programs and activities.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	5,002	4,731	-271

Justification

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

CUTS: MATHEMATICS AND PHYSICAL SCIENCES RESEARCH PROGRAMS (4 PROPOSALS)

National Science Foundation

The Administration proposes to eliminate four stand-alone research programs in the Directorate for Mathematics and Physical Sciences (MPS) because they overlap with larger core disciplinary programs or they have achieved their original goals.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Mathematical Physics	2	0	-2
Grid Computing	2	0	-2
Cultural Heritage Science	4	0	-4
Solar Energy Initiative (SOLAR)	2	0	-2

Justification

The goals of the Mathematical Physics program have been to fund basic, inquiry-driven research into mathematical questions underlying the fundamental foundations of the physical sciences. The program is proposed for elimination because it has developed sufficient overlap with the Theoretical Elementary Particle Physics program and the Theoretical Astrophysics and Cosmology program, so a separate stand-alone program is no longer needed.

The Grid Computing program is proposed for elimination because the goals of the program overlap with the goals of core experimental programs in Elementary Particle Physics and Gravitational Physics, so that a separate, stand-alone program is no longer needed.

The Cultural Heritage Science program was initiated in 2010 to catalyze research at the interface between science and cultural heritage objects, fostering collaborations between scientists and typically art curators. While the program solicitation was very successful the first year, the number and quality of the proposals declined in the second year, indicating that the community of interested and highly qualified principal investigators was saturated. The solicitation will run for a third and final time in 2012. After expiration of the 2012 solicitation, the National Science Foundation (NSF) will encourage the community to seek renewal funding and/or submit new proposals in this field to regular disciplinary programs in the Divisions of Chemistry and Materials Research.

The Solar Energy Initiative (SOLAR) program was initiated in 2009 as a collaborative program across multiple divisions within MPS to spur research in the fundamental processes underlying photovoltaic devices, using a wide multidisciplinary perspective, while fostering collaboration between the disciplines of chemistry, materials research, and mathematics. The program is proposed for elimination because its intellectual objectives will be subsumed within the broader framework of the NSF-wide Sustainable Energy Pathways solicitation starting in 2012.

CUTS: MENTAL HEALTH SERVICES

Department of Health and Human Services

The Budget prioritizes funding for the Community Mental Health Services Block Grant (CMHSBG), while reducing the smaller programs such as the Children's Mental Health Grant (CMH), to more effectively provide mental health services and maintain the Nation's behavioral health treatment infrastructure.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Community Mental Health Service Block Grant (Budget Authority)	439	439	0
Children's Mental Health Grant (Budget Authority)	117	89	-28

Justification

With limited Federal resources, the 2013 Budget prioritizes funding for CMHSBG within the Substance Abuse and Mental Health Services Administration (SAMHSA), which supports community-based health services for children and adults with serious emotional disturbances nationwide. The Budget reduces smaller competitive grants, such as CMH, which also supports community-based systems of care.

CMH activities will be continued on a national scale with support from CMHSBG. The Budget continues funding for all existing CMH grantees, but would not award new grants or contracts in 2013. The Budget prioritizes CMHSBG in 2013 by maintaining the 2012 funding level, which is a 10 percent (or a $39 million) increase above the 2011 level.

CMH grants have been competitively awarded to communities for six years, with a requirement for an increasing non-Federal match over the term of the award. The match requirement is intended to promote sustainability of the local systems of care beyond the grant period. National program evaluation data indicates that sixty-four percent of these systems of care communities are sustained five years after Federal funding ended.

CUTS: NANOSCALE SCIENCE AND ENGINEERING CENTERS

National Science Foundation

The Administration proposes to reduce funding for the Nanoscale Science and Engineering Centers (NSECs) program because the state of the research in this area has matured significantly and the research should advance more rapidly in a different, more use-inspired research center program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	31	26	-5

Justification

The National Nanotechnology Initiative was launched in 2001 as a Federal interagency research and development venture into what was then the emerging field of nanoscale research. Nanoscience is the study of extremely small things (1-100 nanometers) and can be used across all the other science fields, such as chemistry, biology, physics, materials science, and engineering. At the National Science Foundation (NSF), funding vehicles included individual grants, small teams, user networks, and NSECs.

The scope of the NSEC program needs to change as the state of the science has advanced. The long-standing Engineering Research Centers program is launching new NanoSystems Engineering Research Centers (NERCs) in 2012. NSF proposes to reduce investments for NSECs several NSEC grants are completing their associated research programs and may transition to NERCs as the nano-devices created at graduating NSECs move to the system level and commercialization. NSF will continue to support 11 continuing NSECs in 2013.

CUTS: NASA EDUCATION

National Aeronautics and Space Administration

The Administration proposes to reduce funding for lower-priority and less effective education activities at the National Aeronautics and Space Administration (NASA). NASA will improve the effectiveness of the Education program by partnering with other Federal agencies and outside organizations to leverage NASA's unique capabilities.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	136	100	-36

Justification

NASA Education currently supports a broad array of small-scale activities rather than an integrated, targeted portfolio. Many of these activities do not have rigorous evidence of effectiveness. NASA Education is one of many programs in the Federal Government that support science, technology, engineering, and mathematics (STEM) education. NASA is working with other agencies through the National Science and Technology Council's Committee on STEM Education to fund coordinated and effective student and teacher opportunities and will focus on its unique role in STEM education.

CUTS: NATIONAL BIO-AGRO-DEFENSE FACILITY

Department of Homeland Security

In 2012 the Administration requested $150 million to begin the construction of the National Bio-Agro-Defense Facility (NBAF). The Congress appropriated $50 million, which is insufficient to begin construction on the project. In light of this, the Administration will conduct a comprehensive assessment of the project in 2012, which will consider the cost, safety, and any alternatives to the current plan that would reduce costs and ensure safety within the overall funding constraints established by the Budget Control Act of 2011.

At the same time, to continue critical research on high-threat animal diseases and agents, the 2013 Budget provides $10 million to complement ongoing research at the Plum Island Animal Disease Center by accelerating research programs focused on African Swine Fever and Classical Swine Fever at Kansas State University.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	50	10	-40

Justification

In order to continue critical research on high-threat animal diseases and agents while further studying the NBAF project, the Administration will:

Convene an expert and stakeholder taskforce, with relevant interagency and White House offices, to conduct a comprehensive assessment of whether and for what purpose a Bio-Safety Level-4 (BSL-4) facility should be stood up. The assessment will consider current threats from terrorism, foreign animals, and the global migration of zoonotic diseases to U.S. agriculture and potential alternatives going forward.

Augment and complement current and ongoing research at Plum Island Animal Disease Center by accelerating research programs focused on African Swine Fever and Classical Swine Fever at Kansas State University. This effort would also identify and prioritize future research needs for the existing Biosecurity Research Institute and the proposed National Bio and Agro-Defense Facility BSL-3 Agriculture and BSL-4 Agriculture large animal facilities by identifying high-priority agents from potential terrorist threats and emerging global foreign animal diseases; developing and executing the steps necessary for the facility to receive select agent certification and the waivers necessary to study the high-priority agents; and developing public outreach plans to ensure that all stakeholders surrounding the facility understand the value of the proposed work and the safeguards in place that ensure the work will be done safely.

CUTS: NATIONAL DRUG INTELLIGENCE CENTER

Department of Justice

The Administration proposes to eliminate funding for the lower-priority National Drug Intelligence Center (NDIC) as it is largely duplicative of other Federal, State, and local drug intelligence centers and produces documents, research and reports which are available from other sources. The Administration intends to realign some of those NDIC activities within the Department of Justice's (DOJ's) Drug Enforcement Administration (DEA).

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	20	0	-20

Justification

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

The General Accounting Office noted in 1993 that numerous Federal agencies operate counternarcotics intelligence centers, including DOD, the Defense Intelligence Agency, DOJ, the Department of Homeland Security, the Department of the Treasury, and the Central Intelligence Agency.[2] In addition, the Office of National Drug Control Policy's High Intensity Drug Trafficking Area (HIDTA) program includes a nationwide drug intelligence system that links 57 designated HIDTA Intelligence and Investigative Support Centers.[3]

Under the Administration's 2013 proposal, NDIC will be terminated. DOJ will move 57 positions associated with NDIC to DEA to augment DEA staff and resources and continue document and media exploitation functions, as well as the production of high-priority strategic drug intelligence reports.

Citations

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

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

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

CUTS: NATIONAL HERITAGE AREAS

Department of the Interior

The Administration proposes to reduce lower-priority grants to non-Federal National Heritage Areas (NHAs) so the National Park Service can focus its available resources on sustaining park operations and other critical community partnership programs. Although the program was not intended as a pathway to long-term Federal funding for individual Heritage Areas, managers of NHAs continue to rely heavily on Federal Funding. The proposed reduction supports the long-term sustainability of NHAs and the continued importance of Federal seed money for less mature areas, while also supporting the directive in the 2010 Interior Appropriations Act for the more established NHAs to work toward becoming more self-sufficient.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	17	9	-8

Justification

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

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

Citations

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

CUTS: NATIONAL PARK SERVICE CONSTRUCTION

Department of the Interior

The Administration proposes to focus National Park Service (NPS) construction funds on only the highest-priority projects that address health and safety concerns.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	155	131	-24

Justification

The NPS constructs and rehabilitates facilities and roads, replaces equipment, and undertakes major ecological projects in national parks. Reductions in 2013 would primarily affect large-scale construction projects. The 2013 Budget proposes to fund only the highest-priority construction projects that are critical to visitor and employee health and safety, and does not propose funding any new facility construction. Reducing funds to the NPS construction program will focus available NPS resources on the operational and maintenance needs of the 397 national parks.

CUTS: NATIONAL PRE-DISASTER MITIGATION FUND

Department of Homeland Security

Due to duplication with other Federal Emergency Management Agency (FEMA) grant programs, the Administration proposes to eliminate the National Pre-Disaster Mitigation program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	36	0	-36

Justification

The Budget proposes eliminating the National Pre-Disaster Mitigation (PDM) Fund. Funding for mitigation activities is already an eligible activity under a number of FEMA grant programs, including Homeland Security Grant Program, Urban Area Security Initiative, Hazard Mitigation, Repetitive Loss, and Flood Mitigation grants. Given this duplication, no funding is proposed in 2013. In 2013, through its PDM program, FEMA will continue to use carryover unobligated funding to administer prior-year grant awards for the completion of established projects and work aggressively to process grants already under review and will use recovered and returned funds to issue new grants. Through 2015, PDM will continue to provide technical assistance to applicants, as well as monitor and closeout open projects. PDM positions will be reduced through natural attrition and reassigned to other mitigation programs.

CUTS: NATIONAL UNDERSEA RESEARCH PROGRAM

Department of Commerce

The Administration proposes to terminate the National Undersea Research Program (NURP). During 2013, academic institutions participating in NURP can compete for other sources of Federal funding or otherwise assume responsibility for supporting their respective activities. The Department of Commerce will continue to support the Ocean Exploration program, which delineates the Extended Continental Shelf and produces significant discoveries in deep sea research.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	4	0	-4

Justification

The National Oceanic and Atmospheric Administration (NOAA) determined that NURP was a lower-priority function within its portfolio of research activities, particularly given that other avenues of Federal funding for such activities might be pursued. Competitive grants for related activity will continue to be offered through NOAA and other Federal programs.

CUTS: NATIONAL WILDLIFE REFUGE FUND

Department of the Interior

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	14	0	-14

Justification

The Refuge Revenue Sharing Act, as amended, authorizes revenues and direct appropriations to be deposited into a special fund, the National Wildlife Refuge Fund (NWRF), and used for payments to counties in lieu of taxes for lands acquired in fee or reserved from public domain and managed by the Fish and Wildlife Service (FWS). As counties can use these funds for any purposes, the Fund is a lower priority program in efforts to produce conservation outcomes.

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

Without these funds, local governments will also continue to be compensated through the Payment In Lieu of Taxes (PILT) program for lands that are withdrawn from the public domain.

Citations

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

CUTS: NOAA OFFICE OF EDUCATION EXTERNAL GRANTS

Department of Commerce

The Administration proposes to cut external grants provided by the National Oceanic and Atmospheric Administration's (NOAA's) Office of Education. These grants support environmental literacy and experiential learning. The majority of NOAA's support for Science, Technology, Engineering, and Mathematics (STEM) education is funded within individual NOAA programs and most of these activities will be sustained in 2013.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	24	11	-13

Justification

NOAA is responsible for supporting multiple missions including weather forecasts, climate projections, and management of coastal zones and marine ecosystems. Certain activities, including extramural grants for education, will need to be curtailed in order to continue progress towards addressing NOAA's other responsibilities.

The 2013 Budget also includes approximately $30 million for STEM education within individual NOAA programs and coordinated with the Office of Education. These funds leverage programs that are place-based or jointly funded by States, as well as support secondary education through the Ernest F. Hollings Undergraduate Scholarship Program, the Dr. Nancy Foster Scholarship Program, and the National Sea Grant Program. The 2013 Budget sustains funding for most of these activities, and continues to improve the effectiveness of STEM programs through other Government-wide initiatives.

CUTS: OFFICE OF THE ASSISTANT SECRETARY GRANT PROGRAMS

Department of Health and Human Services

The Administration proposes to reduce funding for grant activities within the Office of the Secretary (OS), allowing the OS to focus on policy coordination and leadership across the Department of Health and Human Services (HHS) and centralizing the grant making expertise in the operating divisions of HHS.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	89	70	-19

Justification

This Budget solidifies the role of the operating divisions of HHS as the public health grant making experts, and re-affirms the policy development and coordination role of the Office of the Assistant Secretary for Health (OASH). Duplicative new grant programs in the Office of Minority Health and the Office of Women's Health are eliminated and funding for existing grants is continued.

HHS OS supports the activities associated with the Secretary's roles as chief policy officer and administrator of HHS, including administering and overseeing the organization, programs, and activities. The OASH within OS provides leadership on public health and science, coordinates public health policy and programs across HHS, and provides leadership in the development of policy recommendations.

In addition to serving this critical role, OASH has expanded the number of grant and projects oversight activities it conducts in recent years. Many of these grants began as demonstration projects but have remained as fixtures of the OASH. Other operating divisions and offices within HHS, such as the Centers for Disease Prevention and Control, serve similar populations and oversee grants and projects with similar missions, including adolescent health, HIV/AIDS initiatives, and cardiovascular disease. In alignment with the mission of the OASH, this Budget reinforces the role of the operating divisions as the grant making experts in HHS, and begins to phase out the number of grants in OASH.

This Budget includes $41 million for the Office of Minority Health and $29 million for the Office of Women's Health. The Budget maintains funding for all continuing grants within these two offices, but does not include funding for new grants. The process of phasing out the number of grants within OASH ensures that current grantees will not be disrupted. Projects addressing the elimination of health disparities, tobacco cession, and Violence Against Women will continue to be funded.

CUTS: OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Department of the Interior

The Office of the Special Trustee for American Indians (OST) was established in 1994 to account for the balances of all funds held in trust by the Federal Government on behalf of Tribes and individual Indian beneficiaries, and to implement trust reform efforts in the Department of the Interior (DOI). These trust reform projects are nearing completion, allowing OST to gradually scale down activities.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	152	146	-6

Justification

OST was tasked with overseeing trust reform efforts in DOI as a result of allegations of mismanagement of the trust funds by the Federal Government. In addition, with the impending finalization of a settlement of a 16-year old class action lawsuit on behalf of individual Indian beneficiaries, DOI will be undergoing an evaluation of the future management of the trust funds. OST will be able to maintain its trust responsibilities during this transition period at the proposed level.

CUTS: OIL AND GAS COMPANY TAX PREFERENCES (8 PROPOSALS)

Department of Energy

To foster the clean energy economy of the future and reduce the Nation's reliance on fossil fuels that contribute to climate change, the Administration proposes to repeal tax provisions that preferentially benefit fossil fuel production. Oil and gas subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices. Removing these lower-priority subsidies would reduce greenhouse gas emissions and generate $38.6 billion of additional revenue over the next 10 years, an amount that represents only a small percentage of domestic oil and gas revenues – about one percent over the coming decade. These terminations free up resources to invest in clean energy development and production, which is critical to the Nation's long-term economic growth and competitiveness.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Total, Proposed Changes from Current Law	-4,753	-4,677	-4,353	-4,317	-4,033	-22,133	-38,561
Repeal Enhanced Oil Recovery Credit	0	0	0	0	0	0	0
Repeal Credit for Oil and Gas Produced from Marginal Wells	0	0	0	0	0	0	0
Repeal Expensing of Intangible Drilling Costs	-3,490	-2,398	-1,867	-1,760	-1,453	-10,968	-13,902
Repeal Deduction for Tertiary Injectants	-7	-11	-11	-11	-11	-51	-100
Repeal Exception to Passive Loss Limitations for Working Interests in Oil and Natural Gas Properties	-9	-11	-10	-9	-8	-47	-82
Repeal Percentage Depletion for Oil and Natural Gas Wells	-612	-1,046	-1,083	-1,122	-1,166	-5,029	-11,465
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies	-574	-986	-1,043	-1,105	-1,169	-4,877	-11,612
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years	-61	-225	-339	-310	-226	-1,161	-1,400

Justification

Repealing fossil fuel tax preferences helps eliminate market distortions, strengthening incentives for investments in clean, renewable, and more energy efficient technologies. This proposal would take effect beginning January 1, 2013.

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

Citations

[1] G-20. 2009. Group Statement on Pittsburgh G-20 Summit. Leaders' Statement. The Pittsburgh Summit. September 24–25, 2009. http://www.state.gov/e/eb/ecosum/pittsburgh2009/resources/165081.htm (Accessed February 2012)

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

CUTS: OIL AND GAS RESEARCH AND DEVELOPMENT PROGRAM

Department of Energy

The Administration seeks to repeal the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Program. Absent congressional action to repeal, the Administration seeks to refocus its 2012 activities to support research and development (R&D) with significant potential public benefits, consistent with the recommendations of the Secretary of Energy Advisory Board (SEAB) Subcommittee on Shale Gas Production. SEAB's recommendations aim to minimize the potential risks and improve the environmental, health, and safety performance of hydraulic fracturing for shale gas development in the United States. In 2013, the Budget includes a total of $45 million for a collaborative, interagency R&D effort by DOE, EPA, and the USGS with this objective.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	65	65	45	10	.	185	185
Proposed Change from Current Law	-20	-40	-30	-10	.	-100	-100

Justification

The Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Fund was established in Subtitle J of the 2005 Energy Policy Act (EPAct Section 999) and is funded by royalties paid by industry producers. The program is primarily operated by a private sector consortium; only 25 percent of the funding is spent through the National Energy Technology Laboratory. However, the 2013 Budget proposes to repeal the program, because mandatory R&D funding from Sec. 999 is too inflexible a mechanism to address environmental and safety concerns adequately in the dynamic and rapidly evolving hydraulic fracturing space. Other research historically undertaken by this program is best funded by industry.

CUTS: PATIENT-CENTERED HEALTH RESEARCH

Department of Health and Human Services

The Administration proposes to reduce funding for Patient-Centered Health Research (PCHR) at the Agency for Healthcare Research and Quality (AHRQ). These activities are of a lower priority given the lead role of the Patient-Centered Outcomes Research Institute (PCORI) in PCHR grant-making as well as other resources provided to AHRQ through the Affordable Care Act (ACA).

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority (reimbursable)	17	10	-7

Justification

The PCHR portfolio conducts research and disseminates evidence on which medical treatments work best for a given condition, sometimes also referred to as comparative effectiveness research. In 2009-2010, this portfolio received and awarded over $400 million in PCHR activities funded through the Recovery Act.

In 2010, ACA created PCORI, an independent entity, to conduct research about the best available evidence to help patients and their health care providers make more informed decisions. PCORI's research is intended to give patients a better understanding of the prevention, treatment, and care options available, and the science that supports those options. PCORI will receive approximately $312 million in mandatory funding in 2013.

In addition to establishing and funding PCORI, ACA provided a mandatory stream of funding specifically for the Secretary of the Department of Health and Human Services and AHRQ to disseminate research findings and to build research and data capacity for PCHR. The portion of funding for AHRQ is estimated to be $62 million in 2013.

In 2012, the PCHR portfolio was reduced by $4 million, for a portfolio total of $17 million. This level of funding does not support new grants in PCHR.

In line with 2012, the 2013 Budget proposes $10 million for the PCHR portfolio, a $7 million reduction from 2012. This level continues on-going research activities initiated in past years, but does not provide funding for new PCHR grants. AHRQ will ensure that activities supported are not duplicative of any work supported by PCORI.

CUTS: PEST AND DISEASE PROGRAMS

Department of Agriculture

The Budget proposes to reduce funding for the Animal and Plant Health Inspection Service (APHIS) by $54 million. While the Budget includes increased funding for a number of priority programs, such as Animal Disease Traceability, and Zoonotic Disease Management, it also includes significant reductions in several lower-priority programs with low impacts.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	816	762	-54

Justification

The purpose of APHIS is to prevent the introduction and spread of pests and diseases that could affect agriculture and other resources. The Budget proposes to reduce or eliminate Federal support in programs that are no longer needed or may have limited impact in responding to an infestation (e.g., the infestation may no longer be able to be controlled). Examples of programs that are being reduced or eliminated are: Johne's Disease; Cotton Pest; and Chronic Wasting Disease programs. These reductions will allow the Department of Agriculture (USDA) to focus on areas where it can achieve success. In some cases, reductions assume additional support from State and local cooperators. Total reductions of $65 million in lower-priority pest and disease programs are partially offset by increases in higher-priority programs for a net reduction of $54 million.

CUTS: PREPAREDNESS AND RESPONSE ACTIVITIES (2 PROPOSALS)

Department of Health and Human Services

The Administration proposes to reduce the Hospital Preparedness Program (HPP) Grants in the Public Health and Social Services Emergency Fund (PHSSEF) and eliminate the Centers for Public Health Preparedness in the Centers for Disease Control and Prevention (CDC) due to budget constraints. The Department of Health and Human Services (HHS) has proposed streamlining changes to HPP and increased coordination with the CDC Public Health Emergency Preparedness grants that will provide savings and continued support for the highest-priority activities.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Hospital Preparedness Program	380	255	-125
Centers for Public Health Preparedness	8	0	-8

Justification

The Government has provided over $13 billion to support State, local, and hospital preparedness and response activities between 2002 and 2012. In addition, the 2009 Supplemental Appropriation Act provided $350 million to the programs to respond to the pandemic flu outbreak. Given this previous funding and a constrained budget environment, the 2013 Budget redirects resources away from lower-priority preparedness activities. This elimination of the grants for Centers for Public Health Preparedness reflect the priorities within a constrained budget that direct the available resources to the State and local public health departments. The reduction to the hospital grant programs reflects increased collaboration and alignment with the CDC Public Health Emergency Preparedness grants, which has increased program efficiency and enabled a decrease in program funding. HPP will also include a small number of competitive grants to address emergency response by the broader medical and emergency response community. Fifty States and the District of Columbia have operational Emergency System for Advance Registration of Volunteer Health Professionals systems; 2013 funding will support the final stages of program implementation as well as technical expertise from HHS.

CUTS: PRESIDIO TRUST

Presidio Trust

The Administration proposes to terminate Federal funding for the Presidio Trust (Trust) in 2013 as a part of a long-term strategy to make it financially self-sustaining.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	12	0	-12

Justification

The Trust is a wholly-owned Government corporation established by the Omnibus Parks and Public Lands Management Act of 1996 (P.L. 104-33) to manage, improve, maintain, and lease property in the Presidio of San Francisco as part of the national park system. The Act authorized appropriations through 2012, with the expectation that the Trust would become self-sustaining without annual appropriations beginning in 2013. The Trust is on schedule to meet this goal, having successfully converted the historic Army base into a thriving park community. The Trust will now rely on revenue from leases and other non-appropriated sources to operate 80 percent of the park and associated public programs. The Presidio of San Francisco is a success story for both historic preservation and the American taxpayer.

CUTS: PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT

Department of Health and Human Services

The Budget proposes not to fund the Preventive Health and Health Services Block Grant (PHHSBG). These activities are duplicative of existing activities and can be more effectively and efficiently implemented through the new Comprehensive Chronic Disease Program and Prevention and Public Health Fund investments.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	79	0	-79

Justification

PHHSBG supports more than 250 different activities that could yield more positive health outcomes if they were better coordinated and integrated into the Centers for Disease Control and Prevention (CDC) core programs. For example, these activities could be more effectively and efficiently coordinated through the new Chronic Consolidated Disease program and Prevention and Public Health fund investments.

PHHSBG is also duplicative of many CDC core programs. For example, PHHSBG supports $2 million in diabetes and $7 million in heart disease prevention activities that could be better coordinated through the new Chronic Consolidated program that invests almost $400 million in these same types of activities to reduce heart disease and diabetes. Chronic diseases share many interrelated risk factors, as well as proven approaches to reduce common risk factors. A coordinated approach through one main program in 2013 will allow public health practitioners to jointly invest in best practices to more effectively address interrelated risk factors and focus on the leading causes of death and disability. The new Chronic Consolidated Program and Public Health Fund investments will continue to support all grantees funded previously by PHHSBG through new formula and competitive awards.

