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THE CLINTON CHALLENGE ANSWERED

INTRODUCTION

President Bill Clinton has issued a challenge to critics of his economic plan. He is asking those who believe that the package is weighted too heavily toward new taxes and too lightly toward reducing spending to put forward their own list of spending cut options. Put up, Clinton says in effect, or shut up.

Upon closer examination, however, the Clinton challenge rings hollow. Many of the "150 specific cuts" Clinton claims are in his own budget really are vague references to "streamlining" government, accounting gimmicks, and tax increases masquerading as spending cuts. Clinton himself failed to make the tough choices he