When PHHSBG was first authorized in 1981, there were minimal resources within CDC's budget for categorical programs such as heart disease, diabetes, immunizations, and obesity and many States did not receive funding from CDC to support prevention of chronic disease. However, since 1981, CDC chronic disease and health promotion activities have grown to over $1 billion annually and PHHSBG now represents a much smaller percentage of State budgets when compared to total available CDC funding. PHHSBG is a lower-priority program when compared with existing CDC activities and will be more effectively and efficiently implemented through new and existing efforts within CDC. Congressional appropriations for PHHSBG have also significantly declined for this program from $131 million in 2005 to $80 million in 2012.

CUTS: PRIME TECHNICAL ASSISTANCE

Small Business Administration

The Administration proposes to end funding for the PRIME Technical Assistance program, one of several Small Business Administration (SBA) programs that provide entrepreneurial training and education to low-income small business owners. Because of the overlap with other entrepreneurial assistance programs funded in the Budget, such as Microloan technical assistance, Women's Business Centers, and Small Business Development Centers, this program is of a lower-priority.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	4	0	-4

Justification

The PRIME Technical Assistance program provides technical assistance, capacity building, research and development, and discretionary grants to eligible micro-enterprise development organizations as well as those serving urban, rural, and Indian tribal communities. A minimum of half of all grants are awarded to eligible organizations that benefit very low-income persons. While these grants are aimed at assisting disadvantaged entrepreneurs, the PRIME program's function and activities are not discernibly different from many other SBA entrepreneurial assistance programs.

In particular, while PRIME is designed specifically for micro-level businesses, it is less targeted than SBA's Microloan program technical assistance funding that the Budget proposes to fund at $20 million, which supports microborrowers with both microloans and other support from 180 SBA intermediaries. In addition, SBA will continue to strengthen its partnerships with major U.S. banks, as well as community lenders, to help them to deliver billions more in financing to underserved communities in coming years. By eliminating PRIME technical assistance in 2013, SBA will realize $4 million in savings.

CUTS: PUBLIC BROADCASTING GRANTS

Department of Agriculture

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	3	0	-3

Justification

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

Citations

[1] Corporation for Public Broadcasting Appropriation Request and Justification 2011 and 2013. http://cpb.org/appropriation/justification_11-13.pdf.

CUTS: PUBLIC OUTREACH PROGRAMS (2 PROPOSALS)

National Science Foundation

While it is important for National Science Foundation (NSF) researchers to effectively communicate the results of taxpayer-funded science and engineering programs to the public, the Administration proposes to eliminate two small stand-alone public outreach programs because they have not been rigorously evaluated, are duplicative of a larger peer-reviewed informal science education program, and are therefore of a lower priority.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Communicating Science Broadly	2	0	-2
Connecting Researchers with Public Audiences	4	0	-4

Justification

The Communicating Science Broadly (CSB) program is a communications outreach effort that supports the creation of content for traditional and social media, including for-profit media companies. The CSB-funded activities have not been peer reviewed or rigorously evaluated for impact.

The Connecting Research with Public Audiences (CRPA) program provides small grants to NSF researchers to support them in communicating their research results to the public. While the last few years have seen increasing interest and sophistication of the proposals funded, the program remains small and not well known by most NSF-funded scientists. While CRPA proposals have been peer reviewed, there has never been a third-party, formal evaluation of the CRPA investments. Several recent informal analyses of the program have found that researchers rarely have the expertise to develop and employ strong evaluation plans and that the researchers are frequently unrealistic about what it takes to be effective in conveying ideas to the public.

The goals and activities of both outreach programs are duplicative of the larger, well-established and more research-based Informal Science Education program, so they are of a lower priority. Proposals to the Informal Science Education program are fully peer reviewed following NSF's standard process, and the program as a whole is developing a rigorous evaluation process.

CUTS: REACH

Department of Health and Human Services

The Budget proposes to eliminate funding for the Racial and Ethnic Approaches to Community Health (REACH) Program. It is duplicative of the Community Transformation Grants (CTGs), which have expanded investments in community health and have integrated best practices of REACH into all newly funded grants.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
REACH, Budget Authority	14	0	-14
Prevention and Public Health Fund (FUND) Investment, Total PL	1,000	1,250	250

Justification

REACH supports small-scale community-based approaches to improve health in communities, health care settings, schools, and work sites. The Centers for Disease Control and Prevention (CDC) has transitioned from the REACH program to a large-scale national program with specific health outcome measures focusing on evidence-based interventions through the newly funded CTGs authorized in the Affordable Care Act. The Prevention and Public Health Fund has also increased investments in 2013 to improve health in communities, healthcare settings, schools, and work sites similar to REACH.

Similar to REACH, CTGs focuses on reducing the leading causes of death and racial and ethnic disparities by providing sustained investments in the health systems of big cities and large metropolitan areas as well as smaller communities. CDC has incorporated lessons learned from REACH into CTGs. For example, current grantees must provide a detailed plan describing how they will reduce racial and ethnic disparities similar to the REACH program. All grant recipients directly funded through REACH will continue to be eligible to apply for funding under new CTGs awards in 2012 and 2013. Investments for community-based approaches to health will more than triple under the new CTG program.

CUTS: RESEARCH, EDUCATION AND EXTENSION GRANTS (15 PROPOSALS)

Department of Agriculture

The Budget proposes to eliminate funding for 15 small agricultural research, extension, and integrated programs that, in addition to being lower-priority, are relatively small in size, and have a relatively small impact, or would be more appropriately funded in another program to allow for more efficiency in management and alignment to agency goals.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Animal Health (Sec. 1433)	4	0	-4
Rangeland Restoration	1	0	-1
Critical Agricultural Materials	1	0	-1
Supplemental and Alternative Crops	1	0	-1
Farm Business Management and Benchmarking	1	0	-1
Capacity Building: Non-Land Grant Colleges	4	0	-4
Competitive Grants for Policy Research	4	0	-4
Forest Products Research	1	0	-1
Rural Health and Safety	2	0	-2
Food Animal Residue Avoid Database	1	0	-1
Methyl Bromide Transition Program	2	0	-2
Sungrants	2	0	-2
Youth Organizations	1	0	-1
Water Quality	5	0	-5
Potato Breeding Research (Competitive)	1	0	-1

Justification

The Department of Agriculture (USDA) funding for research, education, extension, and integrated grants is awarded through competitive peer-reviewed grants, and formula programs largely to land grant institutions and other programs based on purposes defined in authorizing legislation. However, there are some programs that are of lower-priority, and are also relatively small in size and do not have a large impact. The 2013 Budget eliminates funding for 15 of these programs (10 in research and education, three in extension, and two in integrated), saving about $31 million.

CUTS: ROBOTIC EXPLORATION OF MARS

National Aeronautics and Space Administration

The National Aeronautics and Space Administration (NASA) conducts robotic exploration of Mars to understand the planet's interior, surface, and atmosphere, and to determine whether life has ever arisen there. The Budget proposes a lower-cost approach that will advance science and will also help lay the foundation for future human exploration.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	587	361	-226

Justification

Support for robotic exploration of Mars is reduced following the launch in 2012 of the multi-billion dollar Mars Science Laboratory mission and as development nears completion for the Mars Atmosphere and Volatile Evolution mission. NASA's reformulated Mars Program will support a more integrated approach that advances scientific and human exploration objectives that are consistent with available budget resources and priorities in the Planetary Science Decadal Survey. NASA remains interested in working with international partners to identify opportunities to cooperate in Mars exploration consistent with the budgets available to the agencies. Mars exploration remains an important component of NASA's planetary exploration efforts.

CUTS: RURAL ACCESS TO EMERGENCY DEVICES

Department of Health and Human Services

The Administration proposes to eliminate funding for the Rural Access to Emergency Devices program administered by the Health Resources and Services Administration (HRSA). This program is a lower-priority and has largely met its original purpose.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	1	0	-1

Justification

Since 2002, the Rural Access to Emergency Devices Grant Program has provided funds to community partnerships to purchase and distribute automatic external defibrillators (AEDs) in rural communities. These grants also provide training in the use of AEDs by emergency first responders.

The 2013 Budget eliminates funding for the Rural Access to Emergency Devices program as much of the demand for these medical devices has been met through prior grants. In addition, other rural health activities in HRSA, such as the Rural Outreach and Rural Network Development programs, could support projects that include the purchase of AEDs and training in their use.

CUTS: RURAL BUSINESS OPPORTUNITY GRANTS

Department of Agriculture

The Administration proposes to eliminate funding for the lower-priority Rural Business Opportunity Grants (RBOG) program because many of the activities funded under RBOG can be accomplished though the Rural Business Enterprise Grants (RBEG) program.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	2	0	-2

Justification

RBOG is duplicative of the RBEG program. Both programs provide grant assistance to small and emerging rural businesses to foster rural economic development. Technical assistance and training provided through RBOG can be funded through the RBEG program, which provides grants to help fund distance learning networks and employment related adult education programs.

CUTS: RURAL COMMUNITY FACILITIES

Department of Health and Human Services

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	5	0	-5

Justification

The mission of ACF is to promote the economic and social well-being of families, children, individuals, and communities. ACF oversees Federal programs that provide social services and promote economic self-sufficiency among vulnerable and disadvantaged populations. The Administration strongly supports helping communities create access to safe and clean water and has allocated funds for this purpose to EPA and USDA, which are best suited to administer water treatment programs.

EPA administers Clean Water and Drinking Water State Revolving Funds, which provide grants to States to loan funds to local communities for waste water and drinking water systems. The 2013 Budget includes $1.2 billion for the Clean Water State Revolving Fund and $850 million for the Drinking Water State Revolving Fund.

USDA provides direct loans, loan guarantees, and grants for rural water and waste water treatment facilities. The Budget includes $496 million for these programs.

CUTS: RURAL HOSPITAL FLEXIBILITY GRANT PROGRAMS

Department of Health and Human Services

The 2013 Budget focuses resources on competitive grant programs that support the expansion of primary care, including those in rural settings. The Administration proposes to reduce funding for the Rural Hospital Flexibility program by $15 million while focusing resources on activities that directly support the expansion of primary care in rural areas.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	41	26	-15

Justification

In 2012, the Congress appropriated $41 million for the Rural Hospital Flexibility program, which consists of two grant activities that support a range of activities focusing on rural hospitals. One of these grant activities, the Rural Hospital Flex program, directly supports the expansion of primary care in rural areas, and is fully funded in the 2013 Budget at $26 million.

The second grant activity, the Small Hospital Improvement Program (SHIP) distributes funding to over 1,600 rural hospitals to purchase new hardware and software for billing systems and enhanced surveillance data. Within the constrained budget environment, the 2013 Budget eliminates funding for SHIP as most hospitals that receive SHIP grants are critical access hospitals (CAHs) and are eligible to receive funding through the Rural Hospital Flex program. In addition, Medicare and Medicaid Electronic Health Records (EHR) Incentive payment programs provide for incentive payments to CAHs as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology.

CUTS: RURAL MULTIFAMILY HOUSING PRESERVATION GRANTS

Department of Agriculture

The Budget proposes to discontinue the Rural Housing Service's lower-priority multifamily housing preservation grants. The Department of Agriculture's (USDA's) preservation activities for multifamily housing are being carried out through the multifamily preservation and revitalization demonstration program, which provides flexible funding tools to restructure the debt on the properties in a way that preserves the property for low–income rural residents and provides additional sources of funding for capital improvements.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	4	0	-4

Justification

USDA's multifamily housing preservation efforts are funded in the multifamily revitalization account in 2013. Under this account, there is a commitment of $34 million for preservation activities, which is expected to be leveraged into a greater amount of assistance based on how it is disbursed between the various strategies available under the program. The strategies include: reducing or eliminating interest; deferring loan payments, subordinating, reducing or reamortizing loan debt; and other financial assistance including advances, payments, and incentives. Since 2006, USDA has found that multifamily housing preservation is achieved more efficiently through these revitalization strategies rather than preservation grants. Collectively across multiple programs, the funding for multifamily housing preservation activities within USDA's Rural Housing Service is increased overall by $7 million for 2013.

Coupled with the increase in preservation funding, the 2013 Budget supports a legislative proposal to codify the demonstration program authorities. A permanent authorization will allow for formal regulations and better oversight of these funds in the future.

CUTS: RURAL SINGLE FAMILY HOUSING GRANT PROGRAMS

Department of Agriculture

The Budget proposes to reduce funding for the Department of Agriculture's (USDA's) mutual and self-help housing grants as well as housing repair grants. The funding level proposed for these programs is sufficient to maintain current activity. In addition, it is expected that some of the shortfall in funding will be made up from additional funding in their related direct loan programs and the small amount of carryover balances that regularly occur in these programs.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	60	38	-22

Justification

The $10 million in funding for the mutual and self-help housing grants is a $20 million decrease from 2012 and is sufficient to cover the existing projects and grant renewals. This funding will likely be coupled with a carryover balance that in recent years has been over $15 million. To enhance the effectiveness of the grants, the 2013 Budget proposes a set-aside for USDA direct single family housing loan level of $141 million to be provided exclusively for families who have built their own homes under the technical assistance of this grant program. With the expected carryover balances and the set-aside loan level, the overall impact from the cut in these grants is expected to be minimal.

The small $1 million decrease in the housing repair grant funding is due to the competing demands of maintaining funding levels and the reduction in the subsidy rate for the related housing repair direct loan program in 2013, which is funded at a $28 million loan level to provide an $18 million increase over 2012. There is no measurable impact from this cut.

CUTS: SEA-BASED X-BAND RADAR

Department of Defense

The Administration proposes to place the Sea-Based X-band (SBX) radar, an element of the Ballistic Missile Defense System (BMDS), in a "limited test support" status – which will maintain the ability to support testing while being recallable to an active, operational status if and when needed – beginning in the fourth quarter of 2012. This decision is based on Department of Defense budget constraints and the SBX radar's costly, maintenance-intensive platform.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	177	10	-167

Justification

The SBX radar is an advanced X-band radar that provides the capability to acquire, track, and discriminate the flight characteristics of ballistic missiles. The SBX radar is mounted on a mobile, ocean-going, semi-submersible platform and, thus, can be positioned to cover any region of the globe.

The United States will transition the SBX radar to a "limited test support" status beginning in the third quarter of 2013 and instead rely on currently fielded operational radars, including forward-based Army Navy/Transportable Radar Surveillance (AN/TPY-2) radars, the Cobra Dane radar, and Upgraded Early Warning Radars. By maintaining the SBX radar as a test asset rather than terminating it, the Administration saves at least $500 million over five years while also retaining the ability to recall it to an active, operational status if and when it is needed.

CUTS: SECOND LINE OF DEFENSE

Department of Energy

The Administration proposes limiting Second Line of Defense (SLD) radiation detection equipment installation activities. SLD equipment is installed at many locations, and further expansion of the program would have diminishing impact except at certain priority sites. SLD's installation activities are thus a lower priority in 2013, and the interagency process will work to identify and prioritize those elements of SLD that should continue.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	262	93	-169

Justification

By the end of 2012, there will be SLD radiation detection equipment installed at almost 500 foreign ports and crossing sites, including all 383 customs sites in Russia. This network complements other U.S. Government efforts in creating a layered defense against trafficking of nuclear and radiological materials, particularly in the regions of Central Europe and Eurasia.

The most effective layers of these defenses are those that either secure materials at their source or use international diplomatic, intelligence, and/or law enforcement networks to search out and interdict loose material. Passive radiation scanning equipment, such as that installed by SLD, offers another layer of defense, for which the United States has built a robust architecture. In addition to SLD's installations, the Department of Homeland Security (DHS) currently scans over 99 percent of all incoming containerized cargo for radiation at U.S. land and seaports of entry, and subjects over 80 percent of all maritime cargo imported into the United States to prescreening.[1,2]

However, passive scanning technology has limitations.[3,4] Furthermore, installing equipment at more foreign crossing sites would cost, on average, $1 million to $2 million per site, and installing equipment at more foreign seaports would cost, on average, $8 million to $15 million per seaport. Installations generally follow a prioritized scope of work. As SLD completes installations, the benefit of any significant expansion, except at certain priority sites, diminishes.

SLD will continue to sustain its existing architecture, contribute mobile detection equipment to support international intelligence and law enforcement, and carry out a limited number of installations at priority sites. During 2012, SLD will work with the interagency to evaluate what combinations of capabilities and programs make the most effective contribution to national security, and will plan out-year activities accordingly.

Citations

[1]Stern, Warren, "The Last Line of Defense: Federal, State, and Local Efforts to Prevent Nuclear and Radiological Terrorism within the United States," testimony before the House Committee on Homeland Security, Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies (July 26, 2011).

[2]Customs and Border Protection, *Container Security Initiative Fact Sheet (*May 2011).

[3]National Academy of Sciences, *Evaluating Testing, Costs, and Benefits of Advanced Spectroscopic Portals for Screening Cargo at Ports of Entry: Interim Report* (2009).

[4]Shea, Dana A.; Moteff, John D.; Morgan, Daniel; *The Advanced Spectroscopic Portal Program: Background and Issues for Congress,* Congressional Research Service (December 2010).

CUTS: SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY PROGRAM

Department of Housing and Urban Development

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	14	0	-14

Justification

SHOP provides low-income and very low-income families the opportunity to become homeowners by contributing sweat equity to make housing more affordable. Eligible activities include land acquisition and infrastructure improvements. However, SHOP activities are eligible under the much larger HOME Investment Partnerships Program (HOME), for which the 2013 Budget provides $1 billion. Due to this duplication, the SHOP program is considered a lower-priority. The Administration is encouraging State and local government grantees of the larger HOME program to fund SHOP projects.

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

CUTS: SINGLE FAMILY HOUSING DIRECT LOANS

Department of Agriculture

The Budget proposes a reduction in the lower-priority single family housing direct loan program and targeting to low and very-low income borrowers, including new set-aside funds for teachers and recipients of mutual and self-help grants. This reduced level is sufficient given that the Department of Agriculture's (USDA's) single family housing assistance is now provided primarily through loan guarantees.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	43	39	-4

Justification

The $653 million direct single family housing loan level supports very low-income borrowers and sets aside funds for teachers and recipients of mutual and self help grants. The $24 billion guaranteed loan level allows USDA's Rural Housing Service (RHS) to provide more assistance for single family housing in rural areas than has ever been provided with all the other RHS housing programs combined.

The direct single family housing loans have remained constant at a loan level around $1 billion since 1994, serving about 9,000 new borrowers on average. The program has struggled to make a measurable impact due to straight-lined funding levels, an allocation process that diminishes loan making ability by broadly distributing funding, and a labor-intensive review process. At the same time, USDA has effectively used the guaranteed single family housing loan program to provide needed assistance to low-income borrowers. The Budget proposes to offer assistance primarily through the guaranteed program and includes a $24 billion loan level with roughly $5 billion in loans for low-income rural borrowers. This loan level is expected to provide as many as 179,000 new homeownership opportunities, of which at least 37,000 are expected to go to low-income rural borrowers.

CUTS: STATE AND VOLUNTEER FIRE ASSISTANCE GRANTS

Department of Agriculture

The Budget proposes reductions to the Department of Agriculture's (USDA's) State and volunteer fire assistance since it is duplicative of other Federal programs and is therefore of a lower priority. In addition, combining programs from State and Private Forestry and Wildlife Fire Management into Wildland Fire Management will improve efficiency and reduce administrative complexity.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	99	84	-15

Justification

Reductions are proposed to State and volunteer fire assistance. Other programs provide support to State and local fire organizations including USDA's community facilities program and the Department of Homeland Security Firefighter Assistance Grants programs (Assistance to Firefighter Grants and Staffing for Adequate Fire and Emergency Response Grants). These other programs can support the purchase of equipment, training of personnel and staffing.

CUTS: STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

Department of Justice

The Administration proposes to reduce funding for the State Criminal Alien Assistance Program (SCAAP) to better align available Federal criminal justice grant resources with funding for other Federal priority programs.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	240	70	-170

Justification

SCAAP was created by the Violent Crime Control and Law Enforcement Act of 1994 to provide a means of reimbursing States and localities for some of the costs of incarcerating illegal aliens who have committed crimes. For 2013, the Budget better aligns resources with priority Federal programs that target crime directly such as the Community Oriented Policing Services Hiring Program. Under the Administration's proposal, SCAAP will continue to make payments to States and localities for those inmates who do not have legal immigration status, although at a reduced level.

CUTS: STATE INDOOR RADON GRANT PROGRAM

Environmental Protection Agency

The Administration proposes to eliminate the State Indoor Radon Grant (SIRG) program, a mature grant program designed to assist States in developing and implementing programs that assess and mitigate radon risk. After 23 years of providing SIRG funding, States have now developed the technical expertise and procedures to continue radon protection efforts without SIRG.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	8	0	-8

Justification

In 2013, the Environmental Protection Agency (EPA) will eliminate funding for SIRG and refocus the agency's in-house technical expertise toward supporting the Federal Radon Action Plan, published in 2011. Exposure to radon gas continues to be an important risk to human health, and over the 23 years of its existence EPA's radon program has provided important guidance and significant funding to help States successfully establish their own programs. At the Federal level, EPA will implement the Federal Radon Action Plan, a multi-year, multi-agency strategy for reducing the risk from radon exposure by leveraging existing Federal housing programs and more efficiently implementing radon-related activities to have a greater impact on public health.

CUTS: STUDENT LOAN SAVINGS FOR PELL GRANT PROGRAM (2 PROPOSALS)

Department of Education

As part of its commitment to fully fund the costs of the Pell Grant program for 2013 and 2014, the Administration proposes to limit the in-school interest subsidy on subsidized Stafford loans to 150 percent of the normal program length and reduce excessive payments to guaranty agencies that rehabilitate student loans. The savings from these proposals, along with savings from an expanded and reformed Perkins Loan Program, will be re-directed to the Pell Grant Program.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Proposed Changes from Current Law, Total	-3,472	-164	-187	-187	-187	-4,197	-5,168
Limit In-School Interest Subsidy to 150%	-82	-164	-187	-187	-187	-807	-1,779
Payments to Guarantee Agencies - FFEL	-3,390	---	---	---	---	-3,390	-3,390

Justification

Pell Grants provide need-based grant aid to undergraduate students. They are the single largest source of grant aid for postsecondary education and a centerpiece of the President's strategy to make sure students can afford to seek higher education and successfully complete a postsecondary credential. Due to rising need, enrollment, and award sizes, the cost of the Pell program has significantly increased since 2008, when the total cost was $18 billion (including the discretionary and mandatory portions of the award). In 2013 that cost will be $36.6 billion and $37.9 billion in 2014. Despite mandatory budget authority provided in the Budget Control Act of 2011 and the 2011 and 2012 appropriations acts, the Pell Grant program still faces a significant 10 year funding shortfall.

The Budget provides $22.8 billion in 2013, the same level provided in 2012. Level-funding Pell in 2013 provides $1.5 billion more than is needed to fully fund the program in the 2013-2014 award year, thanks to mandatory funding provided in prior legislation. This surplus budget authority serves as the first step in addressing the 10 year funding gap. In addition, this Budget makes a downpayment toward addressing the long term Pell gap, financed by three reforms in the student loan programs. Two of those reforms are reductions to current programs:

Eliminate the in-school interest subsidy on subsidized Stafford loans to 150 percent of normal program length ($82 million in 2013; $1.8 billion, 2013-2022). Currently, interest on subsidized Stafford loans does not begin to accrue until a borrower leaves school. This proposal would place reasonable limits on this subsidy. Students who do not complete their program within 150 percent of the prescribed completion time would see interest on their loans start to accrue while they are in school. This proposal makes the treatment of eligibility for subsidized Stafford loans similar to the treatment of eligibility for the Pell Grant Program, where eligibility will be limited starting July 1 to students who complete academic programs within an equivalent time frame.

Reducing payments to guaranty agencies in the Federal Family Education Loan (FFEL) program ($3.4 billion, 2013; $3.4 billion, 2013-2022). In March 2010, the President signed the Student Aid and Fiscal Responsibility Act into law, ending the FFEL program. Guaranty agencies still remain in the business of servicing defaulted FFEL loans issued prior to that time. This proposal would eliminate certain payments to guaranty agencies that rehabilitate defaulted FFEL student loans, and bring the fees they earn in line with those associated with other debt collection measures. The guaranty agencies would bear the cost of this reform. Affected borrowers would actually experience a modest reduction in the debt they owe under this policy.

In addition, the Budget proposes to expand and reform the Perkins Loan Program, which is discussed in the 2013 Budget *Appendix*.

CUTS: SUPERFUND REMEDIAL

Environmental Protection Agency

The Budget proposes to decrease the Superfund remedial program, which manages the investigation and long-term remediation of soil, groundwater, surface water, and sediments, where the presence of uncontrolled hazardous waste poses a risk to human health or the environment.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	565	532	-33

Justification

The $33 million reduction to the Superfund remedial program reflects difficult budget choices given the current need to identify discretionary spending reductions. Funding will be prioritized for on-going construction activity to avoid expensive demobilization costs and continue current efforts to bring human exposures and groundwater migration under control. These reductions will have an impact on program performance, reducing the number of site assessments, site characterizations, remedial designs, remedial actions, and post-construction operations carried out. At the reduced funding level, there will be no new starts. Continued emphasis will be placed on sites with special account funding and the ability to identify responsible parties.

CUTS: SUPERFUND SUPPORT TO OTHER FEDERAL AGENCIES

Environmental Protection Agency

The Administration proposes a $6 million termination in automatic transfers from the Environmental Protection Agency's (EPA's) Hazardous Substance Superfund Account to other Federal agencies. Since the inception of this program in 1983, the relationship between the agencies regarding emergency response and cleanup responsibilities has matured and the agencies have developed their own mission-specific funding levels to reflect those responsibilities. The automatic transfer is therefore outdated, and should be terminated in favor of individual interagency agreements, which can be entered into on an as needed basis.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	6	0	-6

Justification

Under this program, EPA automatically transfers Superfund funds to other Federal agencies including the Coast Guard (USCG) ($4.5 million), the National Oceanic and Atmospheric Administration (NOAA) ($916,000), and the Department of the Interior (DOI) ($471,000) for their support and participation in National Oil and Hazardous Substance Pollution Contingency Plan (NCP) emergency response and cleanup activities. Since the inception of this procedure in 1983, policy guidance and coordination between the agencies have defined the different roles and responsibilities that each Federal agency has in responding to releases of hazardous substances. Over that time, these agencies have developed their own programs and secured their own funding levels to perform their designated functions. In the past, EPA has phased out similar automatic transfer funding to other agencies including the Department of Health and Human Services, the Occupational Safety and Health Administration, and the Federal Emergency Management Administration under similar circumstances. Similar to those phase outs, impacts to USCG, NOAA, and DOI should be minimal due to mission-specific funding within those agencies and the continued ability to enter into interagency agreements to fund specific support taskings.

CUTS: T-AGOS OCEAN SURVEILLANCE SHIP

Department of Defense

The Administration proposes to terminate the planned purchase of its sixth Tactical Auxiliary General Ocean Surveillance (T-AGOS) Ship. The Navy can continue to meet warfighter requirements with five ships, and this proposal would save $280 million.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	10	0	-10

Justification

The T-AGOS ships gather underwater acoustical data to support the anti-submarine warfare mission of the Atlantic and Pacific Fleets. The Navy had planned to buy a sixth ship in 2013. The Department of Defense's recently completed comprehensive strategic review determined that four operational Ocean Surveillance Ships can meet mission needs. Five T-AGOS are currently in service, which allows the Navy to provide four vessels to Combatant Commanders while performing periodic maintenance on the fifth ship. The sixth ship would have added additional capacity, further ensuring the availability of four operational vessels. By not procuring the sixth ship, the Navy is accepting some risk that more than one ship could be unavailable due to maintenance.

CUTS: TELECOMMUNICATIONS DEVELOPMENT FUND

Telecommunications Development Fund

The Administration proposes to eliminate funding for the Telecommunications Development Fund (TDF). TDF has not demonstrated significant success in meeting its statutory goals, and the resources would be better devoted to alternative uses.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	7	7	7	7	7	35	70
Proposed Change from Current Law	-7	-7	-7	-7	-7	-35	-70

Justification

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

Since 1996, TDF will have collected over $100 million in interest that would have otherwise been deposited in the Treasury and directly benefited taxpayers. The Budget proposes that new funding be eliminated for TDF, as the program has not had a significant impact on its statutory goals and is a lower priority compared to other programs. The proposal would allow TDF to retain previously invested funds and income from investments, but would direct all future deposits on spectrum auctions to a Treasury account. The Administration supports other programs, including multi-billion dollar universal service programs – and related funding to expand wireless broadband access – and small business credit programs, which have much more impact and accountability.

CUTS: UNRESTRICTED ABANDONED MINE LANDS PAYMENTS

Department of the Interior

The Administration proposes to terminate mandatory payments from the General Fund of the Treasury to States and Tribes that have finished restoring their abandoned coal mines. These payments originated in the 2006 Surface Mining Control and Reclamation Act (SMCRA) amendments and are not tied to coal producer fee receipts. They can be used for any purpose and, therefore, do not contribute to the goal of addressing these hazards. This proposal would also competitively allocate the receipts from the coal abandoned mine lands (AML) fee to address the highest priorities of the remaining abandoned coal mine sites.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	173	166	92	71	71	573	1,100
Proposed Change from Current Law	-173	-166	-92	-71	-71	-573	-1,100

Justification

Coal producers pay a fee on production to fund the reclamation of abandoned coal mines around the country. The AML fee was created in 1977 so that the coal industry as a whole would take responsibility for cleaning up abandoned coal mines, regardless of where the fees were collected or where the mines were located. However, since the 2006 SMCRA amendments, States and Tribes that are certified as having completed the reclamation of priority coal sites can still receive mandatory payments equal to half of the fees collected within their borders.

These payments to certified States and Tribes may be used for any purpose, so they do not contribute to the original purpose of restoring abandoned coal mine lands are a lower priority. The Administration proposes to focus AML fees on coal mine reclamation and eliminate unrestricted payments to certified States and Tribes, saving approximately $173 million in 2013 and $1.1 billion over 10 years. This action will affect four States and three Tribes, in addition to any States that may subsequently complete their reclamation work and become certified.

Noncertified States will continue to receive payments from receipts generated by the coal AML fee, but the allocation process would change from a production-based formula to a competitive grant program. The Department of the Interior, with State participation, could then target funds to address the highest-priority coal sites before the AML fee expires after 2021.

The Budget also proposes a parallel hardrock AML fee to reclaim abandoned hardrock mine lands.

CUTS: VALLES CALDERA

Department of Agriculture

The Budget proposes to eliminate separate, lower-priority funding for operation and management of the Valles Caldera Preserve since the Preserve is required by the Valles Caldera Preservation Act of 2010 to be self-sustaining by 2015 through receipts generated from users of the Preserve. If necessary, any shortfall can be addressed through National Forest System appropriations as are shortfalls for all other forests and grasslands.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	3	0	-3

Justification

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

The Preserve was established to protect various natural resources within its boundaries, and for providing multiple-use and sustained-yield of renewable resources within the Preserve.

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

CUTS: VOLUNTEER GENERATION AND NONPROFIT CAPACITY BUILDING FUNDS (2 PROPOSALS)

Corporation for National and Community Service

The Administration proposes to end funding for two programs within the Corporation for National and Community Service (CNCS): the Volunteer Generation Fund, which provides grants to States and nonprofit organizations to recruit and manage volunteers; and the Nonprofit Capacity Building Fund, which provides nonprofit organizations with organizational development assistance. These two small programs are a lower priority than other service programs that have a broader national impact, including AmeriCorps and the Social Innovation Fund. In addition, some of the work of these two funds is already conducted through other CNCS programs, including AmeriCorps (Volunteers in Service to America) VISTA and State and National Grants.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Volunteer Generation Fund	4	0	-4
Nonprofit Capacity Building Fund[1]	0	0	0

[1] *The Congress provided less than $500,000 in 2012, which rounds to zero in the summary table.*

Justification

The Volunteer Generation Fund awards grants competitively to State Commissions for National and Community Service (or approved alternative administrative entities) to expand the capacity of organizations to recruit, manage support, and retain volunteers. While an important goal, the program is small and unfocused, and has not been able to demonstrate its impact. In addition, some of its work is already being conducted through the AmeriCorps program as well as by national and local nonprofit organizations. In 2011, AmeriCorps State and National recruited more than 1.5 million volunteers.

The Nonprofit Capacity Building Fund awards grants to intermediary organizations to support the provision of organizational development assistance – including training on best practices, financial and strategic planning, grantwriting, and compliance with applicable tax laws – to small and mid-size nonprofit organizations. This program, too, is small – in 2011, the program had just five grantees – and its work overlaps with the AmeriCorps VISTA program, which helps nonprofit organizations build their infrastructure.

Both programs were authorized by the Serve America Act in 2009.

CUTS: WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Department of Transportation

The Budget proposes to reduce direct capital grant assistance to the Washington Area Metropolitan Transit Authority (WMATA) by $15 million, which is the level authorized in P.L. 110-432, the Rail Safety Improvement Act. While this reduction is necessary given difficult fiscal circumstances, the President's surface transportation plan would substantially increase overall transit funding and would benefit both the Washington D.C. area and transit systems nationwide.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	150	135	-15

Justification

The Administration recognizes that WMATA must achieve progress in long-term capital reinvestment in the rail system and supports direct Federal assistance to accomplish priority investments for rail system safety and reliability. This reduction reflects the desire to submit a budget within discretionary spending caps in the Budget Control Act of 2011, and to find savings throughout the Budget, while still investing in critical infrastructure priorities.

Citations

Government Accountability Office, Washington Metro Could Benefit from Clarified Board Roles and Responsibilities, Improved Strategic Planning, GAO-11-660 (June 2011).

CUTS: WATER AND WASTEWATER AND COMMUNITY FACILITIES LOAN GUARANTEES

Department of Agriculture

The Administration proposes to terminate both the Department of Agriculture (USDA) water and wastewater loan guarantee program and the community facilities loan guarantee program. Both lower-priority programs recently became more expensive than earlier estimates, while serving less needy rural communities than their direct loan counterpart.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	6	0	-6

Justification

These loan guarantee programs began as an inexpensive alternative to the existing direct loan program, and to stimulate additional assistance to moderate income communities in rural areas. However, the defaults in these programs have been much higher than initially projected. In addition, there has been very limited demand for the water and wastewater loan guarantees. Meanwhile, the direct loan programs have very low defaults, while serving much lower-income communities. For 2013, the community facilities direct loan program has a negative subsidy rate and is funded at $2 billion, up from $1.3 billion in 2012. The water and wastewater direct loan program is proposed at a $1 billion, up from $731 million in 2012. These increases in the direct loan programs should ease the effect of the terminations of the loan guarantee programs.

CUTS: WATER RESOURCES RESEARCH ACT PROGRAM

Department of the Interior

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	6	0	-6

Justification

USGS is responsible for studying water issues across the Nation. As a Federal science bureau, USGS monitors surface water through the Nationwide network of stream gages, assesses water quality through the National Water Quality Assessment, and studies and models groundwater quality and availability. Each State, as well as the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam, operates a Water Resources Research Institute at their land grant institute that does not address national needs.

CUTS: WATERSHED REHABILITATION PROGRAM

Department of Agriculture

The Administration proposes to eliminate funding for the Department of Agriculture (USDA) Natural Resources Conservation Service's (NRCS's) Watershed Rehabilitation Program, which provides assistance for the rehabilitation of watershed improvements originally constructed with Federal funding assistance. The program is of a lower-priority as the benefits of these improvements are highly localized without significant national impact.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	15	0	-15

Justification

For more than 50 years, NRCS has offered technical and financial assistance to entities of State and local governments and Tribes (project sponsors) for planning and installing watershed improvement projects through the Flood Control Act of 1944 (P.L. 78-534) and Watershed Protection and Flood Prevention Act (P.L. 83-566). As a condition of Federal assistance, local project sponsors originally accepted responsibility for ongoing operations and maintenance of these watershed improvement projects, which can include flood control structures, diversion dams, and water supply reservoirs. However, amendments to the Watershed Protection and Flood Prevention Act enacted in 2000 established the Watershed Rehabilitation Program to provide cost-share assistance for rehabilitation of these watershed improvements.

The program is of a lower-priority as the benefits from these repairs are highly localized and do not have a significant National impact. The Administration also believes that continued funding of this program is inconsistent with the original intent of the program regarding the joint responsibility between the Federal Government and local project sponsors for operating, maintaining, and repairing these watershed improvements. The program has provided an incentive for communities benefiting from the program to allow residential and commercial development in vulnerable floodplain areas in and around watershed structures. This increased development has contributed to the deterioration of the structures and increased the financial risk of structural failure.

CUTS: WILDLAND FIRE PROGRAM/HAZARDOUS FUELS REDUCTION

Department of the Interior

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	183	145	-38

Justification

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

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

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

In 2013, the Forest Service and DOI will target fuels management activities to mitigate hazards and enhance the ability to control fires in WUI. The agencies will focus funding for hazardous fuels treatments in communities that are on track to meet Firewise standards and have identified acres to be treated in Community Wildfire Protection Plans (or the equivalent) and have made an investment in implementing local solutions to protect against wildland fire.

Citations

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

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

Consolidations

CONSOLIDATIONS

Overview

We live in an interdependent, high-tech world, yet the Federal Government was organized in the era of the rotary phone over the course of the last century. The result is duplication of effort, of resources, and of overhead. Moreover, it creates a situation in which the federal government is hard for Americans to understand and to find the services that they need. That is why the Budget proposes a range of consolidations that will improve the way Government does business while allowing us to live within the tight discretionary caps set by the Budget Control Act. Among the proposed consolidations are plans to: reduce the number of outdated, duplicative, and unnecessary agency reporting requirements; consolidate, reduce, and realign excess and underutilized Federal properties – including data centers; and merge BPD and FMS, the operational arms of Treasury's Fiscal Service.

But these small steps are not enough.

To build on these efforts, the President is also urging the Congress to pass the Reforming and Consolidating Government Act that would enable him to submit plans to consolidate and reorganize executive branch departments and agencies. If given this authority, the President would submit a proposal to consolidate the six primary business and trade agencies as well other related programs, integrating into a single new Department the Government's core trade and competitiveness functions. These changes would not only produce savings of roughly $3 billion over the next 10 years, they also would cut waste; eliminate duplication, overlap, and unnecessary overhead costs; and more effectively and efficiently serve the American people. Following the first reform proposal, the Administration would pursue further consolidations under this authority that could save taxpayers billions more and further the Administration's efforts to make Government more accountable.

CONSOLIDATIONS: BUREAU OF THE PUBLIC DEBT AND FINANCIAL MANAGEMENT SERVICE

Department of the Treasury

The Secretary of the Department of the Treasury (Treasury) is planning to consolidate the Bureau of the Public Debt (BPD) and the Financial Management Service (FMS), the operational arms of Treasury's Fiscal Service, to share a single administrative, management, and leadership structure. The Budget proposes one appropriation to support the consolidation. The consolidation will allow Treasury to better leverage the expertise and resources of the two bureaus to strengthen its analytical capacity for financial management issues, further modernize Federal financial management processes, and allow Treasury to take on a larger leadership role in financial management functions across the Government.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings[1]	0.000	0.000	-18.000

[1] *Total expected savings start in 2014, and include discretionary, reimbursable, offsetting collections, and fee revenue resources. Five year savings from 2014 to 2018 are estimated at $36 million.*

Justification

Both FMS and BPD provide many of the Federal Government's core financial management services. However, they currently operate as separate entities with individual administrative and overhead functions. Starting in 2013, both bureaus will operate with a combined organization and budget structure, while retaining existing core Federal financial management responsibilities, including managing Treasury securities auctions, servicing non-marketable debt, overseeing Government payments and collections, providing Government-wide accounting and reporting, and managing Federal debt collection. This consolidation process will begin in 2013 and be complete by 2014. Savings will be achieved through a reduction in management overhead as well as in costs associated with administrative and support services.

The two existing bureaus have already taken steps to merge their administrative services, such as human resources and IT infrastructures, and are currently integrating common IT services. The consolidation will allow Treasury to look into other overlapping functions and services between the two bureaus and to improve efficiency and performance. By combining the two bureaus, the Fiscal Service will be positioned to create a new standard of excellence and future leadership for the Federal financial community.

CONSOLIDATIONS: CENTRAL UTAH PROJECT

Department of the Interior

The Budget proposes appropriations language for authority to merge the Central Utah Project Completion Act (CUPCA) program back into the Bureau of Reclamation, where it was prior to 1992 and where it best fits organizationally. This will ensure consistent treatment of all Federal water projects administered by the Department of the Interior.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	29	21	-8

Justification

The existence of CUPCA as an independent office within the Department of the Interior is outdated and duplicative. The mission of the CUPCA office is essentially to complete one component of the Colorado River Storage Project, a program which has always been under the purview of the Bureau of Reclamation. This consolidation ends unnecessary duplications and complications that were created by establishing a separate office, and is a clear improvement to the way Government functions.

CUPCA was enacted to address certain issues with program oversight, but the Bureau of Reclamation has instituted many reforms since that time that have addressed and corrected those issues. Transferring this program back to the Bureau of Reclamation will reduce duplicative management, strengthen program oversight, and simplify administrative, budgeting and reporting tasks with no impact on project performance. CUPCA will continue its important mission now with the direct support of the Bureau of Reclamation.

CONSOLIDATIONS: CONSOLIDATING OFFICES

Department of Agriculture

The Department of Agriculture (USDA) reviewed its office structure in an effort to streamline operations and reduce costs. As a result, USDA plans to save $58 million by proposing to close or consolidate about 260 offices and saving $2 million by consolidating administrative functions.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-60.000	-240.000

Justification

USDA's field office structure originated in the last century, before the technology and transportation services taken for granted today. USDA reviewed all of its operations, from headquarters to field offices, to determine what offices could be closed or consolidated. In some cases these offices are no longer staffed or have a very small staff of one or two people, and many are within 20 miles of similar USDA offices. In other cases, advances in technology have reduced the need for brick and mortar facilities. The end result is a plan that will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers. These changes will ensure that USDA continues to provide optimal service to the American people within available funding levels. These actions and plans to close or consolidate facilities, offices and lab operations will impact USDA headquarters in Washington and offices in 46 states and one U.S. territory, as well as in foreign countries. In addition, USDA is implementing a series of changes that will save taxpayers money while eliminating redundancies and inefficiencies. These include consolidating 700 cellphone contracts into about 10 and moving toward more centralized civil rights, human resource, procurement, and property management functions.

CONSOLIDATIONS: DATA CENTER CLOSURES

Department of Defense

The Administration proposes to close approximately 100 data centers throughout the Department of Defense (DOD). The data centers are not centrally funded or managed by DOD overall. Rather, they are managed by the military departments and defense agencies that own and operate their own data centers or contract for data center services. Consolidation requires migrating workload to, and expanding the capacity and density of, existing data centers as well as closing redundant data centers. The 2013 savings estimate of $300 million is a preliminary amount and is based on a data center cost model developed by the Office of Management and Budget-led Federal Data Center Consolidation Initiative (FDCCI) Task Force. The savings estimate may change as DOD implements consolidation activities. For example, the savings estimate does not take into account all upfront investment costs. DOD will submit a more refined cost savings estimate in its separate Information Technology budget submission in March 2012.

Funding Summary

(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	---	-300	-300

Justification

The proposal would reduce the number of redundant data centers in DOD. Data center consolidation will deliver more economical and reliable data storage and network operations DOD-wide. Fewer data centers will allow DOD to improve management of IT security, infrastructure, and network operations. Data center consolidation will free resources – money, troops, and civilians – for higher priority missions.

CONSOLIDATIONS: ELEMENTARY AND SECONDARY EDUCATION ACT

Department of Education

When the Administration first outlined its proposal for the reauthorization of the Elementary and Secondary Education Act (ESEA) in the 2011 Budget, it recommended an overhaul of the Department of Education's K-12 program structure by consolidating 38 existing authorities into the 11 new programs described below. In the past two years, the Congress eliminated the funding for 22 of the 38 authorities, but failed to replace these authorities with the improved program structure, funding only two (Race to the Top and Investing in Innovation) of the 11 proposed new programs. The 2013 Budget provides funding for all 11 of the proposed programs and continues to consolidate the 38 existing authorities, including the 16 programs still operating, into this new program structure.

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

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

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

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

Successful, Safe, and Healthy Students. This proposal promotes comprehensive strategies that create safe and drug-free learning environments for students. It consolidates six existing authorities into the new Successful, Safe, and Healthy Students program.

Race to the Top. This proposal establishes the Race to the Top program, which was first created under the American Recovery and Reinvestment Act (Recovery Act), as part of the Administration's reauthorization of ESEA. It supports systemic reform at the State and district level in five core areas: implementing rigorous standards and assessments; using data to improve instruction and decision-making; recruiting and retaining effective teachers and principals; turning around the lowest-performing schools; and improving State systems of early learning and care. Race to the Top creates incentives for innovations designed to lead to significant improvements in student achievement, high school graduation rates, kindergarten readiness, as well as college enrollment rates, and to significant reductions in achievement gaps.

Investing in Innovation. This proposal establishes the Investing in Innovation program, which was first created under the Recovery Act, as part of the Administration's reauthorization of ESEA. It enables the Department of Education to continue to invest in high-impact, potentially transformative education interventions, ranging from new ideas with huge potential to those that have proven their effectiveness and are ready to be scaled up.

Justification

The current program structure at the Department of Education is fragmented, duplicative, and not well-designed to ensure the maximum impact and effectiveness of taxpayer dollars in improving elementary and secondary education. The Department of Education operates too many grant programs under a framework that can ensure compliance, but largely fails to ask for improvement in outcomes and build a knowledge base of what works. Some of these programs have little evidence of success, while others are demonstrably failing to improve student achievement. Even where programs are effective, the numerous funding streams with separate rules and requirements limit flexibility and innovation.

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

DEPARTMENT OF EDUCATION K–12 PROGRAM CONSOLIDATIONS

(In millions of dollars)

	2012 Enacted	2013 Request	2013 Change from 2012
Excellent Instructional Teams			
Effective Teachers and Leaders State Grants	....	2,467	2,467
Teacher Quality State Grants	2,467	....	–2,467
Ready to Teach	....	....	....
Teacher and Leader Innovation Fund	....	400	400
Teacher Incentive Fund	299	....	–299
Advanced Credentialing	....	....	....
Teacher and Leader Pathways	....	75	75
Transition to Teaching	26	....	–26
Teacher Quality Enhancement	43	....	–43
Teachers for a Competitive Tomorrow	....	....	....
Teach for America	....	....	....
School Leadership	29	....	–29
Effective Teaching and Learning for a Complete Education			
Effective Teaching and Learning: Literacy	....	187	187
Striving Readers	160	....	–160
Even Start	....	....	....
Literacy through School Libraries	....	....	....
National Writing Project	....	....	....
Reading is Fundamental	....	....	....
Ready-to-Learn Television	27	....	–27
Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics	....	150	150
Mathematics and Science Partnerships	150	....	–150
Effective Teaching and Learning for a Well-Rounded Education	....	90	90
Excellence in Economic Education	....	....	....
Teaching American History	....	....	....
Arts in Education	25	....	–25
Foreign Language Assistance	....	....	....
Academies for American History and Civics	....	....	....
Close-Up Fellowships	....	....	....
Civic Education	....	....	....
Educational Technology State Grants	....	....	....
Expanding Educational Options			
Expanding Educational Options	....	255	255
Charter Schools Grants	232	....	–232
Credit Enhancement for Charter School Facilities [1]	23	....	–23
Voluntary Public School Choice	....	....	....
Parental Assistance Information Centers	....	....	....
Smaller Learning Communities	....	....	....
College Pathways and Accelerated Learning			
College Pathways and Accelerated Learning	....	81	81
High School Graduation Initiative	49	....	–49
Advanced Placement	27	....	–27
Javits Gifted and Talented	....	....	....
Supporting Student Success			
Successful, Safe and Healthy Students	....	196	196
SDFS National Program Activities	65		–65
Elementary and Secondary School Counseling	52	....	–52
Physical Education	79	....	–79
Foundations for Learning	....	....	....
Mental Health Integration in Schools	....	....	....
Alcohol Abuse Reduction	....	....	....
Race to the Top	549	850	301
Investing in Innovation	149	150	1

[1] Appropriations language in 2012 requires the Secretary to use, from the amount appropriated in 2012 for Charter Schools Grants, not less than $23 million for State Facilities Incentive Grants and Credit Enhancement for Charter School Facilities.

CONSOLIDATIONS: FAMILY SELF-SUFFICIENCY

Department of Housing and Urban Development

The 2013 Budget proposes $60 million for a consolidated Family Self-Sufficiency (FSS) Program to help Department of Housing and Urban Development (HUD)-assisted residents achieve self-sufficiency and economic independence. Rather than operate two separate and independently administered FSS programs for Housing Choice Voucher and Public Housing families, the 2013 Budget proposes to consolidate and align the FSS program into one program to enable Public Housing Authorities (PHA) to more uniformly serve both programs' residents. This proposal will also expand the program to residents of HUD's other major rental assistance program, Project-Based Rental Assistance.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	75	60	-15

Justification

FSS encourages local strategies to coordinate public and private resources to enable HUD-assisted families to find and retain jobs, and reduce or eliminate the need for welfare assistance to make progress towards economic independence and self-sufficiency. Through community partnerships, FSS links participating residents with employment assistance, training, child care services, and other supportive services.

Currently, HUD administers two-family self-sufficiency programs that have the same goals and purposes, one in the Tenant-Based Rental Assistance program and one in Public Housing. Since the funds are provided in two separate accounts, HUD runs two separate competitive grant processes to fund service coordinators, and Public Housing Authorities are limited to serving program-specific populations.

This FSS consolidation proposal will align and reduce the administrative redundancies at the Federal and PHA level, and streamline service delivery for residents across all of HUD's rental assistance programs, including families participating in the Project-Based Rental Assistance program.

The 2013 Budget also includes flexible authorities for PHAs to combine and use a portion of their funds from the Public Housing Operating and Capital Funds, and Tenant-Based Rental Assistance administrative fees towards additional service coordination that could complement FSS or provide residents with other supportive services that promote positive resident outcomes related to education, health, self-sufficiency and quality of life.

CONSOLIDATIONS: FEDERAL HIGHWAYS PROGRAMS

Department of Transportation

For decades the bulk of Federal transportation funds have been distributed through a patchwork of programs that lacked performance incentives and served to complicate State and local planning efforts. The Administration's proposal for surface transportation seeks to consolidate and streamline the complicated current array of 55 separate, often redundant formula programs into a simpler and more performance-oriented set of five core programs designed to give State and local partners the tools and flexibility required to promote national transportation priorities.

Justification

Programs are consolidated from more than 55 to five new categories that focus on critical national interests: the National Highway Program; Highway Safety Improvement; Livable Communities; Federal Allocation (for highway-related activities on Federally owned lands); and, Research, Technology, and Education. The proposal establishes a performance-based highway program in the critical areas of safety and state of good repair; provides resources and authorities to spur innovations that will shorten project delivery and accelerate the deployment of new technologies; and offers local metropolitan areas with greater technical capacity a larger role in project selection.

FEDERAL HIGHWAYS PROGRAMS

1. Interstate Maintenance
2. Highway Bridge Program
3. National Highway System
4. Territorial Highway Program (NHS Set-aside)
5. Alaska Highway (NHS Set-aside)
6. Surface Transportation Program
7. Ferry Boat Program
8. Appalachian Development Highway System
9. Equity Bonus
10. Revenue Aligned Budget Authority
11. Puerto Rico Highway Program
12. Denali Access System Program
13. Delta Region Transportation Development Program
14. Metropolitan Planning
15. Lake Tahoe Planning
16. Statewide Planning & Research (SP&R)

National Highway Program:

- Highway Infrastructure Performance Program (HIPP)
- Flexible Investment Program (FIP)
- Territorial Highway Program (FIP Set-aside)
- SP&R and Metro Planning continue as set-asides from multiple apportioned programs

17. Highway Safety Improvement Program
18. Hazard Elimination at High-Speed Rail Highway Crossings
19. Railway-Highway Crossings
20. High Risk Rural Roads
21. Operation Lifesaver
22. Work Zone Safety Grants
23. National Work Zone Safety Clearinghouse
24. Road Safety (Data & Public Awareness)

Safety Program:

- Highway Safety Improvement Program (HSIP)
- Rural Road Safety (HSIP Set-aside)
- Highway Safety Data Improvement Program

25. Congestion Mitigation & Air Quality (CMAQ)
26. Transportation Enhancements (STP Set-aside)
27. Recreational Trails
28. Scenic Byways
29. America's Byways Resource Center
30. Safe Routes to School
31. Transportation, Community & System Preservation
32. Non-Motorized Pilot Program
33. Historic Covered Bridge Preservation
34. Bicycle & Pedestrian Clearinghouse

Livability Program:

- Livable Communities Program
- Investments for Livable Communities Grant Program
- Livability Capacity Building Grant Program

35. Highways for LIFE
36. Surface Transportation Research
37. Training & Education
38. Future Strategic Highway Research (Set-aside from Apportioned Programs)
39. Intelligent Transportation Systems (ITS) Research
40. Great Lakes ITS Implementation
41. University Transportation Research
42. Bureau of Transportation Statistics (BTS)

Research, Technology & Education Program:

- Highway Research & Development
- Technology & Innovation Deployment
- Training & Education
- ITS Research
- Competitive UTC Consortia
- Bureau of Transportation Statistics
- Multimodal Innovative Research Program
- UTC Multimodal Competitive Research Grants

43. Emergency Relief
44. Indian Reservation Roads
45. Indian Reservation Road Bridges
46. Additional CA for States with Indian Reservations
47. Park Roads & Parkways
48. Refuge Roads
49. Public Lands Highways Discretionary
50. Public Lands Highways, Forest Highways
51. Going-to-the-Sun Road, Glacier National Park, Montana
52. On-the-Job Training (OJT) & Supportive Services
53. Disadvantaged Business Enterprise (DBE) Training
54. Grant Program to Prohibit Racial Profiling
55. Highway Use Tax Evasion

Federal Allocation Program:

- Emergency Relief
- Federal Lands Transportation Program
- Federal Lands Access Program
- Tribal Transportation Program
- Workforce Development

CONSOLIDATIONS: FOREST SERVICE INTEGRATED RESOURCE RESTORATION

Department of Agriculture

The Budget continues support for the full implementation of Integrated Resource Restoration (IRR) within the National Forest System. This realignment will integrate watershed protection and restoration into all aspects of management of national forests and grasslands and create or maintain economic opportunities, timber production, and jobs. It will also allow the Forest Service to more effectively accomplish forest health and water quality improvement goals.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority, Total	806	793	-13
Integrated Resources Restoration	[146]	793	793
Wildlife and Fisheries Habitat	140	0	-140
Forest Products	336	0	-336
Vegetation and Watershed Management	184	0	-184
Hazardous Fuels	76	0	-76
Legacy Roads and Trails and Road Decommissioning	70	0	-70

[1] *2012 enacted for IRR is a non-add reflecting the authorized pilot funded from the various line items below.*

Justification

The 2013 Budget proposes $793 million for IRR. This funding continues 2011 and 2012 Administration emphasis on IRR as the leading approach to accomplish on-the-ground restoration, and to re-establish watershed, forest and grassland health, fire-adapted landscapes, and ecosystem function. IRR includes activities funded through previous budget line items for Wildlife and Fisheries Habitat Management, Vegetation and Watershed Management, Forest Products, Legacy Roads and Trails, Hazardous Fuels in non-wildland urban interfaces, and Rehabilitation and Restoration.

Efficiencies gained from utilizing a consolidated line item and the benefits of implementing landscape scale restoration projects will lead to improved forest and grassland health and resilience, watershed health and clean water, and create or maintain local economic opportunities and jobs. The IRR budget line-item was first introduced in 2011 and proposed again in 2012. The 2012 enacted appropriations included a pilot IRR.

IRR will support the decommissioning of over 2,000 miles of roads, the restoration or enhancement of 2,750 miles of stream habitat, and 2,800 million board feet of timber sold.

CONSOLIDATIONS: HIGHER EDUCATION PROGRAMS

Department of Education

The Administration proposes to use the Fund for the Improvement of Postsecondary Education (FIPSE) authority to launch a new First in the World (FITW) competition and also proposes a consolidation that would improve efficiency and lower administrative costs, while establishing a more effective program. The new FITW competition program includes a tiered-evidence framework, modeled on the Department of Education's successful Investing in Innovation program at the K-12 level, which identifies, validates, and scales-up promising and effective practice. The initiative would also consolidate the Transition Programs for Students with Intellectual Disabilities into Higher Education and the new competition could include support for projects that enhance access and completion for students with disabilities. The small disability demonstration program would be replaced with a robust innovation program containing a tiered evidence framework.

Funding Summary

(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
FIPSE (competitive grants)	2	70	68
Transition Programs for Students with Intellectual Disabilities into Higher Education	11	0	-11

Justification

The Transition Programs for Students with Intellectual Disabilities into Higher Education supports institutions of higher education or consortia of such institutions to create or expand postsecondary programs for students with intellectual disabilities. It does not have a strong evaluation component nor methods to disseminate promising practices to other institutions.

FIPSE, with its core Comprehensive Program, supports projects intended to reform and improve postsecondary education. However, the program lacks an evidence framework and an evaluation focus, and has been used for decades to support congressionally-directed earmarks and other short-lived projects.

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

CONSOLIDATIONS: INFORMATION TECHNOLOGY

Department of the Treasury

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

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority (Direct and Franchise Fund)	---	-9	-9
Mandatory Savings (Reimbursable Funding and Debt Fee Revenue)	---	-17	-17
Total Savings	---	-26	-26

Note: Five-year savings (2012-2016) total $128 million from both mandatory and discretionary spending. The 2013 Budget reflects discretionary reductions of $9 million, including both direct appropriations and reduced reimbursable service by the Treasury Franchise Fund.

Justification

BPD and FMS, the operational arms of Treasury's Fiscal Service, have partnered to consolidate a variety of IT resources. In 2011, five separate BPD and FMS data centers were consolidated to two centers. This effort is congruent with the Office of Management and Budget's Data Center Consolidation directive for a more sustainable approach to IT services that will reduce energy consumption and carbon emissions. This consolidation was completed in January 2012 and will save more than $125 million over five years, from reduced spending on energy consumption, equipment, hardware, software, personnel, and contractor support.

This consolidation is part of a Department-wide Data Center Consolidation effort involving other Department of the Treasury bureaus and offices, such as the Internal Revenue Service. The Department of the Treasury's plan began in 2010, and includes reducing 42 data centers to 29 by 2015. Additionally, this data center merger provides the framework for other administrative cost saving improvements across the Fiscal Service, which support the Administration's and Treasury's continued efforts to save taxpayer dollars and improve Government efficiency.

CONSOLIDATIONS: INTEGRATED APPROACHES TO PREVENTION

Department of Health and Human Services

The 2013 Budget consolidates a myriad of disease-focused activities to focus on priority areas, maximize public health impact, and reduce the Nation's burden of chronic disease.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Integration Approaches to Prevention	387	504	117
Coordinated Chronic Disease Activities	250	378	128
Birth Defects and Developmental Disabilities[1]	137	126	-11

[1] *In 2012, this program was fully funded by discretionary budget authority; in 2013, $108 million is funded by the Prevention and Public Health Fund and $18 million is funded from discretionary budget authority.*

Justification

The 2013 Budget includes an increase of $9 million over the 2012 enacted level to integrate more than 40 separate programmatic activities into four newly consolidated programs: Coordinated Chronic Disease Prevention and Health Promotion Program; Child Health and Development; Health and Development for People with Disabilities; and Public Health Approaches to Blood Disorders. A coordinated and integrated approach will allow State and local health departments to invest in best practices to more effectively address interrelated risk factors and improve health outcomes.

The Coordinated Disease Prevention and Health Promotion Program integrates more than 15 separate chronic activities including: Centers for Disease Control's (CDC's) heart disease and stroke; nutrition, physical activity, and obesity prevention; chronic school health; diabetes; comprehensive cancer control; and arthritis and other chronic disease activities into a single, streamlined grant program. This approach will enable CDC to create a coordinated, national response to chronic disease, maximizing program effectiveness, reducing interrelated risk factors, and accelerating health improvements. This will also provide States with additional flexibility to address the leading causes of chronic disease and disability, while increasing accountability and improving health outcomes through performance incentives.

CDC is also continuously improving its strategy to maximize public health impact in preventing birth defects and developmental disabilities, promoting the health and development of children, youth and adults with disabilities, and preventing death and disability associated with blood disorders. The 2013 Budget consolidates more than 25 separate activities into three flexible and comprehensive public health programs: Child Health and Development; Health and Development for People with Disabilities; and Public Health Approaches to Blood Disorders. The consolidation will refocus activities into integrated and competitive grant programs focusing on the most effective interventions; address emerging public health challenges; and, allocate resources to maximize the public health impact. The consolidation of the 25 programs creates a savings of $11 million compared to the 2012 enacted level. The $11 million reduction reflects the elimination of funding that has a relatively limited public health impact and administrative and contract efficiencies from merging integrated efforts at the Federal, State, and local level.

CONSOLIDATIONS: NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Department of Commerce

The Administration proposes to consolidate several programs and facilities within the National Oceanic and Atmospheric Administration (NOAA). These consolidations are part of an ongoing process to reduce administrative costs and improve efficiency. The changes will affect programs within five NOAA line offices. They include placing the Marine Debris program and the Estuary Restoration program in the Office of Habitat Conservation, merging the Marine Protected Areas (MPA) program with the National Marine Sanctuaries Program (NMSP), consolidating the Coastal Services Center, Integrated Ocean Observing System, and Coastal Zone Management program, closing fisheries labs in Sandy Hook, New Jersey, and Pacific Grove, California, and closing the homeport in Charleston, South Carolina, and streamlining management of the Regional Climate Centers (RCCs). In addition, the Northwest and Southwest regional fisheries management offices will be consolidated into one regional office for the West Coast.

Justification

The President has directed agencies to identify cost-saving efforts that will improve operational efficiency and improve the rate of return to taxpayers, including program integration, reorganizations within agency components, and realignment of resources (such as information technology, facilities, and staff) to improve service delivery to the public. The Budget proposes several efficiencies within NOAA that will maintain a high level of service while lowering costs.

The Budget proposes to merge the Marine Debris and Estuary Restoration programs within the much larger Office of Habitat Conservation. This proposal will improve coordination and the allocation of resources among related programs. The Office of Habitat Conservation will assume the responsibilities of these programs and continue to support their highest priorities while enabling savings in overhead costs.

Within the National Ocean Service, the MPA program would be placed within the much larger NMSP. NMSP has a robust national program and can leverage the activities of the MPA program with its network of National Marine Sanctuaries. In addition, administrative costs for several coastal programs would be reduced by merging administration of the Coastal Services Center, Integrated Ocean Observing System, and Coastal Zone Management program. These programs address different aspects of NOAA's responsibilities under the Coastal Zone Management Act, and a unified program will reduce overhead by approximately $2 million while improving coordination.

Three facilities are proposed for closure – the homeport at Charleston, South Carolina and the National Marine Fisheries Service labs in Sandy Hook, New Jersey, and Pacific Grove, California. NOAA will relocate the Ronald Brown and Nancy Foster research vessels to its Marine Operations Center in Norfolk, Virginia, at a projected savings of $200,000 per year. Most staff at the fisheries labs will be relocated to other NOAA labs in their regions. Savings will occur once the lease in Sandy Hook expires in late 2012.

The Budget proposes to consolidate the leadership of the Southwest and Northwest fisheries regions into one West Coast Region, while maintaining the office locations. This effort would eliminate leadership positions at a projected annual savings of $2.5 million. Many of the fisheries issues addressed by these two regions (e.g., Pacific salmon) overlap and, therefore, this merger will improve coordination in areas where there is currently joint decision-making.

The Budget includes $1.3 million in savings generated by placing the management of RCCs under the leadership of its Regional Climate Service Directors. This will reduce the need for separate directors while giving the RCCs national coverage and improved alignment with National Weather Service regions.

CONSOLIDATIONS: REGIONAL OFFICE CONSOLIDATIONS

Department of Labor

The Budget would streamline agency operations by reforming the regional office structure of five offices within the Department of Labor (DOL): the Occupational Safety and Health Administration (OSHA); the Employee Benefits Security Administration (EBSA); the Office of the Solicitor (SOL); the Women's Bureau (WB); and the Office of Public Affairs (OPA).

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.000	-4.000	-19.000

Justification

Regional offices allow DOL to provide services to citizens at the local level, but several components within DOL currently have a regional office structure that is more expansive than is necessary to be effective. The proposed regional office consolidation would improve overall efficiency and effectiveness of program operations and services. In 2013, EBSA, SOL, WB, and OPA will each reduce their number of regional offices to six and OSHA will reduce its number of regional offices to seven.

Currently, EBSA has 10 regional offices, SOL has eight, and WB has eight. Under the new, leaner structure, some small district offices would be closed and those offices' duties would be conducted in nearby regions. In addition, WB will cut the number of positions in its regional offices from the current 30, and the savings will be redeployed to strengthen the enforcement of overtime, minimum wage, and leave laws that protect working women.

OSHA will reorganize its regional structure and jurisdictional authority from its current operation of 10 regional offices to seven. The reorganization will involve the consolidation of OSHA's Regions 1 (Boston) and 2 (New York); Regions 7 (Kansas City) and 8 (Denver); and Regions 9 (San Francisco) and 10 (Seattle). This is estimated to result in cost savings by eliminating three Regional Administrator positions and reorganizing other executive and senior managerial and administrative positions.

OPA will also reduce its regional operations while continuing to provide a full array of public affairs support services to all DOL agencies at the regional, district, and area office levels. Regional restructuring will begin in 2012 with the closing of the Seattle and Denver field offices, and the full restructuring will be completed in 2013. Savings will be realized in 2012 and carried into 2013.

CONSOLIDATIONS: REHABILITATION ACT PROGRAMS

Department of Education

As part of broader Workforce Investment Act reforms, the Budget proposes to consolidate three Rehabilitation Act programs into the Vocational Rehabilitation (VR) State Grants Program. The proposed consolidations would reduce duplication and administrative costs; enhance program management and accountability; and improve rehabilitation services.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
VR State Grants[1]	3,122	3,167	45
Supported Employment State Grants	29	0	-29
Migrant and Seasonal Farmworkers	1	0	-1
VR Training (in-service portion only)	5	0	-5

[1] *Inclusive of discretionary changes to the mandatory baseline, set-asides, and consolidated programs.*

Justification

The Administration proposes to consolidate the Supported Employment (SE) State Grants, VR Migrant and Seasonal Farmworkers, and the in-service training portion of VR Training programs into the existing VR State Grants Program. These smaller programs provide services that are provided by the larger VR State Grants program or have accomplished their mission, as described below.

The SE program was created in 1986 to encourage State VR agencies to provide ongoing job supports, like job coaches, to individuals with significant disabilities at a time when many professionals were skeptical about the feasibility and potential costs associated with employing individuals who traditionally would not have been employed in integrated settings. Now almost 11 percent of all individuals served through the VR program have supported employment goals.

The VR Migrant and Seasonal Farmworkers (MSFW), first funded in 1977, supports rehabilitation services to migratory workers with disabilities. Specialized services being provided under this program can be provided under the VR State Grants program. Providing services to this population under the VR state grant program may provide service providers with access to a wider array of programmatic resources and expertise. The Administration proposes to consolidate the MSFW program into the larger VR State Grants program and to focus Federal efforts on ensuring that the needs of all populations, including migratory workers with disabilities, are met.

In addition, the funds currently provided to State VR agencies to support in-service training for agency personnel under the Training program would be included in this consolidation. Under the VR State Grants program, each State is required in its state plan to establish detailed procedures for a comprehensive system of personnel development, including how the State will address the current and projected personnel training needs.

CONSOLIDATIONS: STATE AND LOCAL GRANTS REFORM

Department of Homeland Security

The Budget proposes to reform the Department of Homeland Security (DHS) State and local homeland security grant program by consolidating 16 programs DHS currently manages into one National Preparedness Grant Program, streamlining and simplifying programs that overlap and, over time, have become disparate, confusing, and sometimes duplicative. This comprehensive program is aimed at building and sustaining capabilities nationwide.

Funding Summary
(In millions of dollars)

.	2010 Enacted	2011 Enacted	2012 Enacted	2013 Request
State and Local Programs Total	4,165	3,380	2,382	2,900
National Preparedness Grant Program	0	0	0	1,541
State Homeland Security Grant Program	880	569	315	0
Tribal Homeland Security Grant Program	10	10	6	0
Operation Stonegarden	60	55	50	0
Citizen Corps	13	10	0	0
Metropolitan Medical Response System	41	35	0	0
Driver's License Security/Real ID Grants	50	45	0	0
Interoperable Emergency Comms. Grants	50	0	0	0
Regional Catastrophic Preparedness Grants	35	15	0	0
Emergency Operations Center Grants	60	15	0	0
Urban Area Security Initiative (UASI)	868	705	532	0
UASI Non-Profit Grants	19	19	5	0
Port Security Grants	300	250	105	0
Rail/Transit Security Grants	280	225	94	0
Amtrak Grant	20	20	10	0
Over-the-Road Bus Security Grants	12	5	0	0
Buffer Zone Protection Grants	50	0	0	0

Justification

Since DHS's inception, State and local grants have grown in number, as sectors of the homeland security enterprise received dedicated tranches of funding. This structure of programmatic stovepipes has inhibited a holistic, capabilities-based approach, and has hindered the ability to adjust and prioritize grant spending to address emerging capability gaps. In some cases, it has incentivized grantee spending on duplicative or unnecessary investments while increasing the administrative burden at Federal, State, and local levels. Over $8 billion in unexpended balances from previous years' grant programs remains in the pipeline, and this streamlined, simplified program is intended to enable more targeted investment in building and sustaining the most critical capabilities.

The new National Preparedness Grant Program will require State and local entities to tie investments to one of the 31 core capabilities included in the National Preparedness Goal, regardless of who receives the funding, and funding decisions will be guided by some level of risk assessment. The new program will also require that measures of effectiveness be included with proposed investments. These investments will be tracked at the project level from cradle-to-grave, making it possible to track attainment of the core capabilities. The new program also reduces administrative burdens by minimizing redundant staffing needs.

CONSOLIDATIONS: STATE SUBSTANCE ABUSE PREVENTION GRANTS

Department of Health and Human Services

The 2013 Budget consolidates substance abuse prevention funding and establishes a new State Substance Abuse Prevention Grant, which will provide more coordinated funding to all States and Territories and promote evidenced-based prevention strategies nationally.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	455	405	-50

Justification

The 2013 Budget restructures Substance Abuse and Mental Health Services Administration prevention grant programs by combining the Prevention Set-aside from the Substance Abuse Prevention and Treatment Block Grant and the Strategic Prevention Framework Program to establish a new Substance Abuse State Prevention Grant. Consistent with the President's 2012 Budget, the new prevention grant will encourage States to fund evidence-based programs to prevent substance abuse. States will develop comprehensive plans for prevention services that would address: underage drinking; illicit and prescription drug use; tobacco use; and coordinated services for children from birth through age 25. While overall prevention funding is reduced, the Budget prioritizes prevention through a single grant that will achieve efficiencies by more effectively leveraging resources, avoiding duplication, and improving coordination.

Research increasingly shows substance abuse and many mental illnesses are preventable. In 2009, the Institute of Medicine (IOM) demonstrated that a common set of risk and protective factors affect both substance abuse and mental health, and that programs to support emotional health in youth can prevent substance abuse, depression, and certain mental illnesses. The new Substance Abuse State Prevention Grant will build off the IOM findings by encouraging States to use data-driven planning and implement evidenced-based practices that prevent substance abuse.

CONSOLIDATIONS: UNITED STATES VISITOR AND IMMIGRANT STATUS INDICATOR TECHNOLOGY

Department of Homeland Security

The Budget proposes consolidating the United States Visitor and Immigrant Status Indicator Technology (US-VISIT) program into Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) to reduce duplicative operations.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
US-Visit	279	0	-279
Funds Shifted to CBP/ICE	0	279	279

Justification

The Budget proposes eliminating a separate US-VISIT program office and, instead, incorporating the US-VISIT mission into CBP and ICE. CBP would take over responsibility for the core US-VISIT operations, the management of the biometric storage and matching service, while ICE would assume management of US-VISIT's overstay program.

The existing US-VISIT functions naturally align to the missions of CBP and ICE. As the agency responsible for determining admissibility at all U.S. ports of entry, CBP provides data to US-VISIT and uses the system to assess the risk of travelers to the United States. In addition, CBP operates numerous other screening and targeting systems used by various Department of Homeland Security components as well as multiple Federal agencies. ICE is responsible for assessing risks of overstays and ultimately locating and deporting those individuals.

Both CBP and ICE have made investments in systems and processes that complement US-VISIT operations. Merging the US-VISIT program into CBP and ICE will reduce the need for future duplicative investments at US-VISIT, through the reduction of staff, redundant system support, and economies of scale for information technology procurement and management.

Savings

SAVINGS

Overview

From the start of the Administration, the President has been committed to delivering for the American people an efficient, effective Government that cuts waste and uses taxpayer dollars wisely. Instead of accepting the status quo in Washington, he moved quickly and aggressively to root out inefficient and wasteful spending, streamline what works, and modernize Government for the 21st Century.

In its very first meeting, the President asked his Cabinet to cut their administrative budgets, and they responded by identifying dozens of cost-saving measures. To ensure that the Administration gets the best waste-cutting ideas, the President also launched the Securing Americans Value and Efficiency (SAVE) Award – a contest for Federal employees to submit ideas about how to cut waste, save taxpayer dollars, and make Government more efficient and effective. Thousands of the ideas have been sent to the agencies for potential implementation and dozens of these have been included in the President's Budgets. Employee SAVE Award proposals in this year's Budget range from eliminating waste in drug procurement for uninsured patients to cutting travel costs through improved online learning opportunities.

Building on these efforts, the President last summer launched the Campaign to Cut Waste, an Administration-wide effort led by the Vice President to cut wasteful spending and programs that do not work, strengthen and streamline what does work, leverage technology to transform Government operations to save money and improve performance, and make Government more open and responsive to the needs of the American people. The Administration has already avoided $20 billion in improper payments in 2010 and 2011 combined, achieved $1.5 billion in excess real estate savings and identified enough savings opportunities to exceed the President's $3 billion goal for non-defense savings opportunities, and in an Executive Order directed agencies to cut waste and promote more efficient spending through reduced spending on travel, information technology devices, printing, and swag , eliminating nearly $8 billion in inefficient spending. This volume includes an agency-specific breakdown of savings targets to meet the President's directive of cutting spending by 20 percent across these areas.

Finally, the President's Budget proposes modest investments in cracking down on error and fraud that, if enacted by Congress, will reap $102 billion across the next decade.

Taken together, these measures continue to create a culture of efficiency across the Federal Government, and they represent important progress in the ongoing effort to cut waste and get the most from taxpayer dollars.

SAVINGS: CAMPAIGN TO CUT WASTE OVERVIEW

Government-wide

As part of the Campaign to Cut Waste, the Administration is requiring agencies to reduce funding in certain administrative categories by 20 percent below 2010 enacted levels in 2013.

Funding Summary
(In millions of dollars)

.	.	2013 Savings
Savings, Total[1]	---	-7,955
Department of Agriculture	---	-184
Department of Commerce	---	-176
Department of Defense	---	-4,000
Department of Education	---	-11
Department of Energy	---	-223
Department of Health and Human Services	---	-876
Department of Homeland Security	---	-822
Department of Housing and Urban Development	---	-12
Department of the Interior	---	-207
Department of Justice	---	-146
Department of Labor	---	-61
Department of State	---	-182
Agency for International Development	---	-13
Department of Transportation	---	-154
Department of Treasury	---	-241
Department of Veterans Affairs	---	-173
Corps of Engineers -- Civil Works	---	-51
Environmental Protection Agency	---	-70
General Services Administration	---	-49
National Aeronautics and Space Administration	---	-200
National Science Foundation	---	-19
Office of Personnel Management	---	-2
Small Business Administration	---	-2
Social Security Administration	---	-81

[1] *Non-Add. Some of the proposals in this volume overlap with these savings, and agencies are redirecting some savings to absorb other cost increases and fund priority activities.*

Justification

The Administration has moved to cut wasteful spending, strengthen and streamline programs that work, leverage technology to transform Government operations to save money and improve performance, and make Government more open and responsive to the needs of the American people. The 2012 Budget included agency-specific, targeted cuts to administrative expenses such as travel, printing, supplies, and advisory contract services. Building upon that effort, the President issued Executive Order 13589 on "Promoting Efficient Spending" in November 2011. The Executive Order called for agencies to reduce spending by 20 percent below 2010 enacted levels by 2013 on the administrative areas targeted in the 2012 Budget, as well as additional administrative areas. These reductions will yield nearly $8 billion in savings in 2013. Much of the savings will come from the following administrative categories:

Travel and Relocation Costs. Although Governmental travel is often necessary to execute agency missions, agencies have reviewed their travel and determined that a portion could be eliminated and replaced by technologies, such as webinars or videoconferencing. For example, the Department of Homeland Security's

(DHS's) effort to eliminate all non-essential travel and maximize the use of conference calls and web-based trainings and meetings has generated more than $13 million in travel cost avoidance since 2009. Similarly, the Department of Justice has reduced the number of people traveling and is promoting the use of discount fares. In addition to travel, agencies are taking steps to reduce their conference-related spending. For example, the Department of Labor has identified 100 conferences that can be eliminated and is actively seeking other cost-effective alternatives to conferences. In addition, the Department of State will hold the majority of its conferences in Government facilities as opposed to hotels.

Printing. Technological advances have increasingly enabled electronic interactions with the public and among Government employees. One of the many benefits of this development is that certain printing activities are now unnecessary, which both saves money and produces less waste. The Department of the Treasury will save approximately $4 million by eliminating printing and mailing of certain forms, publications and inserts. In some cases, printing remains necessary, but agencies are taking steps to ensure they are printing in the most cost-effective manner. For example, the Social Security Administration (SSA) is reducing the amount of printed materials by placing most publications online and increasing electronic delivery of notices and reports.

Professional and technical services. Spending on professional and technical services has grown disproportionately over the past few years. Agencies often pay for these services using time-and-materials and labor-hour contracts, which are prone to wasteful spending because contractors receive payment for what they spend rather than for completed tasks. To address these concerns, agencies have reviewed their requirements for management support services and other advisory contracts to evaluate where they can buy less, pay lower rates, and, whenever possible, acquire these services using fixed-priced arrangements that create a greater incentive for efficiency. For example, the General Services Administration (GSA) plans to replace time and materials contracts with fixed price contracts, and to maximize the use of less-costly labor categories where cost reimbursement contracts are necessary.

Supplies and materials. Agencies are working to reduce spending on supplies and materials, both by decreasing how much they purchase as well as purchasing more efficiently. For example, the Department of Commerce will be driving greater efficiencies and saving $4.2 million by strategically sourcing its contracts for computers and laptops. Agencies plan to obtain lower prices by increasing use of GSA's strategic sourcing initiative blanket purchase agreements for supplies. In addition, SSA has implemented an "amnesty day" where offices turn in unused office supplies for re-deployment throughout the agency, and has reduced inventory by adopting a just-in-time primary vendor contract to deliver supplies within 48 hours of the order.

Employee Information Technology (IT) Devices. IT has increasingly benefited Federal employees by allowing for greater mobility and productivity. Although technology has had a positive effect on providing Federal employees with the tools they need to perform their jobs efficiently and effectively, it is also important for agencies to ensure they are not wasting taxpayer dollars on IT devices and services that are not being utilized, or provide a low value to the Government. As such, agencies are working hard to identify and eliminate wasteful IT devices and services. For example, the Department of Commerce has identified and shut down more than 2,500 cellular lines because they had not been used for at least three months. Similarly, DHS saved $10.6 million by disconnecting wireless devices that were no longer being used, and has instituted procedures to provide new hires with cellular phones that are already in their inventory. In addition, the Department of the Interior is exploring options for decreasing the number of personal IT devices that it issues by allowing employees to use personal mobile phones as their work phone.

Executive Fleet. Utilizing Government vehicles is an efficient mode of transportation for Government officials, as it enables them to achieve greater productivity by reducing travel times. Although utilizing Government fleet vehicles is efficient, agencies are working to better manage their fleet of vehicles and finding ways to reduce costs. For example, several agencies plan to purchase electric vehicles to save energy, return under-utilized vehicles to GSA thereby reducing their overall fleet size, and replace outgoing vehicles with more fuel efficient vehicles. In addition, the Environmental Protection Agency is reducing the number of trips taken by employees by having travelers share vehicles. In addition, to reduce costs associated with its fleet, the Department of the Treasury is tightening its policies and procedures for "home to work" vehicles, as well as when new vehicles can be purchased.

Extraneous promotional items. The purchase of unnecessary promotional items is not an effective use of agency funds, and agencies have been working to identify and eliminate this type of wasteful spending. For example, the Department of Justice suspended the purchase of all trinkets, agency logo supplies, clothing, and other extraneous promotional items. In addition, the Department of Labor is placing greater restrictions on the purchase of plaques for authorized agency recognition ceremonies by providing plaques for group awards and replacing plaques with certificates for individual members of the groups.

SAVINGS: PROGRAM INTEGRITY OVERVIEW

Government-wide

The Administration supports initiatives related to ensuring that Federal agencies are responsible stewards of taxpayer resources. As families across the country tighten their belts, we cannot afford wasteful and inefficient processes in Government. In fact, improving Federal financial management and eliminating waste are two key areas of the Administration's Campaign to Cut Waste, an intensified effort to identify areas across the Government where waste or inefficiencies may exist, and to take immediate steps to address them.

Unfortunately, the Federal Government wastes billions of American taxpayer dollars each year, including billions of dollars paid improperly to individuals, organizations, and contractors, as well as billions of dollars in debt owed to the Government. In 2011 alone, the Federal Government made an estimated $115 billion in improper payments. Since November 2009, the President has issued three directives to agencies to prevent and recapture improper payments, and signed into law new improper payments legislation, in order to improve Government efficiency and prevent and recapture improper payments. To help further drive Government performance, the President has also set goals of cutting improper payments by $50 billion and recapturing at least $2 billion in contract overpayments by the end of 2012.

The important steps taken by the Administration have already yielded tangible results. In 2011, the Government-wide improper payment rate declined to 4.69 percent, a sharp decrease from the 2010 error rate of 5.29 percent and the 2009 error rate of 5.42 percent. Had the error rate not decreased as it did over the last two years, the Government would have made over $20 billion in additional improper payments. Also, agencies have recaptured more than $1.9 billion in overpayments to contractors in 2010 and 2011 combined. Despite these successful results, the Administration has identified additional tools included in the Budget that will help drive further progress in reducing waste.

While agencies sometimes make improper payments, they also have trouble collecting money that is owed to Federal agencies. For example, the Government Accountability Office found, in 2008, that over 27,000 Medicare providers owed more than $2 billion in tax debt.[1] Through the Federal Payment Levy Program, the Treasury currently deducts (levies) only up to 15 percent of a payment to Medicare providers with delinquent tax debt.

The 2013 Budget includes a number of legislative and administrative reforms on improper payments and debt collection, which collectively comprise our program integrity efforts. Many of these proposals will provide savings for the Federal Government (the savings for these proposals are shown in the table on the following page) and support Government-wide efforts to improve the management and oversight of Federal resources. Collectively, these proposals will result in $102 billion in savings to the Federal Government from 2012-2022. In addition, other administrative proposals, while not resulting in direct Federal savings, will also improve the operation and efficiency of important Federal programs.

The Administration's program integrity proposals are included on the following pages. These include new proposals as well as provisions previously proposed. If implemented, all of these proposals could help further improve stewardship of Federal resources.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2017	2012-2017	2012-2022
SAVINGS FROM DISCRETIONARY CAP ADJUSTMENTS:								
Disability Insurance and Supplemental Security Income Programs, Social Security Administration	-39	-452	-2,183	-3,264	-4,343	-4,821	-15,102	-47,935
Health Care Fraud and Abuse Control, Department of Health and Human Services	-405	-450	-496	-546	-599	-628	-3,124	-5,950
IRS Tax Enforcement and Compliance, Department of the Treasury	-	-421	-1,123	-2,251	-3,455	-4,694	-11,944	-39,393
Unemployment Insurance, Department of Labor	-	-22	-54	-77	-99	-121	-373	-1,028
Total, Savings from Discretionary Cap Adjustments	-444	-1,345	-3,856	-6,138	-8,496	-10,264	-30,543	-94,306
SAVINGS FROM MANDATORY/RECEIPT LEGISLATIVE PROPOSALS:								
Cut Waste, Fraud, and Abuse in Medicare, Medicaid, and CHIP, Department of Health and Human Services	-	-161	-236	-306	-336	-376	-1,416	-3,616
Levy payments to Medicare Providers with Delinquent Tax Debt, Department of the Treasury	-	-56	-66	-68	-70	-72	-332	-717
Provide Authority To Contact Delinquent Debtors Via Their Cell Phones, While Enhancing Consumer Protections, Department of the Treasury	-	-12	-12	-12	-12	-12	-60	-120
Unclaimed Asset Recovery, Department of the Treasury	-	-2	-2	-2	-2	-2	-10	-20
WEP/GPO Enforcement Provision, Social Security Administration	-	13	20	17	-211	-456	-617	-3,412
Total, Savings from Discretionary Cap Adjustments	0	-218	-296	-371	-631	-918	-2,435	-7,885
OTHER PROGRAM INTEGRITY SAVINGS:								
Partnership Fund for Program Integrity Innovation, Executive Office of the President	-	-	-	-	-	-	-	-
Leveraging Technology to Reduce Improper Payments, Government-wide	-	-	-	-	-	-	-	-
Workers Compensation Information Reporting, Social Security Administration	-	-	-	-	-	-	-	-
Offset Federal income tax refunds to collect delinquent State income taxes for out-of-state-residents, Department of the Treasury*	-	[-100]	[-150]	[-250]	[-100]	[-100]	[-700]	[-1,200]
Total, Program Integrity Savings	-444	-1,563	-4,152	-6,509	-9,127	-11,182	-32,978	-102,191

Collections returned to States.

Citations

[1] Government Accountability Office, "Medicare: Thousands of Medicare Providers Abuse the Federal Tax System," GAO-08-618 (June, 2008).

SAVINGS: ADMINISTRATIVE PROCEEDINGS PAPER REDUCTION

Environmental Protection Agency

Consistent with a SAVE Award proposal, the Environmental Protection Agency (EPA) will work to reduce the number of paper copies generated during administrative adjudicatory proceedings by implementing an electronic filing (e-filing) pilot program across two regions. E-filing offers an opportunity to achieve significant reductions in the volume of paper used while having little to no effect on the rights of parties or judicial efficiency.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.115	-0.750	-0.415

Justification

Typical administrative proceedings require large amounts of paper for copies, faxes, and correspondence, and EPA believes opportunities exist to reduce redundant paper filings. EPA's Office of Administrative Law Judges is in the process of building and testing an e-filing system that will allow EPA attorneys or private party respondents to submit documents electronically via a web interface hosted on EPA's site. Parties that opt into the system will automatically receive an electronic version of the signed, e-filed document, thereby eliminating paper copies from being sent by mail. Similarly, outgoing orders and decisions issued by judges could be e-served by email, where parties have consented, which would eliminate additional costs and paper use.

SAVINGS: AIR FORCE BASIC DEVELOPMENTAL EDUCATION PROGRAM

Department of Defense

The 2013 Budget supports recent changes to the Air Force Basic Developmental Education (BDE) program. The 6-week Air Force Officer Aerospace Basic Course (ASBC) and the 5-week Squadron Officer School (SOS) comprised the Air Force BDE program. The Air Force eliminated the ASBC course, expanded SOS from five to eight weeks, and provided more expeditionary Air Force skills instruction across all commissioning programs. The Air Force estimates that it saves about $1.9 million each year by incorporating the ASBC curricula into other existing Air Force courses.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.904	-1.904	-9.520

Justification

SOS aimed to educate, motivate, and mentor captains as current and future Air Force leaders. Similarly, the ASBC course aimed to inspire new Air Force officers to comprehend their roles as airmen by teaching core values and competencies. The Administration received a SAVE Award suggesting ways to improve the BDE courses. In line with the proposal, the Air Force has reformed the BDE program by ending the ASBC course in July 2011 and expanding the SOS course by three weeks. In addition, the Air Force plans to add elements of the ASBC course to the curricula at the Air Force Academy, Officer Training School, and the Recruit Officer Training Corps program.

SAVINGS: COMMEMORATIVE MONTH FLYERS

Social Security Administration

The Social Security Administration (SSA) will implement a SAVE Award suggestion to halt the mailing of commemorative month flyers to every SSA office nationwide. These mailings currently occur nine times per year. Instead, SSA will commemorate these events through an email to SSA employees. By sending these flyers through email, SSA will save resources that can be devoted to other functions.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.005	-0.005	-0.025

SAVINGS: CURRENCY READER COUPON PROGRAM

Department of the Treasury

The Budget proposes to authorize the Bureau of Engraving and Printing (BEP) to implement a coupon program to distribute currency readers to the blind and visually impaired. The Bureau currently has the authority to operate a program loaning the readers, however a coupon program is a more cost-effective method and would save at least $150 million over 10 years.

Funding Summary

(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	122	39	40	41	41	283	503
Proposed Change from Current Law	-53	-12	-12	-12	-13	-102	-170

Justification

In compliance with a 2008 Federal court case, BEP is conducting research to make currency accessible for the blind and visually impaired through adopting tactile features into paper currency. While they are designing those features, the Department of the Treasury (Treasury) and BEP have determined they must provide an interim measure to enable access for the blind and visually impaired. BEP has determined distributing electronic currency readers to the visually impaired community is the most cost-effective option. The agency has existing authority to loan the readers, but is seeking authority to implement a cheaper, more efficient coupon program to distribute the currency readers. Under a loaner program, BEP would need to conduct periodic checks on the condition of the readers, as they are Government property. Conducting the checks would be costly, time-intensive, and burdensome to the visually impaired community.

BEP operates through a revolving fund which is financed by sales of currency to the Federal Reserve to cover the cost of production. Savings would be realized through decreased expenditures by BEP and increased returns from the Federal Reserve to Treasury.

Citations

[1] American Council of the Blind v. Paulson, 463 F. Supp. 2d 51 (D.D.C., 2006), *aff'd,* 525 F.3d 1256 (D.C. Cir. 2008), *on remand at, injunction granted at,* 581 F. Supp. 2d 1 (D.D.C. 2008).

SAVINGS: CUT TRAINING TRAVEL COSTS BY OFFERING IMPROVED ON-LINE LEARNING

Department of the Treasury

With over 100,000 employees, the Department of the Treasury (Treasury) spends considerable resources on training. Several SAVE Award entries suggested enhancing online training to save on training travel expenses. Treasury will improve its online training by streamlining redundant online learning offerings, consolidating online learning contracts and leveraging training programs across the bureaus.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.000	-2.000	-10.000

Justification

Treasury employees are accustomed to using online learning management systems for all of their mandatory training and for a wide range of discretionary technical training and professional development. By improving delivery of online offerings – making it possible to obtain convenient, just-in-time training, when desired – Treasury will reduce the need for face-to-face training and lower training travel costs. Additionally, by identifying and leveraging programs across bureaus and consolidating redundant programs, Treasury will decrease training program costs and generate further savings.

SAVINGS: DIGITIZING BOP X-RAYS

Department of Justice

Consistent with a SAVE Award suggestion, the Administration proposes to digitize all hard copy x-rays onto CDs or other electronic medium to facilitate the sharing of the information. Currently, when transferring inmates throughout the 116 Bureau of Prisons (BOP) institutions, hard copy x-ray films are mailed to the receiving institutions to maintain continuity of health care.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.300	-1.300	-6.300

Justification

BOP gains numerous process efficiencies by converting to digital x-rays. Digital technology not only eliminates the need for film and chemical supplies and processing equipment but also enables same-day interpretation of imaging for expedient clinical decision-making. Digital x-rays eliminate the need for mailing imaging films and represents a cost-avoidance initiative for BOP.

SAVINGS: ELECTRONIC GRANT AWARD NOTIFICATION

Department of Education

Consistent with a SAVE Award proposal, the Administration proposes to eliminate paper-based grant notifications for Department of Education grantees, which saves taxpayers over $5 million over the first five years.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.250	-1.250	-5.250

Justification

The Grant Award Notification (GAN) process provides grantees with official documentation of their Federal grant award and instructions for grants management. The process is currently paper-based, requiring the Department of Education's representative to manually sign three original GAN's, of which two are mailed to the grantee's organization and the other is stored in the official grant file. In 2012, the Department of Education will provide mechanisms for: electronically signing the GAN documentation sent to grantees; electronically transmitting the GAN documentation to grantees; and electronically filing and retrieving the GAN documentation. The savings from eliminating the printing and mailing of these documents is estimated to be $1.25 million in 2013.

SAVINGS: ELECTRONIC PERFORMANCE PLANS

National Aeronautics and Space Administration

The National Aeronautics and Space Administration (NASA) will implement a SAVE Award proposal to use electronic performance appraisals with electronic signatures for its 18,000 employees.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-0.100	-0.500

Justification

Electronic performance appraisals will facilitate NASA's operations by enabling managers and staff to access past and current performance plans and by helping NASA's Office of Human Capital to organize and track performance reviews online as opposed to in file cabinets in Human Resources. In addition, this effort aligns well with NASA's green initiatives to reduce paper and with the Administration's Campaign to Cut Waste to reduce printing Government-wide.

SAVINGS: ELECTRONIC SIGNATURES

Department of State and Other International Programs

Consistent with a SAVE Award proposal, the Department of State (State) will be a leader in utilizing electronic signatures, which will increase department-wide efficiency.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-2.900	-11.600

Justification

State's electronic forms application program, "eForms", anticipates having approximately 360 forms converted to an electronic signature format. Given the geographic dispersal of State's diplomatic operations worldwide and the sensitivity of its mission, it is essential that State manage the approval process as efficiently as possible. This is especially important given current technologies, while taking care to ensure proper controls are in place. The average time saved is estimated at one hour per employee, with an average hourly cost of $42 per employee. Using 68,766 employees, State estimates yearly cost savings of $2.9 million.

SAVINGS: ELIMINATING WASTE IN DRUG PROCUREMENT FOR UNINSURED PATIENTS

Department of Health and Human Services

Consistent with a SAVE Award proposal, the National Institute of Arthritis, Musculoskeletal and Skin Diseases (NIAMS) Biologic Financial Assistance Program connects uninsured patients of the Institute's community-based health clinic to drug assistance programs run by pharmacies and pharmaceutical manufacturers, allowing the clinic to invest a larger share of its funding directly into research.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.400	-1.900	-7.700

Justification

NIAMS operates a community-based outpatient rheumatology clinic that provides care to underserved populations in the Washington, D.C. metropolitan area. The clinic is located in the community to increase participation of minorities in research. Many patients suffer from rheumatic diseases that require biologic medications that can cost between $5,000 and $10,000 per patient per year. Prior to the initiation of the Biologic Financial Assistance program, the National Institutes of Health (NIH) central pharmacy supplied medications at no charge to the clinic's patients. To reduce costs to NIH and strengthen partnerships with community drug assistance foundations, the clinic initiated a drug assistance program for biologics which has saved approximately $1 million over 18 months. Uninsured patients who qualify are now connected with drug assistance programs in the community that supply the drug directly and free of charge. When patients receive care at other providers, these drug assistance programs will still provide the drug to the patient, so that these patients do not need to seek coverage through Government programs. NIAMS is planning to expand this program to a second rheumatology clinic, and with continued success, NIH could expand the program to other Institutes and Centers. The savings from this program allows the NIH Clinical Center to invest more resources directly into research.

SAVINGS: ELIMINATION OF HARD COPIES

National Aeronautics and Space Administration

The National Aeronautics and Space Administration (NASA) will implement a SAVE Award proposal to eliminate requirements for hard copy travel authorizations and hard copy presentations at meetings when electronic versions can be distributed instead. NASA will also eliminate numerous hard copy fliers and color periodical publications that are distributed, especially to those employees that have access to them online.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-0.100	-0.500

Justification

NASA will achieve savings by reducing the amount of paper and toner used. Additional savings will be gleaned in reduced procurement, shipping and receiving, and custodial services. This effort aligns well with NASA's green initiatives to reduce paper and the Administration's Campaign to Cut Waste to reduce printing Government-wide.

SAVINGS: ENERGY AND WATER CONSERVATION AT THE MAIN TREASURY BUILDING

Department of the Treasury

The Department of the Treasury (Treasury) will incorporate a number of SAVE Award suggestions that relate to reducing energy costs at the Main Treasury building in Washington, D.C. These include installation of gas fired boilers, which are more efficient than Treasury's current steam system. Other planned initiatives include converting the main Treasury building's lighting system to light emitting diodes (LEDs) and establishing a greywater (i.e., water runoff from the building rain leaders) recycling program.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.600	-2.100	-10.500

Justification

Treasury has obtained LEED Gold certification for its historic headquarters by improving heating, ventilation, and air conditioning systems. It is the oldest building in the world to achieve this certification. Treasury will incorporate SAVE Award ideas in a number of areas to continue to make progress in energy efficiency. The contract for the new initiative to convert the main Treasury building heating system to natural gas fired boilers is a prime example. The contract has been awarded and will be completed prior to the next heating season beginning in October 2012. Based on historic heating demands for the building and current utility costs, the change is expected to reduce the utility bills by an additional $500,000 annually. In addition to lower operating costs, the change is also anticipated to reduce greenhouse gas emissions by 33 percent.

Treasury has established a pilot project in the main Treasury building for changing the current fluorescent lighting systems to LED based technology. Initial results have yielded a 40 percent reduction in electrical usage per fixture. Treasury is investigating options to fund this initiative through savings realized from the resulting reduced energy costs.

Treasury is also exploring opportunities to recycle greywater and use it for applications with irrigation and the cooling tower system, which provides cooled water for air-conditioning. This would greatly reduce the demand for treated potable water.

SAVINGS: ENTERPRISE SOFTWARE LICENSES

Department of Transportation

The Federal Aviation Administration (FAA) has multiple licensing agreements with numerous software providers and can improve management of these licenses across the enterprise. Consistent with a SAVE Award proposal, FAA is committed to only renew the number of software licenses that are needed and used, eliminating excess licenses. This effort is expected to lower FAA's costs by $11.3 million from 2010 baseline spending for these licenses.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-4.670	-4.660	-11.330

Justification

As part of the drive to streamline software licensing and cut costs, FAA commissioned a Software Agreements Work Group to develop recommendations and an action plan for the rationalization, optimization, consolidation, validation and effective management of existing software agreements. The goal is to obtain effective management of all software agreements in FAA by 2014; the objectives are to provide standardization and rigor around the management of FAA software agreements and to save money.

The Software Agreements Work Group plans to: centrally manage IT Software Agreements; establish a Software Agreement Service and Office; establish an accurate software agreement inventory with tools that provide easy search and access to agreement information; develop guidance for expiring agreements; develop a cost model for opportunity analysis; develop a software agreement negotiation strategy; improve collaboration with acquisition to streamline software purchases; mature software agreement processes to ensure adequate oversight of the software agreement lifecycle; and conduct a pilot to identify FAA-wide software licensing contract savings opportunities.

SAVINGS: FDA PROCESSING DOMESTIC INSPECTION REPORTS ELECTRONICALLY TO SAVE PAPER AND POSTAGE

Department of Health and Human Services

The Food and Drug Administration (FDA) can achieve administrative savings by reassessing the agency's outdated procedure of mailing hardcopy inspection reports and instead consider greater use of electronic communications.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.700	-1.800	-10.000

Justification

In 2010, FDA's Florida District alone completed approximately 929 domestic inspections. The copying and distribution of these reports and exhibits were completed by technicians and required approximately 3,716 man hours, 1,114,800 ($7,300) pieces of paper, 550 toner cartages, use of limited filing space, and shipping charges based on weight. Instead, these reports and exhibits could be scanned and saved onto compact discs for archival purposes and emailed to headquarters or other field offices, as necessary.

The original paper copy would be stored in the district file room and the compact discs would be distributed to the appropriate offices and agency centers for their files. Greater use of electronic document sharing would decrease the use of resources to approximately 1,000 man hours, 3,716 CD-Rs ($520), zero toner cartages, ample filing space, and a decrease in shipping charges since a compact disc weighs less than paper. The use of paper versus compact discs would save the Florida District $6,837 not to the mention the savings in time, toner, and shipping charges. If all FDA districts implemented this practice it could save $157,000 in paper alone.

Additionally, the electronic version of these reports, including supporting documentation and photos would be scanned in color and searchable. This would allow other necessary FDA experts not present at the inspection site to review and analyze the reports. For example, a black and white copy of a color photograph may not capture the extent of the green mold in the ice or brown rust inside pharmaceutical equipment.

Finally, this administrative proposal is consistent with the President's Executive Order, "Promoting Efficient Spending", and FDA's overall evaluation of its mailing practices agency-wide.

SAVINGS: FECA REFORM

Department of Labor

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

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	393	397	401	408	415	2,004	4,199
Proposed Change from Current Law	-13	-16	-26	-36	-47	-138	-536

Justification

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

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

The 2013 Budget acts on longstanding GAO, Congressional Budget Office, and Office of the Inspector General recommendations – as well as numerous SAVE Award nominations – to amend FECA to prospectively convert retirement-age beneficiaries to a retirement annuity-level benefit, impose a uniform up-front waiting period for benefits for all beneficiaries, streamline claims processing, permit DOL to recapture compensation costs from responsible third parties, authorize DOL to cross-match FECA records with Social Security records to reduce improper payments, and make other changes to improve and update FECA. The 2013 reform legislation will also include a provision to allow DOL to add an administrative surcharge to the amount billed to Federal agencies for their FECA compensation costs, thereby shifting FECA administrative costs from DOL to Federal agencies in proportion to their usage. If enacted, the surcharge would not be applied until 2014 to give agencies an opportunity to plan for the change.

Both chambers of the Congress have shown an increased interest in reforming FECA. The House recently passed the Federal Workers' Compensation Modernization and Improvement Act (H.R. 2465), which amends FECA through some of the same provisions in the Administration's proposal, and the Postal reform bill (S.1789) reported out of the Senate Homeland Security and Governmental Affairs Committee, also included provisions reforming FECA. The Administration intends to continue to work with the Congress on achieving successful FECA reform.

The table above reflects net savings to the FECA account and does not include projected reductions in Federal agencies' payments for FECA benefits paid to their employees. These changes would generate savings of more than $500 million over 10 years.

Citations

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

SAVINGS: FEDERAL REGISTER ELECTRONIC DELIVERY

Department of Transportation

Department of Transportation (DOT) components publish Federal Register notices and publications through the Office of the Federal Register. To do so, components use a messenger vehicle service to deliver hard copies to the downtown Washington, D.C. office on three scheduled deliveries per day. In 2012, all DOT components will transition to electronic delivery. This will eliminate the costs for a vehicle and driver saving approximately $43,000 annually.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.043	-0.047	-0.235

Justification

Electronic delivery of Federal Register notices will eliminate contract costs for a driver and vehicle while dramatically improving the efficiency of document delivery, saving DOT both time and money.

SAVINGS: FINANCIAL CRIMES ENFORCEMENT NETWORK

Department of the Treasury

The Administration proposes $6.2 million in efficiency savings for the Financial Crimes Enforcement Network (FinCEN), including $3 million in information technology savings, $2 million in administrative staffing efficiencies, and $1 million in savings by moving its regulations publication to the electronic platform.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	---	-6	-6

Justification

The proposal eliminates outdated IT systems in conjunction with the roll out of the new Bank Secrecy Act information system, absorbs workload from staff attrition or distributes it to a cross service provider, and issues new regulatory information through FinCEN's public website while centralizing business outreach activities.

SAVINGS: FLEET MANAGEMENT

Department of the Treasury

The Department of the Treasury (Treasury) received a number of SAVE Award suggestions to more efficiently manage its vehicle fleet through consolidation and a reduction in the number of individuals eligible for use of a Government vehicle for home-to-work (HTW) travel. These actions will save $4 million over five years on car purchases, fuel, and maintenance costs.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.800	-0.800	-4.000

Justification

Treasury's motor vehicle fleet consists of 3,727 motor vehicles, of which about 72 percent (2,683) are used for HTW transportation by Treasury law enforcement component employees.[1] To ensure better management and to put more focus on consolidation, a revised Treasury policy Directive 74-06 (Home-to-Work Transportation Controls) requires bureaus to define (a) administrative and (b) supervisory oversight functions for approximately 350 employees, including 320 from IRS-Criminal Investigations, 10 from Treasury Inspector General for Tax Administration, and 20 from the Office of Inspector General, and reduce HTW authorizations for personnel serving in these functions. Treasury anticipates the SAVE Award suggestions and the new policy will result in a reduction of 200 vehicles between 2012 and 2016 (40 new vehicles per year at an estimated $20,000 per vehicle). Additional savings for fuel and maintenance costs are also anticipated.

Citations

[1] IRS (Criminal Investigations), TIGTA, IRS Fuel Compliance Program, and Treasury OIG.

SAVINGS: FOREST SERVICE ADMINISTRATIVE EFFICIENCIES

Department of Agriculture

The Forest Service spends over $1 billion a year in administrative overhead costs, which is 19-20 percent of discretionary funding. To maximize the amount of funding available for on-the-ground activities, the Forest Service will implement management and administrative reforms that are estimated to save $60 million in 2013 and $100 million in 2014.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-60.000	-360.000

Justification

To maximize the amount of funding available for on-the-ground activities, the Forest Service will reduce costs through vehicle fleet management, administrative facility lease review, energy savings through sustainable operations, strategic acquisition management (especially advisory contracts), and information technology improvements.

SAVINGS: GREEN IT

Department of State and Other International Programs

Consistent with a SAVE Award suggestion, the Department of State (State) proposes to implement an enterprise desktop power management system that will automatically shut down inactive computer workstations. The power management software manages computer power across State's network of unclassified computers. It turns off inactive computers and wakes them up for the deployment of security patches and just prior to an employees' arrival at work. This has significantly lowered passive energy consumption.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-1.200	-2.700	-12.000

Justification

The 1E Power Management (PM) suite manages computer power remotely and automatically when not in use. This significantly lowers energy consumption and carbon dioxide emissions without impacting user productivity. Since its approval, posts have quickly latched onto this solution. The Bureau of Information Resource Management's investment in this technology benefits State as a whole, with lab tests showing a savings of 2.2 kWh per month per computer.

The entire cost of the project will be recouped within 14 months of inception. To date, the total number of PM enabled eligible personal computers and laptop computers State-wide totals 84,268 out of a total number of 88,660. This is a total percentage of PM enabled eligible personal computers and laptops of 95 percent.

To date, the total savings accrued to State are nearly $1.8 million. The return on investment from this system is expected to be $2.7 million annually.

SAVINGS: HEALTH CARE (MEDICAID PROPOSALS)

Department of Health and Human Services

The Administration proposes to strengthen the Medicaid program.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	282,629	338,840	371,967	402,031	429,657	1,825,125	4,427,682
Proposed Changes from Current Law, Total	-180	-200	-1,685	-2,335	-6,390	-10,790	-50,900
Phase down Medicaid provider tax threshold beginning in 2015	0	0	-1,460	-2,050	-2,690	-6,200	-21,800
Apply a single blended matching rate to Medicaid and CHIP starting in 2017	0	0	0	0	-3,400	-3,400	-17,900
Rebase Medicaid Disproportionate Share Hospital (DSH) allotments in 2021	0	0	0	0	0	0	-8,250
Limit Medicaid reimbursement of durable medical equipment (DME) based on Medicare rates	-180	-200	-225	-285	-300	-1,190	-2,950

Justification

To make Medicaid more flexible, efficient, and accountable, the Administration has put forth four Medicaid savings proposals. The following proposals would limit State financing practices that increase Federal spending, replace complicated matching formulas with a single matching rate specific to each State, rebase disproportionate share hospital (DSH) allotments in 2021 and beyond, and implement more efficient rates for durable medical equipment.

Many States impose taxes on health care providers to help finance the State share of Medicaid program costs. However, some States use those tax revenues to increase payments to those same providers, and use that additional spending to increase their Federal Medicaid matching payments. The Administration proposes to limit these types of State financing practices that increase Federal Medicaid spending, by phasing down the Medicaid provider tax threshold, from the current law level of 6 percent in 2014, to 4.5 percent in 2015, 4 percent in 2016, and 3.5 percent in 2017 and beyond. By delaying the effective date until 2015, the proposal protects States from reductions in the short term. Restricting the use of provider taxes was recommended by the National Commission on Fiscal Responsibility.

Under current law, States face a patchwork of different Federal payment contributions for individuals eligible for Medicaid and the Children's Health Insurance Program (CHIP). Specifically, State Medicaid expenditures are generally matched by the Federal Government using the Federal medical assistance percentage (FMAP); CHIP expenditures are matched with enhanced FMAP (eFMAP); and the Affordable Care Act (ACA) provides increased match for newly-eligible individuals and certain childless adults beginning in 2014. Beginning in 2017, the second proposal would replace these complicated formulas with a single matching rate specific to each State that automatically increases if a recession forces enrollment and State costs to rise.

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

States have experienced the same challenges in preventing overpayments for DME that previously confronted Medicare. The Medicare program is in the process of implementing innovative ways to increase efficiency for payment of DME through the DME Competitive Bidding Program, which is expected to save the Medicare program more than $25 billion and Medicare beneficiaries approximately $17 billion over 10 years. The last proposal extends some of these efficiencies to Medicaid, starting in 2013, by limiting Federal reimbursement for a State's Medicaid spending on certain DME services to what Medicare would have paid in the same State for the same services.

SAVINGS: HEALTH CARE (PHARMACEUTICAL PROPOSALS)

Multi-Agency

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

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays (Medicare and Medicaid)	810,817	902,972	958,393	1,041,686	1,089,376	4,803,245	11,492,619
Baseline Outlays (FEHB Government Payment for Annuitants)	10,970	11,704	12,557	13,515	14,542	63,288	154,631
Proposed Changes from Current Law, Total (HHS and OPM)	-694	-766	-1,016	-1,452	-1,639	-5,566	-16,490
DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Modify length of exclusivity to facilitate faster development of generic biologics	-19	97	8	-327	-426	-667	-3,825
Prohibit brand and generic drug companies from delaying the availability of new generic drugs	-675	-791	-870	-960	-1,037	-4,333	-10,991
OFFICE OF PERSONNEL MANAGEMENT:							
Streamline pharmacy benefit contracting in the FEHB program	0	-72	-154	-165	-176	-566	-1,674

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

Justification

Modify the length of exclusivity to facilitate faster development of generic biologics. Access to affordable lifesaving medicines is essential to improving the quality and efficiency of health care. The Budget proposes to accelerate access to affordable generic biologics by modifying the length of exclusivity on brand name biologics. Beginning in 2013, this proposal would award brand biologic manufacturers seven years of exclusivity rather than twelve years under current law and prohibit additional periods of exclusivity for brand biologics due minor changes in product formulations, a practice often referred to as "evergreening." Reducing the exclusivity period increases the availability of generic biologics by encouraging faster development of generic biologics while retaining appropriate incentives for research and development for the innovation of breakthrough products.

Prohibit "pay for delay" agreements to increase the availability of generic drugs and biologics. The high cost of prescription drugs places a significant burden on Americans today. The Administration proposes to increase the availability of generic drugs and biologics by authorizing FTC to stop companies from entering into anti-competitive deals, known also as "pay for delay" agreements, intended to block consumer access to safe and effective generics. Such deals can cost consumers billions of dollars because generic drugs are typically priced significantly less than their branded counterparts. These agreements reduce competition and raise the cost of care for patients both directly, through higher drug and biologic prices, and indirectly through higher health care premiums.

FEHB Program Pharmacy Benefit Contracting. The FEHB program pays over $40 billion per year for health coverage, and drugs represent about 30 percent of claims expenditures. Under current law, health plans participating in the FEHB program contract with pharmacy benefits managers who negotiate prices with drug manufacturers and pharmacies on behalf of their enrollees. This fragmented purchasing strategy does not take full advantage of the combined purchasing power of the nearly eight million enrollees in the FEHB program. The Administration proposal would give the Office of Personnel Management authority to contract directly for pharmacy benefit management services on behalf of all FEHB enrollees and their dependents. This will allow the FEHB program to more efficiently leverage its purchasing power to obtain a better deal for enrollees and taxpayers.

Citations

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

SAVINGS: INCREASED FLEXIBILITY FOR THE U.S. MINT IN COINAGE

Department of the Treasury

The Budget proposes to provide the Mint with greater flexibility in the material composition of coins to reduce its losses on some coins and the production costs associated with volatile metal prices. Additionally, the Budget increases the Mint's flexibility to match customer demand and supply by eliminating the provision requiring the Mint to produce Native American dollar coins in an amount equal to 20 percent of all dollar coins produced.

Justification

The Mint's primary cost driver is the price of metal, a factor over which it has no control. Daily spot prices of copper and zinc, the Mint's two main metallic materials, have fluctuated in excess of 400 percent, and the price of nickel by 500 percent over the past 10 years.[1] This contributes to volatile and negative margins on both the penny and nickel: recently, the penny has cost approximately 2.4 cents, and the nickel approximately 11.2 cents to produce.[2]

Through its gains on the costs of producing other coins, the Mint annually returns hundreds of millions of dollars to the Treasury General Fund (GF) and is funded by the Mint Public Enterprise Fund. The gains from the dime, quarter, and dollar coin are used to offset the losses from the penny and the nickel, with the excess funds being transferred to GF. However, on December 13, 2011, citing inventories of 1.4 billion surplus dollar coins in Federal Reserve vaults, enough to meet current levels of circulating demand for more than a decade, the Secretary of the Treasury suspended production of the Presidential dollar coin as part of the Vice President's Campaign to Cut Waste. The suspended production of the Presidential dollar coin will reduce the amount of revenue available for the Mint to offset production costs of the penny and the nickel. Greater flexibility in the composition of coinage materials could enable the Mint to utilize less expensive metals in the minting process and substantially reduce its production costs. Using alternative coinage materials could save the Mint millions annually after a potential initial period of development and capital adjustments. Savings estimates will be available after the Mint concludes ongoing research on the most cost-effective materials.

The 2013 Budget would bring the costs of coins more in-line with their face values and create a more sustainable, cost-effective 21st Century use of materials in the minting process. The Budget enables the Department of the Treasury to explore, analyze, and approve new, less-expensive metals for all circulating coins based on factors that will result in the highest quality of coin production at the most cost-effective price. Such factors may include physical, chemical, metallurgical, and technical characteristics; material, fabrication, minting, and distribution costs; materials availability and sources of raw materials; durability; effects on sorting, handling, packaging and vending machines; and resistance to counterfeiting. The added flexibility the Budget proposes will improve the minting process and enable the Mint to mitigate the high, volatile costs of commodity metals.

Additionally, the Budget would remove the current law requirement that twenty percent of all dollar coins produced be of the Native American design. Numismatic quality dollar coins would remain available for purchase, but eliminating the twenty percent requirement would increase the Mint's flexibility to match the supply to consumer demand.

Citations

[1] http://www.infomine.com/investment/metalprices/

[2] http://news.coinupdate.com/cost-to-make-penny-and-nickel-rises-1139/

SAVINGS: LAW ENFORCEMENT-WIDE ADMINISTRATIVE EFFICIENCIES

Department of Justice

The Administration proposes to save $127 million in Department of Justice (DOJ) law enforcement components through efficiencies and other administrative cost reductions, including reducing and/or consolidating facilities, streamlining and condensing IT operations, and downsizing and/or sharing administrative resources.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	---	-127	-127

Justification

The Administration proposes that DOJ focus its law enforcement components, including the Federal Bureau of Investigation, the Drug Enforcement Administration, the U.S. Marshals Service and the Bureau of Alcohol, Tobacco, Firearms and Explosives foremost on preventing, protecting against and mitigating terrorist threats, disrupting and dismantling organized and sophisticated criminal enterprises, defending against the penetration of the Nation's critical information infrastructure, and ensuring the safety of those most at risk. Through streamlining duplicative task force and other operations, consolidating office locations and sharing administrative services, and combining the resources and expertise of similar activities, DOJ's law enforcement components will achieve savings that can be redirected toward meeting these goals.

SAVINGS: LEARNING AND DEVELOPMENT TRAINING EFFICIENCIES

Department of Justice

Consistent with a SAVE Award suggestion, the Administration proposes to implement learning and development training efficiencies. The Department of Justice (DOJ) will consolidate the acquisition of training courses and use online and video courses. DOJ will also partner with other agencies.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-2.020	-2.030	-11.000

Justification

DOJ can realize efficiencies through consolidating the acquisition of online courses. DOJ will also consolidate foreign language software licenses under one contract to reduce the price per license. Future cost savings and avoidance will result from shared facilities, shared training classes, and conversion of instructor-led training to online courses.

SAVINGS: MEDICARE PROVIDER PAYMENT MODIFICATIONS

Department of Health and Human Services

The Budget contains several proposals that build on initiatives of the Affordable Care Act to help extend Medicare's solvency while encouraging provider efficiencies and improved patient care. Specifically, the Budget modifies payments to certain hospitals, post-acute care, and other providers, to address payments that exceed patient care costs. It also reduces Medicare's payments to providers for beneficiaries' non-payment of their deductibles and copayments. The Budget also aligns Medicare drug payment policies with Medicaid policies for low-income beneficiaries.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Medicare Baseline Outlays	528,188	564,132	586,426	639,655	659,719	2,978,120	7,064,937
Proposed changes from current law, Total	-5,026	-13,466	-16,878	-20,103	-23,727	-79,200	-267,473
Reduce Medicare coverage of patients' bad debts	-770	-1,900	-2,950	-3,490	-3,730	-12,840	-35,880
Better align Graduate Medical Education payments with patient care costs	0	-830	-940	-970	-1,010	-3,750	-9,690
Reduce Critical Access Hospital payments from 101% of reasonable costs to 100% of reasonable costs	-70	-120	-120	-130	-130	-570	-1,420
Prohibit Critical Access Hospital designation for facilities that are less than 10 miles from the nearest hospital	0	-40	-60	-60	-60	-220	-590
Adjust payment updates for certain post-acute care providers	-30	-840	-1,920	-3,150	-4,420	-10,360	-56,670
Equalize payments for certain conditions commonly treated in Inpatient Rehabilitation Facilities and Skilled Nursing Facilities	-140	-170	-170	-180	-190	-850	-2,010
Encourage appropriate use of Inpatient Rehabilitation Facilities	-180	-210	-210	-220	-230	-1,050	-2,300
Adjust Skilled Nursing Facility payments to reduce hospital readmissions	0	0	0	-210	-250	-460	-1,950
Align Medicare drug payment policies with Medicaid policies for low-income beneficiaries	-3,796	-9,296	-10,438	-11,613	-13,627	-48,770	-155,553
Dedicate penalties for failure to use Electronic Health Records toward deficit reduction	0	0	0	0	0	0	-590
Update Medicare payments to more appropriately account for utilization of advanced imaging	-40	-60	-70	-80	-80	-330	-820

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

Justification

Reduce Medicare coverage of patients' bad debts. For most eligible provider types, Medicare generally reimburses 70 percent of bad debts resulting from beneficiaries' non-payment of deductibles and copayments after providers have made reasonable efforts to collect the unpaid amounts. This proposal would align Medicare policy more closely with private sector standards by reducing bad debt payments to 25 percent for all eligible providers over three years starting in 2013. The National Commission on Fiscal Responsibility and Reform (Fiscal Commission) recommended a similar proposal.

Better Align Graduate Medical Education payments with patient care costs. Medicare compensates teaching hospitals for the indirect costs stemming from inefficiencies created from residents "learning by doing." MedPAC determined that these Indirect Medical Education (IME) add-on payments are significantly greater than the additional patient care costs that teaching hospitals experience[1]. This proposal would reduce the IME adjustment by 10 percent beginning in 2014. The Fiscal Commission included a similar recommendation.

Reduce Critical Access Hospital (CAH) payments from 101 percent of reasonable costs to 100 percent of reasonable costs. Medicare makes a number of special payments to account for the unique challenges of delivering medical care to beneficiaries in rural areas. These payments continue to be important; however, in specific cases, the adjustments may be greater than necessary to ensure continued access to care. This proposal would improve payment accuracy for CAHs, beginning in 2013.

Prohibit Critical Access Hospital designation for facilities that are less than 10 miles from the nearest hospital. This proposal would ensure this unique payment system is better targeted to hospitals meeting the eligibility criteria, beginning in 2014.

Revision of Skilled Nursing Facility, Home Health, Long-Term Care Hospital, and Inpatient Rehabilitation Facility market basket updates. MedPAC analysis indicates that Medicare payment significantly exceeds the cost of patient care in post-acute care settings, resulting in high Medicare margins. This proposal would gradually realign payments with costs and encourage efficient care delivery through adjustments to payment rate updates for these providers. These adjustments build on recommendations from MedPAC's March 2011 Report to the Congress, in which they recommended that the Congress eliminate payment updates for each of these provider types in 2012.[2]

Equalize payments for certain conditions commonly treated in Inpatient Rehabilitation Facilities (IRFs) and Skilled Nursing Facilities (SNF). The Budget proposes to reduce the differences between IRFs and SNFs in payment for treatment of specified conditions commonly treated in both settings. Care for hip and knee replacements, hip fractures, and certain pulmonary diseases are currently provided in both IRFs and SNFs, but Medicare payments are significantly greater when treated in IRFs. This proposal would reduce IRF payments for selected conditions, beginning in 2013, to better equalize incentives and encourage provision of care in the most clinically appropriate setting.

Encourage appropriate use of inpatient rehabilitation facilities (IRFs). Medicare pays IRFs at a rate that reflects specialized rehabilitation care to patients with the most intensive needs. IRFs must demonstrate this by meeting a compliance threshold which specifies a minimum percentage of patients with designated medical conditions that require intensive rehabilitation services. Starting in 1984, this compliance threshold was set at 75 percent, but it was reduced to 60 percent in 2007. This proposal would return the compliance threshold to its previous 75 percent level beginning in 2013 to better ensure that the higher IRF payments apply to cases requiring this level of care.

Adjust skilled nursing facility (SNF) payments to reduce hospital readmissions. MedPAC analysis shows that nearly 14 percent of Medicare patients that are discharged from a hospital to a SNF are readmitted to the hospital for conditions that could have been avoided.[3] To promote high quality care in SNFs, this proposal reduces SNF payments by up to three percent beginning in 2016 for facilities with high rates of care-sensitive, preventable hospital readmissions.

Align Medicare drug payment policies with Medicaid policies for low-income beneficiaries. Under current law, drug manufacturers are required to pay specified rebates for drugs dispensed to Medicaid beneficiaries. In contrast, Medicare Part D plan sponsors negotiate with manufacturers to obtain plan-specific rebates at unspecified levels. The Department of Health and Human Services Office of Inspector General has found substantial differences in rebate amounts and net prices paid for brand name drugs under the two programs, with Medicare receiving significantly lower rebates and paying higher prices than Medicaid.[4] Moreover, Medicare per capita spending in Part D is growing significantly faster than that in Parts A or B under current law. This proposal would allow Medicare to benefit from the same rebates that Medicaid receives for brand name and generic drugs provided to beneficiaries who receive the Part D Low-Income Subsidy beginning 2013. Manufacturers previously paid Medicaid rebates for drugs provided to the dual eligible population prior to the establishment of Medicare Part D. The Fiscal Commission recommended a similar proposal to apply Medicaid rebates to dual eligibles for outpatient drugs covered under Part D.

Dedicate penalties for failure to use electronic health records (EHRs) toward deficit reduction. Current law offers incentive payments to hospitals and physicians who become meaningful users of electronic health records. Beginning in 2015, Medicare providers that fail to become meaningful users are subject to a penalty, and the penalty is credited to a special account beginning in 2020. This proposal would instead dedicate these penalties to deficit reduction.

Update Medicare payments to more appropriately account for utilization of advanced imaging. Medicare spending for imaging services paid for under the physician fee schedule has grown dramatically over the last decade due to an increase in the number and intensity of these services, though this growth has mediated somewhat in recent years. MedPAC has stated that this volume growth may signal that these services are mispriced and has supported Medicare payment changes for expensive imaging equipment.[5] Beginning in 2013, this Budget proposes a payment adjustment for advanced imaging equipment to account for higher levels of utilization of certain types of equipment.

Citations

[1] Medicare Payment Advisory Commission, *Aligning Incentives in Medicare*, Report to Congress, June 2010.

[2] Medicare Payment Advisory Commission, *Medicare Payment Policy*, Report to Congress, March 2011.

[3] Medicare Payment Advisory Commission, *Medicare Payment Policy*, Report to Congress, March 2011.

[4] HHS Office of Inspector General, *Higher Rebates for Brand-Name Drugs Result in Lower Costs for Medicaid Compared to Medicare Part D,* August 2011.

[5] Medicare Payment Advisory Commission, *Medicare Payment Policy,* Report to Congress, March 2009.

SAVINGS: NIH FREE STUFF WEBSITE

Department of Health and Human Services

Consistent with a SAVE Award proposal, the National Institute of Health's National Institute of Allergy and Infectious Diseases (NIAID) will build a user-friendly website where staff can post, search, and exchange equipment and supplies they no longer need within the intramural research program.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.039	-0.060	-0.279

Justification

NIAID conducts and supports basic and applied research to better understand, treat, and ultimately prevent infectious, immunologic, and allergic diseases. The NIAID Free Stuff website will provide an online venue for staff to exchange their no longer needed supplies and equipment to promote the sharing of resources and collaboration between laboratories and offices. In addition, the simple and easy-to-use website will increase the speed and efficiency of the acquisition process by encouraging the reuse of NIAID-owned property rather than the purchase of new products. This multi-program collaboration will include researchers in the labs, administrative staff, and property management staff. This effort will promote the reuse of resources and reduction in overhead expenses so that a greater share of NIAID's resources can be spent directly on research.

SAVINGS: PIT DISASSEMBLY AND CONVERSION SAVINGS

Department of Energy

The Administration proposes restructuring its approach to providing the ability to disassemble nuclear weapons pits and convert them into plutonium oxide. This entails eliminating the stand-alone Pit Disassembly and Conversion (PDC) line item project. Instead of constructing or modifying a single facility for a pit disassembly and conversion capability, the Department of Energy (DOE) proposes to use a combination of several existing facilities at a reduced cost.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	26	0	-26

Justification

The United States and Russia are obligated, under the Plutonium Management and Disposition Agreement (PMDA), to each dispose of 34 metric tons of plutonium. To fulfill this, DOE is building the Mixed Oxide Fuel Fabrication Facility (MFFF) at the Savannah River Site (SRS), and in 2016 will begin MFFF operations to convert plutonium oxide into mixed oxide (MOX) fuel, with production of one metric ton of MOX fuel in 2018.

The stocks of plutonium oxide needed for MOX production will run out, however, unless DOE increases its currently limited capacity for disassembling nuclear weapons pits and converting them to plutonium oxide. In 1997, DOE had determined that the preliminary cost range for building a stand-alone Pit Disassembly and Conversion Facility for this mission would be $3.2 billion to $4.5 billion. In 2009, DOE shifted from this concept and began exploring the option of instead using the existing K-Area Reactor Facility at SRS for a Pit Disassembly and Conversion project.

In 2011, changes in plans for operation of the H-Canyon at SRS, as well as other newly developed alternatives, offered possibilities for reducing the cost of pit disassembly and conversion. DOE conducted a year-long analysis, and has identified a preferred alternative to expand or install the required elements for a pit disassembly and/or conversion capability at one or more of the following locations: Technical Area 55 (TA-55) at Los Alamos National Laboratory; H-Canyon/HB-Line at SRS; K-Area at SRS; and the MFFF at SRS.

On January 12, 2012, DOE published its amended Notice of Intent to prepare a Supplemental Environmental Impact Statement identifying this preferred alternative in the *Federal Register*.[1] DOE anticipates significant cost avoidance from this alternative, and will be validating cost and schedule estimates for it over the coming year.

Citations

[1] Department of Energy, "Second Amended Notice of Intent to Modify the Scope of the Surplus Plutonium Disposition Supplemental Environmental Impact Statement and Conduct Additional Public Scoping," *Federal Register,* Vol. 77, No. 8, January 12, 2012, pp. 1920-1923.

SAVINGS: PREVENTION AND PUBLIC HEALTH FUND

Department of Health and Human Services

Prioritizing Prevention and Public Health Fund (the Fund) activities will invest more than $13 billion over 10 years for key prevention and public health activities, while saving $4 billion over 10 years.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	938	1,255	1,533	1,955	2,000	7,681	17,681
Proposed Change from Current Law	0	-28	-283	-678	-523	-1,512	-4,012

Justification

The Administration proposes to scale-back the Fund by $4 billion over 10 years starting in 2014, while maintaining high-priority activities that improve health outcomes and restrain the rate of growth in private and public sector health care costs. The Budget prioritizes the most effective prevention and public health activities and maintains the Fund at $1.25 billion for 2013-2015 and $1.5 billion each year thereafter, yielding a savings of $4 billion over 10 years. The Fund supports effective, evidence-based public health activities that restrain health care costs and improve health outcomes, such as immunizations and reductions of health care associated infections. Prioritizing Prevention Fund activities would allow for significant investments in prevention and public health activities of more than $6 billion over five years and $13.8 billion over 10 years.

SAVINGS: PROGRAM INTEGRITY - PARTNERSHIP FUND FOR PROGRAM INTEGRITY INNOVATION

Executive Office of the President

The Partnership Fund for Program Integrity Innovation (Partnership Fund), which is managed by the Office of Management and Budget (OMB), provides funding for Federal, State, and local agencies to pilot and evaluate innovations to improve service delivery, payment accuracy, and administrative efficiency across Federal assistance programs. The Partnership Fund targets pilots that bridge program and agency silos to promote consistent and judicious use of resources, including staff, information, systems, and processes. In addition to funding pilots that implement and test administrative changes, the Partnership Fund allows for pilot projects that simulate the effects of more efficient, accurate methods of service delivery that would require changes to existing regulatory or statutory authorities. These simulations can inform both the Administration and the Congress about whether changes in authority may be warranted. As pilots are selected, funding is transferred to the applicable Federal agencies to administer the pilots in conjunction with other Federal agencies, States or localities.

The Partnership Fund has an existing appropriation of $32.5 million, which was initially authorized from 2010 through 2012. The Congress extended $10 million of this appropriation through 2013 in the Consolidated Appropriations Act, 2012 (P.L. 112-74). This extension enables the Partnership Fund to support additional pilots and evaluations for innovations promising high return on investment through 2013. The $1 million requested in the Budget provides for program administration and includes costs of a contract to administer the Collaborative Forum of States and other stakeholders, which provides consultation to the OMB Director to determine pilot funding as required by statute.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	0	1	1

Justification

The Partnership Fund offers a unique interdisciplinary venue for States, Federal agencies, and other stakeholders to engage in constructive problem solving across programs and jurisdictions to save taxpayer dollars and deliver better service. To date, the Partnership Fund has allocated $11.15 million to six pilot projects, which are currently being implemented by lead Federal agencies in conjunction with States and other partners. Statute requires that, in the aggregate, Partnership Fund pilots save at least as much as they cost. The pilots funded so far promise to save a total of up to $200 million or more annually if enacted at scale, a return on investment of over 17 to one. Results from pilots in progress are expected in 2012 and 2013.

Current pilots include:

The Department of the Treasury, Assessing State Data for Validating Earned Income Tax Credit (EITC) Eligibility ($2 million). The Department of the Treasury is assessing how State data could be leveraged to help validate earned income tax credit EITC eligibility to reduce error and increase participation of eligible families.

The Department of Labor, Accessing Financial Institutions' Data for Employment Detection ($0.6 million). Labor and States are testing how access to data from financial institutions could help detect likely overpayments in the Unemployment Insurance program.

The Department of Agriculture, National Accuracy Clearinghouse ($2.5 million). The Department of Agriculture is working with a State consortium to establish a clearinghouse to strengthen program integrity and ensure continuity of Supplemental Nutrition Assistance Program (SNAP) and Disaster-SNAP benefits in disasters.

The Department of the Treasury, State Debt Recovery via the Treasury Offset Program ($0.65 million). The Department of the Treasury is partnering with States to determine how expanding the Treasury Offset Program could help States collect delinquent debt that includes Federal dollars.

The Centers for Medicare and Medicaid Services (CMS), Improving Medicaid Provider Eligibility through State Shared Services ($2.5 million). CMS and States are working to reduce administrative costs and promote fraud detection in Medicaid provider enrollment through a shared services model for enrollment systems.

CMS, Automating the Provider Enrollment Process for Risk Assessment and Comparative Analysis ($2.9 million). CMS and States are working to better identify provider fraud and share fraud information through automated risk assessment tools and integrated data from State Medicaid programs and the Federal Medicare program.

SAVINGS: PROGRAM INTEGRITY CAP ADJUSTMENT - DISABILITY INSURANCE AND SUPPLEMENTAL SECURITY INCOME PROGRAMS

Social Security Administration

The 2013 Budget reflects dedicated funding for the Social Security Administration (SSA) to perform specific program integrity activities: Continuing Disability Reviews (CDRs) and Supplemental Security Income (SSI) Redeterminations. These eligibility reviews evaluate program recipients' continued eligibility for the Disability Insurance (DI) and SSI programs. The Administration proposes to fully fund the cap adjustments authorized by the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985, as amended by the Budget Control Act (BCA) of 2011. The Budget includes $751 million in cap adjustment funding for 2013 and an additional $140 million in 2012 to fund program integrity at the full level authorized by the BBEDCA.

Funding Summary
(In millions of dollars)

.	2012	2013	2014	2015	2016	2017	2012-2017	2012-2022
Cap Adjustment, Enacted BBEDCA (Discretionary Budget Authority)[1].....................	---	751	924	1,123	1,166	1,309	5,273	10,509
Requested Additional Cap Funding for 2012....	140						140	140
Mandatory Savings[1]..	-39	-452	-2,183	-3,264	-4,343	-4,821	-15,102	-47,935

[1] *The adjustments to the discretionary spending limits pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, are enacted through 2021, and thus are displayed in this table only through 2021. In addition, the Budget assumes that the 2021 levels are sustained through 2022 (resulting in an additional $262 million in savings in 2022), which would provide 2013-2022 total savings of $48,197 million.*

Justification

The 2013 Budget will continue to reverse previous declines in SSA's number of CDRs and SSI redeterminations. These activities verify continued eligibility for the DI and SSI programs. While outlays for the DI program grew by 65 percent between 2001 and 2007, the level of Full Medical Reviews (one type of CDR) fell from approximately 840,000 in 2001 to 190,000 in 2007.[1,2] Under the 2013 Budget, SSA would process 650,000 CDRs and 2.6 million redeterminations in 2013.

CDRs and SSI redeterminations are a proven investment. CDRs recoup more than $9 for each dollar spent, and SSI redeterminations recoup approximately $6 for each dollar spent. Consistent with the levels authorized in BBEDCA, as amended by the BCA, the Budget includes nine years of adjustments to the discretionary caps for CDRs and redeterminations, which will generate approximately $47.9 billion in savings over the 10-year budget window, with additional savings accruing after 10 years. The Budget also includes a request for an additional $140 million to fully fund the program integrity cap adjustment in 2012. Funding this would generate an additional $800 million in program savings over ten years when compared to the currently enacted amount.

Citations

[1] Social Security Administration, *2007 Annual Report of Continuing Disability Reviews* (November 17, 2008).

[2] *The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* (March 25, 2008).

SAVINGS: PROGRAM INTEGRITY CAP ADJUSTMENT - HEALTH CARE FRAUD AND ABUSE CONTROL

Department of Health and Human Services

The Administration proposes a multi-year increase in program integrity funding at the Department of Health and Human Services (HHS) through enactment of the discretionary base and cap adjustments authorized in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011. For every additional dollar spent by HHS to fight health care fraud and reduce improper payments, approximately $1.50 will be saved or averted.

Funding Summary

(In millions of dollars)

.	2012	2013	2014	2015	2016	2017	2012-2017	2012-2022
Cap Adjustment, Enacted BBEDCA (Discretionary Budget Authority)[1]	---	299	329	361	395	414	1,798	3,657
Requested Additional Cap Funding for 2012[2]	270						270	270
Mandatory Savings[1]	-405	-450	-496	-546	-599	-628	-3,124	-5,950

[1] *The adjustments to the discretionary spending limits pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, are enacted through 2021, and thus are displayed in this table only through 2021. In addition, the Budget assumes that the 2021 levels are sustained through 2022 (resulting in an additional $789 million in savings in 2022), which would provide 2013-2022 total savings of $6,739 million.*

[2] *The Budget also requests an additional $1 million for base funding in 2012 (which is fully offset), thereby increasing the 2012 enacted base funding to $311 million.*

Justification

The Administration places a high priority on improving program integrity in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). Program integrity funding is used to detect and prevent health care fraud, waste and abuse through investigations, audits, educational activities, and data analysis. The discretionary base and cap adjustment of $610 million for Health Care Fraud and Abuse Control (HCFAC) activities will support efforts to reduce the Medicare improper payment rate by 50 percent, initiatives of the joint HHS-DOJ Health Care Fraud Prevention and Enforcement Action Team (HEAT) task force, and to reduce Medicaid improper payment rates. The increased funding will also allow Centers for Medicare and Medicaid Services (CMS) to deploy many innovative efforts that focus on improving the analysis and application of data, including state-of-the art predictive modeling capabilities, in order to prevent potentially wasteful, abusive, or fraudulent payments before they occur. The funding is to be allocated among CMS, the Health and Human Services Office of the Inspector General, the Federal Bureau of Investigation, and the Department of Justice.

The $299 million cap adjustment will generate approximately $450 million in savings to Medicare and Medicaid in 2013, which reflect both prevention and recoupment of improper payments made to providers, as well as recoveries related to civil and criminal penalties. The Budget also proposes to increase the 2012 HCFAC Discretionary base funding to $311 million (which is fully offset) and to provide the additional $270 million in funding allowed by the cap adjustment, consistent with section 251(b)(2)(C) of BBEDCA.

SAVINGS: PROGRAM INTEGRITY CAP ADJUSTMENT - IRS TAX ENFORCEMENT AND COMPLIANCE

Department of the Treasury

The Administration proposes a program integrity cap adjustment to provide additional funding for the Internal Revenue Service (IRS) tax enforcement and compliance programs to improve fairness in the tax system, narrow the tax gap between taxes owed and paid (estimated at $450 billion annually using 2006 tax data), and reduce the deficit through increased revenue collections. These dedicated resources will support incremental compliance activities including, but not limited to, new initiatives that deepen and broaden IRS's focus on international tax compliance of high net worth individuals and entities. IRS has demonstrated that targeted compliance resources such as these more than pay for themselves through increased revenues, which has motivated the Congress in the past to target additional funds to these enforcement activities.[1,2]

The Administration proposes a cap adjustment for IRS tax enforcement and compliance activities that includes roughly $350 million in new, revenue-producing tax compliance initiatives, and $350 million in additional new initiatives each year from 2014 through 2017. Because these new initiatives as well as current enforcement activities must be sustained over time in order to maximize their potential taxpayer returns, the total above-base nine-year cap adjustments including inflation costs ($15 billion), and the additional 2022 funding to sustain these initiatives ($2 billion), total $17.1 billion over the 10-year period. Over this same time period, these additional, above-base investments will generate an estimated $44 billion in additional tax revenue, with over $39 billion of this total attributed to the 2013-2021 cap adjustments. The return on investment (ROI) of about $3-to-$1 for these resources is less than the $6 or $7-to-$1 commonly attributed to tax enforcement resources because the $17.1 billion in costs include significant, non-revenue generating resources needed to implement recently enacted legislation. Further, the ROI is affected by the amount of time it takes to make the new resources fully operational which pushes some savings outside the 10-year budget window (and, thus, such savings are not counted), and also reflects a more conservative ROI methodology the IRS has developed in conjunction with the Department of the Treasury's Office of Tax Analysis.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Cap Adjustment, Proposed BBEDCA (Discretionary Budget Authority)[1]................	691	1,018	1,328	1,645	1,975	6,657	14,861
Receipt Savings[1]..	-421	-1,123	-2,251	-3,455	-4,694	-11,944	-39,393

[1] *The adjustments to the discretionary spending limits pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, are proposed through 2021, and thus are displayed in this table only through 2021. In addition, the Budget assumes that the 2021 levels are sustained through 2022 (resulting in an additional $4,259 million in savings in 2022), which would provide 2013-2022 total savings of $43,652 million.*

Justification

The Administration proposes to amend section 251 of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985, as amended by the Budget Control Act (BCA) of 2011, to provide a program integrity cap adjustment of $691 million for the IRS in 2013. Cap adjustments, including those enacted in the BCA, have been used by past administrations and Congresses to help protect increases above a base funding level for certain activities that generate benefits that exceed programmatic costs. The adjustment permits specified program increases above the discretionary spending ceiling, or allocation limit, provided in the BCA, but these increases are granted only if appropriations bills increase funding for the specified integrity purposes.

The funding provided in the 2013 Budget will permit the IRS to generate additional enforcement revenue through additional program activities designed to narrow the $450 billion tax gap. With over $55 billion in 2010 revenue directly attributable to IRS enforcement activities, the total 2011 IRS funding level of $12.1 billion provided an ROI of nearly $5-to-$1, with direct revenue-producing enforcement activities yielding an average ROI of over $6-to-$1, and some activities yielding an ROI as high as $11-to-$1 or more. As in the previous year, the Budget proposes an increasing five-year discretionary cap adjustment for IRS followed by sustained support of the initiatives funded through these adjustments through 2021 (Note: cap spending is assumed to be sustained in 2022). This funding supports the continuation of current IRS enforcement activities, new 2013 initiatives (including for implementation of recently-enacted legislation), and additional initiatives over the next five years, as well as the inflationary costs of these activities. Together, these investments are estimated to generate nearly $44 billion more revenue over the 10-year budget window, with additional savings accruing after ten years. Of this total, $39 billion in revenues will come from the 2013-2021 cap adjustments. The work done by the array of new 2013 enforcement initiatives alone is expected to generate an additional $1.5 billion in revenue once the activities funded reach full potential in 2015. Funding these enhanced initiatives will help increase taxpayer compliance with their tax obligations, particularly those taxpaying entities with complex tax situations.

In 2013, the cap adjustment applies to those tax enforcement and compliance resources that are critical to initiating new, high-yield initiatives and implementing critical new legislation. Tax enforcement and compliance activities are funded through the IRS's Enforcement and Operations Support accounts, and in 2013 the proposed Enforcement portion of the 2013 cap adjustment is $277 million and the Operations Support portion is $414 million. The Administration proposes a cap adjustment structure that includes all of the Enforcement and Operations Support accounts because it makes explicit the required level of funding needed in both accounts to elicit the estimated savings.

Citations

[1] Department of the Treasury, Internal Revenue Service. *Reducing the Federal Tax Gap: A Report on Improving Voluntary Compliance* (August 2007).

[2] Government Accountability Office. *TAX GAP: Multiple Strategies, Better Compliance Data, and Long-Term Goals Are Needed to Improve Taxpayer Compliance*, GAO-06-453T (February 2006).

SAVINGS: PROGRAM INTEGRITY CAP ADJUSTMENT - UNEMPLOYMENT INSURANCE

Department of Labor

The 2013 Budget provides additional dedicated funding to allow the States to conduct Reemployment and Eligibility Assessments (REAs) – in-person interviews with Unemployment Insurance (UI) claimants to determine continued eligibility for benefits and whether additional reemployment assistance is needed. The Administration proposes $15 million in a discretionary cap adjustment in 2013 to support these assessments, which will strengthen UI program integrity by reducing improper payments. The funding also will help reduce UI benefit costs, when unemployed individuals return to work more quickly than if this targeted assistance were not provided. The $15 million cap adjustment is on top of $60 million requested in base funding for REAs.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Cap Adjustment, Proposed BBEDCA (Discretionary Budget Authority)[1]	15	20	25	30	35	125	275
Mandatory Savings[1]	-22	-54	-77	-99	-121	-373	-1,028

[1] *The adjustments to the discretionary spending limits pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, are proposed through 2021, and thus are displayed in this table only through 2021. In addition, the Budget assumes that the 2021 levels are sustained through 2022 (resulting in an additional $80 million in savings in 2022), which would provide 2013-2022 total savings of $1,108 million. The estimated revenue loss from the increase in the cap adjustment is $247 million, net of the offset.*

Justification

The 2013 Budget would permit the Department of Labor (DOL) to expand its initiative for REAs. These assessments are in-person interviews with selected UI claimants to review their adherence to State UI eligibility criteria, determine if reemployment services are needed for the claimant to secure future employment, refer the individual to reemployment services as necessary, and provide labor market information that addresses the claimant's specific needs.

An impact evaluation, using control groups, looked at the REA program in four States in 2009.[1] The evaluation found that the REA program was effective in assisting claimants to exit the UI program and avoid exhausting regular UI benefits in three of the four States (the fourth State suffered from inconsistent implementation and small sample size). By avoiding UI benefit exhaustion, the program led to reductions in the likelihood of receiving Emergency Unemployment Compensation (EUC). The combined impacts of reducing program exhaustion and receipt of EUC benefits led to significantly shorter UI durations and lower benefit amounts. Furthermore, the reductions in benefits substantially exceeded the per-participant REA cost in the States, providing strong evidence that the REA program is cost effective.

The $15 million cap adjustment plus the $60 million in base funds will fund an estimated 1,230,000 REAs and support the initiative in approximately 45-50 States. The funds will also support the use of additional technology-based overpayment prevention, detection, and collection activities.

The Budget proposes discretionary cap adjustments totaling $275 million through 2021, which will save approximately $1.0 billion in mandatory outlays over the period (all non-scoreable savings). These savings in benefit payments will also allow States to reduce the UI taxes paid by employers by an estimated $250 million (net of the income tax offset).

Citations

[1] Eileen Poe-Yamagata, Jacob Benus, Nicholas Bill, Hugh Carrington, Marios Michaelides, and Ted Shen, *Impact of the Reemployment and Eligibility Assessment (REA) Initiative*, Final Report to Congress, IMPAQ International (June 2011).

SAVINGS: PROGRAM INTEGRITY INITIATIVE - CUT WASTE, FRAUD, AND ABUSE IN MEDICARE, MEDICAID, AND CHIP

Department of Health and Human Services

In this fiscal environment, the Nation cannot tolerate waste, fraud, and abuse in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP) – or any Government program. That is why the Administration has made this a priority through its Campaign to Cut Waste, together with long-standing efforts to boost program integrity and reduce improper payments (that is, payments made to the wrong person, in the wrong amount, or at the wrong time). The Administration is proposing a series of policies to build on these efforts that will save nearly $4 billion over the next 10 years.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Baseline Outlays	810,817	902,972	958,393	1,041,686	1,089,376	4,803,245	11,492,619
Proposed Changes from Current Law, Total	-161	-236	-306	-336	-376	-1,416	-3,616
MEDICARE							
Increase scrutiny of providers using higher-risk banking arrangements to receive Medicare payments	0	0	0	0	0	0	0
Allow civil monetary penalties or intermediate sanctions for providers who do not update enrollment information	0	-10	-10	-10	-10	-40	-90
Authorize the Secretary to create a system to validate physicians and practitioners orders for high risk items and services	0	0	0	0	0	0	0
Require Pre-Payment or Earlier Review for Power Mobility Devices	-10	-10	-10	-10	-10	-50	-140
Require prior authorization for advanced imaging	0	0	0	0	0	0	0
MEDICAID							
Strengthen Medicaid third-party liability	-110	-115	-125	-135	-145	-630	-1,525
Track high prescribers and utilizers of prescription drugs in Medicaid	-40	-100	-150	-160	-170	-620	-1,550
Require manufacturers that improperly report items for Medicaid drug coverage to fully repay States	-1	-1	-1	-1	-1	-6	-12
Enforce manufacturer compliance with drug rebate requirements	0	0	0	0	0	0	0
Increase penalties for fraudulent noncompliance on rebate agreements	0	0	0	0	0	0	0
Require drugs to be electronically listed with the FDA to receive Medicaid coverage	0	0	0	0	0	0	0
Prevent use of federal funds to pay state share of Medicaid or CHIP	0	0	0	0	0	0	0
Consolidate redundant error rate measurement programs	0	0	0	0	0	0	0
MEDICARE/MEDICAID							
Retain a portion of Medicare and Medicaid RAC recoveries to implement actions that prevent fraud and abuse	0	0	-10	-20	-30	-60	-240
Expand authority for permissive exclusion from federal health care programs to individuals and entities affiliated with sanctioned entities	0	0	0	0	-10	-10	-60
Strengthen penalties for illegal distribution of beneficiary identification numbers	0	0	0	0	0	0	0

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

Justification

Strengthening program integrity is an important part of restraining spending growth and providing quality service delivery to beneficiaries. The Affordable Care Act includes significant new authorities to fight fraud, waste, and abuse, including enhanced screening requirements; improved data analysis capabilities; expansion of Recovery Audit Contractors; enhanced authorities for the Department of Health and Human Services' (HHS's) Office of Inspector General to exclude providers from the programs; and new law enforcement authorities for the Department of Justice. In June 2010, the President announced a goal of reducing the

Medicare fee-for-service error rate by half by 2012. The proposals in the Budget will strengthen Medicare, Medicaid, and CHIP program integrity by preventing fraud, abuse, and improper payments before they occur, detecting them as early as possible when they do and vigorously enforcing all penalties and recourse available when fraud is identified. Specific proposals are listed below.

Medicare Proposals

Increase scrutiny of providers using higher-risk banking arrangements to receive Medicare payments. This proposal would require providers to report use of "sweep accounts" (accounts that automatically transfer funds to separate accounts, which have been linked to fraudulent providers) for receipt of Medicare payments. Providers with such accounts would be targeted for enhanced scrutiny.

Allow civil monetary penalties for providers who do not update enrollment information. Unreported changes in provider enrollment information leave room for fraud to take place. This proposal would increase the Centers for Medicare and Medicaid Services' (CMS') authority to enforce appropriate reporting of changes in provider enrollment information through civil monetary penalties or other intermediate sanctions to mitigate associated risk.

Authorize the Secretary to create a system to validate physicians and practitioners orders for high risk items and services. This proposal would give the Secretary an explicit program integrity tool that could help fill gaps that may emerge or may be identified in the future for certain high-risk products and services such as imaging services, durable medical equipment, and home health services. Such a system could help ensure that Medicare could verify the service was ordered by a qualified physician or practitioner before issuing payment.

Require prepayment or earlier review for all power mobility devices. Preliminary data suggest that the error rate for power mobility devices is excessively high. Payment for equipment that does not meet existing rules for Medicare coverage increases costs for the Medicare program and for taxpayers. As part of the Administration's goal to reduce the improper payment rate, the Administration proposes to require prepayment or earlier review for all power mobility devices, helping to assure that payment is only made for covered equipment.

Require prior authorization for advanced imaging. The Budget proposes implementation of a prior authorization program for the most expensive imaging services to encourage more appropriate utilization of these services. This proposal is expected to protect the Medicare program and its beneficiaries from unwarranted, and potentially harmful, imaging use.

Medicaid Proposals

Strengthen Medicaid third-party liability. This proposal would affirm Medicaid's position as a payer of last resort by removing exceptions to the requirement that State Medicaid agencies reject medical claims when another entity is legally liable to pay the claim and by allowing Medicaid to recover costs from beneficiary liability settlements.

Track high prescribers and utilizers of prescription drugs in Medicaid. States already have the capability to implement monitoring systems for prescription drugs, but are not currently taking full advantage of these systems' potential benefits. This proposal requires States to track drug claims for indications of fraud, waste, or abuse by providers or beneficiaries and to take steps to reduce wasteful or abusive prescribing practices.

Require manufacturers that improperly report items for Medicaid drug coverage to fully repay States. Federal law requires manufacturers to report a list of their "covered outpatient drugs" to CMS for Medicaid drug coverage, but some manufacturers improperly report items that do not belong (e.g., syringes). This proposal would recoup costs of covering improperly-reported items discovered after Medicaid reimbursement has occurred; the proposal leverages the Medicaid drug rebate program by requiring manufacturers to pay a "rebate" equal to the amount the State paid for these items.

Enforce manufacturer compliance with drug rebate agreements. This proposal requires HHS, as cost-effective, to conduct regular audits and surveys of Medicaid drug rebate agreements to ensure the Medicaid program is receiving proper rebate amounts.

Increase penalties for fraudulent noncompliance on drug rebate agreements. This proposal would increase the statutory civil monetary penalties on manufacturers that knowingly report false information under their drug rebate agreements for calculation of Medicaid rebates.

Require drugs be electronically listed with the FDA to receive Medicaid coverage. Though Food and Drug Administration (FDA) law requires manufacturers to list their drugs with FDA, compliance is inconsistent. Recently, Medicare imposed a requirement that drugs must be listed under FDA law to receive Part D coverage; this proposal would impose the same requirement in Medicaid.

Prevent use of Federal funds to pay States share of Medicaid or CHIP. This proposal would prohibit States from using Federal funds as the State share of Medicaid or CHIP unless funds are specifically provided for that purpose under law.

Consolidate redundant error rate measurement programs. This proposal will alleviate State program integrity reporting requirements by consolidating redundant error rate measurement programs to create a streamlined audit program with meaningful outcomes, while maintaining the Federal and State's government ability to identify and address improper Medicaid payments.

Medicare/Medicaid Proposals

Retain a portion of Medicare and Medicaid Recovery Audit Contractor (RAC) recoveries to implement actions that prevent fraud and abuse. This proposal would allow CMS to use up to 25 percent of RAC recoveries that would otherwise be returned to the Trust Funds and the Department of the Treasury to prevent improper payments and fraud, thus helping to avoid costs associated with pursuing recoupment after payments have been made.

Expand authority for permissive exclusion from federal health care programs to individuals and entities affiliated with sanctioned entities. This proposal would close a loophole that currently prevents the Office of Inspector General from excluding certain individuals from programs such as Medicare, Medicaid, and CHIP.

Strengthen penalties for illegal distribution of beneficiary identification numbers. This proposal establishes penalties to help fight fraud rings that purchase, sell or distribute Medicare, Medicaid, or CHIP beneficiary identification numbers or billing privileges.

SAVINGS: PROGRAM INTEGRITY INITIATIVE - DEBT COLLECTION REFORMS (3 PROPOSALS)

Department of the Treasury

The Administration proposes several common sense debt collection legislative changes that will yield more than $2 billion of additional debt collections over 10 years, including $837 million in Federal budgetary savings and $1.2 billion to be returned to States. These reforms will allow taxpayers to be paid in full before Medicare providers with past-due tax debt receive a Federal payment, clarify that the Federal Government may contact wireless phones in the collection of debt owed to the United States, and help States collect a portion of the sizable state income tax debt owed by former residents. By doing more to collect what is owed, Federal agencies will become more effective stewards of taxpayer resources.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Total, Proposed Changes from Current Law...............................	-168	-228	-330	-182	-184	-1,092	-2,037
Total Additional Federal Collections from Current Law.................	-68	-78	-80	-82	-84	-392	-837
Levy payments to Medicare providers with delinquent tax debt....	-56	-66	-68	-70	-72	-332	-717
Provide authority to contact delinquent debtors via their cell phones, while enhancing consumer protections..........................	-12	-12	-12	-12	-12	-60	-120
Total Additional State Collections from Current Law....................	-100	-150	-250	-100	-100	-700	-1,200
Offset Federal income tax refunds to collect delinquent State income taxes for out-of-state-residents (collections returned to States)...	-100	-150	-250	-100	-100	-700	-1,200

Justification

In 2008, the Government Accountability Office (GAO) found that over 27,000 Medicare providers owed more than $2 billion in tax debt (GAO-08-618).[1] Through the Federal Payment Levy Program, the Department of the Treasury (Treasury) currently deducts (levies) only up to 15 percent of a payment to Medicare providers with delinquent tax debt. The proposed legislative changes will allow the levy to increase and taxpayers to be repaid in full before payments are made to those Medicare providers with past-due tax debt.

The Budget proposes to allow the use of automatic dialing systems and prerecorded voice messages to contact wireless phones in the collection of debt owed to the United States. This change will allow debt collection methods to keep pace with communication preferences of consumers, many of whom now exclusively own cell phones. The proposal would also enhance consumer protections by allowing the Federal Communications Commission to implement rules to protect consumers from being harassed and contacted unreasonably.

Finally, under current law, Federal tax refunds may be offset to collect delinquent state income taxes only if the delinquent taxpayer resides in the State collecting the tax. This proposal would allow Treasury to offset tax refunds to collect delinquent State tax obligations regardless of where the debtor resides. (Note: these collections are returned to States.)

Citations

[1] Government Accountability Office, *Medicare: Thousands of Medicare Providers Abuse the Federal Tax System*, GAO-08-618 (June, 2008).

SAVINGS: PROGRAM INTEGRITY INITIATIVE - LEVERAGING TECHNOLOGY TO REDUCE IMPROPER PAYMENTS

Government-wide

The Federal Government has focused on utilizing technology to address improper payments. When the Administration took office, many Federal agencies were either unaware of or unable to utilize technology tools that could help prevent and reduce improper payments. While the Administration has taken steps to address this issue, it remains a persistent concern, as evidenced by the fact that approximately 35 percent (or $40 billion) of all payment errors in 2011 were due to the agency's inability to verify applicant information such as earnings, income, assets, or work status. This type of information is frequently available in data sources maintained by Federal agencies and third parties, but access to these sources is often limited due to legal, regulatory, or cost impediments. In order to consolidate and centralize access to these data sources, the President created a "Do Not Pay" list through Presidential Memorandum on June 18, 2010. The 2012 Budget included $10 million and the Consolidated Appropriations Act of 2012 appropriated $10 million to support expansion of the "Do Not Pay" list and to add forensic fraud detection capabilities to the basic "Do Not Pay" portal. The 2013 Budget includes $5 million for the Department of the Treasury to support continued expansion of the "Do Not Pay" solution, which is now called the GOVerify Business Center. It is comprised of two components geared towards reducing improper payments: (1) GOVerify Portal – a web-based, single-entry access portal that checks multiple databases in order to help prevent improper payments; and (2) GOVerify Data Analytics Services – data analysis techniques that utilize various data sources to identify trends, risks, and patterns of behavior that may warrant a more thorough analysis and investigation on the part of the agencies.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority..	10	5	-5

Justification

The Recovery Accountability and Transparency Board's Recovery Operations Center (ROC) has been instrumental in keeping fraudulent actors from attacking programs funded under the American Recovery and Reinvestment Act of 2009 (Recovery Act) by using cutting-edge forensic technology to protect taxpayer interests. Building on the lessons learned from Recovery Act implementation and oversight, the Government Accountability and Transparency Board recommended that the Office of Management and Budget issue guidance requiring all agencies to leverage a centralized accountability framework to prevent and detect waste, fraud, and abuse.[1,2] The establishment and expansion of the GOVerify Business Center represents a key stepping stone towards achieving this goal, and the Administration is committed to working with the ROC, the Congress, and other stakeholders to support the broader implementation of cutting-edge technologies to prevent waste, fraud, and abuse.

Use of these tools is expected to result in significant savings, and promote rapid innovation and collaboration on best practices and data sharing to advance efforts to reduce improper payments in a variety of Federal programs. As part of this effort, under Executive Order 13520 "Reducing Improper Payments and Eliminating Waste in Federal Programs," work groups were created to analyze the role that cutting-edge forensic technologies could play in identifying and preventing fraud and other improper payments, as well as efforts that could be undertaken to improve data sharing between agencies. By bringing together databases to check recipient eligibility, the Administration will ensure that the Government is preventing improper payments to ineligible recipients, such as those identified in recent auditor reports.[3]

Citations

[1] The Government Accountability and Transparency Board was created by EO 13576 "Delivering an Efficient, Effective, and Accountable Government," with the mission to provide strategic direction for enhancing the transparency of Federal spending and advance efforts to detect and remediate fraud, waste, and abuse in Federal programs.

[2] Government Accountability and Transparency Board, "Report and Recommendations to the President", (December 2011).

[3] Government Accountability Office, "Head Start: Undercover Testing Finds Fraud and Abuse at Selected Head Start Centers", GAO-10-1049, (September 2010). Government Accountability Office, "Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls are Needed", GAO-10-621, (June 2010). Social Security Administration's Office of Inspector General, "Economic Recovery Payments for Social Security and Supplemental Security Beneficiaries", A-09-10-11017, (September 2010).

SAVINGS: PROGRAM INTEGRITY INITIATIVE - UNCLAIMED ASSET RECOVERY

Department of the Treasury

The Administration proposes to clarify the Department of the Treasury's (Treasury's) authority to recover from states and other entities unclaimed assets in the name of the United States or in the name of departments, agencies, and other subdivisions of the Federal Government.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Proposed Change from Current Law........	-2	-2	-2	-2	-2	-10	-20

Justification

States and other entities hold assets in the name of the United States (or in the name of departments, agencies and other subdivisions of the Federal Government). Many agencies are not recovering these assets due to lack of expertise and administrative funding. Under current authority, Treasury collects delinquent debts owed to the United States and retains a portion of collections, which is the sole source of funding for its debt collection operations. While unclaimed Federal assets are generally not considered to be delinquent debts, Treasury's debt collection operations personnel have the skills and training to recover these assets. This proposal would authorize Treasury to use its resources to recover assets of the United States, and allow Treasury to retain a portion of the amounts recovered to reimburse associated program administration costs.

SAVINGS: PROGRAM INTEGRITY INITIATIVE - WEP/GPO ENFORCEMENT PROVISION

Social Security Administration

The Administration proposes to improve enforcement of the existing Social Security Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) by providing up to $50 million to States and localities to develop a mechanism for more timely and accurate pension reporting to the Social Security Administration (SSA). The proposal would reduce overpayments that occur when individuals do not report their noncovered pension income to SSA.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Proposed Change from Current Law.....	13	20	17	-211	-456	-617	-3,412

Justification

According to the Government Accountability Office, about one-fourth of State and local government employees work in jobs in which they receive a government pension but pay no Social Security taxes[1]. If these workers also spent some time in other work which was covered by Social Security they may appear to be low earners under Social Security's benefit formula and receive a higher proportional benefit than workers who spent the majority of their careers in covered employment. The WEP and GPO provisions are adjustments to the Social Security formula that ensure that non-covered workers do not receive a higher proportional benefit than workers with similar earnings who worked their entire careers in covered employment.

Currently, SSA has a data matching system with the Office of Personnel Management to identify Federal workers who worked in non-covered employment, but there is no similar data system to obtain this information on State or local pensioners. As a result, SSA relies on beneficiaries to provide this information. Under this proposal, SSA would provide up to $50 million to States and localities to develop an electronic system for reporting non-covered pensions so that SSA can apply WEP or GPO correctly. This proposal is estimated to save $3.4 billion over 10 years in improper payments.

Citations

[1]Government Accountability Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (March 2011).

SAVINGS: PROGRAM INTEGRITY INITIATIVE - WORKERS COMPENSATION INFORMATION REPORTING

Social Security Administration

The Administration proposes to enhance timely data sharing from States and private insurers on Workers' Compensation (WC) benefits in order to correctly pay Disability Insurance (DI) and Supplemental Security Income (SSI) benefits. This proposal would improve payment accuracy in the DI and SSI programs, reducing the occurrence of overpayments and underpayments. It also includes authority for the Social Security Administration (SSA) to re-disclose information obtained in the data reporting to the Department of Health and Human Services for purposes of child support enforcement.

Funding Summary
(In millions of dollars)

.	2013	2014	2015	2016	2017	2013-2017	2013-2022
Proposed Change from Current Law.........	5	5	---	---	---	10	10

Justification

If a person receives both WC and Social Security disability benefits, SSA may reduce that person's disability benefits. SSA will decrease these benefits if the combined total of WC and unreduced benefits exceeds 80 percent of the person's average earnings prior to disability or the maximum monthly benefit allowed on the person's record. At the time of application, SSA informs claimants of the requirement to report WC information to SSA and relies on the beneficiary to report this information.

SSA does not generally receive reliable and timely information on the receipt of WC since it is not obtained through any regular and independent reporting mechanism. Underpayments occur when the receipt of WC decreases or ceases without the beneficiary informing SSA, and SSA does not raise the disability benefit. Similarly, overpayments occur when SSA does not receive information to offset Social Security disability benefits for receipt of WC.

From 2001 through 2003, SSA conducted a test of WC data sharing with the State of Texas. SSA's Inspector General found that in the test for beneficiaries in Texas, unreported or incorrectly reported WC payments resulted in $11.49 million in overpayments and $1.80 million in underpayments. SSA's Inspector General concluded that widespread adoption of similar data sharing approaches would improve payment accuracy. The Administration proposes to develop systems for timely reporting to SSA of WC information from States and private insurers in order to correctly pay DI and SSI benefits. The proposal includes $10 million to help fund States' implementation costs.

SAVINGS: REDUCE PAPER COPIES OF U.S. CODE

Department of the Treasury

The SAVE Award suggestion is for new Comptroller of the Currency (OCC) attorneys to utilize existing contracted electronic reference services in lieu of receiving hard copy volumes of the U. S. Code Annotated (USCA). The OCC will implement the SAVE Award suggestion by asking its attorneys to request only those hard copy materials needed and used in the course of their daily work.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.010	-0.010	-0.140

Justification

It has been OCC's practice to provide a hard copy set of volumes of the USCA Title 12 (Banks and Banking) to all new attorney hires as a basic desk reference. It has also been OCC's practice to purchase USCA Title 12 "pocket parts" annually for all OCC attorneys, which are stapled paper updates to the volumes. Hard copy volume sets are republished at intervals of approximately 10-12 years to incorporate the cumulated pocket parts, at which point OCC purchases updated volume sets for all attorneys.

Based on OCC's estimate of the percentage of attorneys (out of 180 currently) who will utilize electronic reference sources only, the annual cost savings for the period 2012 through 2016 are estimated at $140,000. This procedure will also be applied to other legal reference material purchases, for example other USCA Titles and Code of Federal Regulations volumes, in order to maximize cost savings on hard copy purchases.

SAVINGS: REDUCING USE OF FEDEX AND OTHER COURIERS

Department of Justice

Consistent with a SAVE Award suggestion, the Administration proposes to reduce the Department of Justice's use of FedEx and other couriers to share documents that also exist in electronic form.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.500	-1.000	-3.500

Justification

The use of FedEx or other couriers involves a significant charge per envelope or package. Electronic transmittal of documents can result in substantial savings, for example, substituting scanned and emailed copies of travel documents for official copies in order to process the travel requests would eliminate the need to expend resources on FedEx/other couriers. At the same time, electronic transmission of documents would expedite the turnaround time to reimburse staff for travel expenses.

SAVINGS: RISK-BASED MONITORING WITH PROJECT-BASED CONTRACT ADMINISTRATORS

Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) contractors conduct annual Management and Occupancy Reviews (MORs) of multifamily properties in the Project-Based Rental Assistance program. Many of these properties, which are privately-owned and subsidized by HUD, receive high marks year after year and consistently provide excellent service. Consistent with a SAVE Award suggestion, this proposal reduces the frequency of reviews for those high-performing properties.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-28.000	-69.000

Justification

MORs of properties that receive assistance through HUD's Project-Based Rental Assistance program are generally conducted by contractors known as Project-Based Contract Administrators (PBCAs). MORs are currently conducted annually to ensure that owners' operating procedures are in compliance with both their rental assistance contracts and with other guidance set forth by HUD.

The proposed policy would instruct PBCAs to decrease the frequency of MORs to once every two or three years for high-performing properties. HUD will use a combination of factors (such as past MOR performance, financial history, and current physical condition) to determine which properties qualify as "high-performing." HUD's payments to PBCAs are based in part on the number of MORs performed; thus, decreasing the frequency of MORs for low-risk properties results in lower fees paid by HUD to PBCAs.

SAVINGS: SENATE CAMPAIGN FINANCE REPORTS ELECTRONIC SUBMISSION

Federal Election Commission

The Budget proposes that Senate Campaign Committees be required to file campaign finance reports electronically with the Federal Election Commission (FEC), in keeping with the reporting requirements for all other Federal political committees.

Funding Summary
(In millions of dollars)

.	2012 Enacted	2013 Request	2013 Change from 2012
Budget Authority	0	0	0

Justification

The Federal Election Campaign Act of 1971 requires the disclosure of contributions to Federal campaigns.[1] FEC is charged with administering and enforcing the statutes governing the disclosure of campaign finance information. FEC receives the majority of campaign finance reports through electronic submission, which greatly reduces the processing time and intensive manual data entry associated with paper submissions.

This proposal would align the Senate Campaign Committees with other Federal Committees that are required by law to submit information electronically. Bringing the reporting requirements of the Senate in line with the requirements for all other Federal Committees would save FEC at least $430,000 annually by reducing costs for manual data entry. It would also promote transparency by expediting the process by which the reports are made available to the public. There would be additional administrative savings through the decreased processing of paperwork by the Secretary of the Senate.

Citations

[1] See 2 U.S.C. 431 *et seq*.

SAVINGS: SHARING EXCESS AVIATION EQUIPMENT

Department of Homeland Security

This proposal would ensure the U.S. Coast Guard (USCG) and Customs and Border Protection (CBP) share excess aviation equipment in support of their respective missions.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	0.000	-20.000

Justification

Based on a SAVE Award submission, the Department of Homeland Security (DHS) has developed an initiative to increase cross-component collaboration for aviation-related equipment and maintenance by establishing excess equipment sharing, maintenance services and contract teaming agreements, as well as other opportunities for aviation-related efficiencies.

DHS will establish agreements for USCG and CBP to share equipment from aircraft as they are decommissioned. Specifically, USCG is decommissioning 17 HU-25 Falcons by 2015. CBP utilizes the same type of sensor equipment and radar systems that are in the aircraft USCG is decommissioning. CBP will reuse these systems once decommissioned by USCG, which will save significant procurement and maintenance costs at DHS.

DHS will also establish an agreement for CBP to service USCG's MX-15 sensors. This agreement will save DHS maintenance costs because CBP will be able to service the sensors at a lower cost than the current USCG contract.

SAVINGS: SOCIAL SECURITY MAGAZINE

Social Security Administration

The Social Security Administration (SSA) will implement the recommendation of a SAVE Award finalist to halt mailing of the agency's in-house magazine, "OASIS". Currently, the magazine is printed and mailed quarterly to SSA employees. SSA mails the magazines to each office and distributes an issue to each employee. Instead of providing a printed copy of the magazine to employees, SSA will transition to electronic distribution only. Implementation of this SAVE Award finalist will reduce agency printing and mailing costs so that these resources can be devoted to SSA's critical workloads.

Funding Summary

(In millions of dollars)

.	2012	2013	2012-2016
Savings	-0.084	-0.126	-0.588

SAVINGS: STRATEGIC SOURCING

Department of Transportation

Since 2006, the Federal Aviation Administration's (FAA) Acquisition Management System has mandated the use of cost-saving General Service Administration (GSA) blanket purchase agreements for Dell equipment, as well FAA's own Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) hardware and software contracts. In 2012, FAA has awarded five new SAVES information technology (IT) hardware contracts to replace the expired contracts and the blanket purchase agreement. This is expected to lower FAA's costs by $7.3 million from the 2010 baseline.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	-3.850	-3.470	-8.500

Justification

The SAVES IT contracts have provided FAA considerable cost savings, including an average of 34 percent in 2010 and 33 percent in 2011 over the cost of buying these items prior to the contracts. FAA has used these strategic sourcing contracts for the purchasing of personal computing devices (laptops, tablets, workstations). In detailed cost analysis, FAA documented savings of 32 percent in 2010 and 25 percent in 2011 against prices previously paid for the same items. In 2012, FAA has awarded five new SAVES IT hardware contracts to replace the expired contracts and the blanket purchase agreement. This effort will reduce procurement costs and provide better insight into the IT commodities that are being purchased.

Strategic sourcing is a component of FAA's overall plan for reducing the combined costs of activities covered by Section 4, Employee Information Technology Devices, of the November 9, 2011 Executive Order. The overall plan will establish controls to ensure that FAA is not paying for unused or underutilized IT equipment, installed software, or services. Steps will be taken to limit the number of IT devices (e.g., mobile phones, smart phones, desktop and laptop computers), and tablet personal computers issued to employees, consider telework, and other initiatives designed to enhance efficiency through the effective implementation of technology.

SAVINGS: TOOL CRYPT FOR PROJECTS

National Aeronautics and Space Administration

The National Aeronautics and Space Administration (NASA) will implement the winning SAVE Award proposal to create a centralized tool crypt that will allow projects and programs to "check out" tools for constructing instruments and spacecraft at NASA's Goddard Space Flight Center. After a given project or program finishes using a particular tool, that tool would be returned to the tool crypt for others to use. This will save approximately $1 million annually.

Funding Summary
(In millions of dollars)

.	2012	2013	2012-2016
Savings	0.000	-1.100	-3.500

Justification

Currently, many projects and programs at NASA's Goddard Space Flight Center purchase tools and ground support equipment for developing and building flight projects. However, there is no centralized area where the tools and equipment can be stored in order to be used by other projects and programs. Since projects have a finite life, many of these tools or equipment, once used, are not tracked. They are purchased for a specific activity and once the project ends, the tool or equipment may or may not be used by another program.

This proposal will have upfront costs in terms of space and institutional management, but it will result in cost savings in the long run by avoiding duplicative or repeat purchases of tools.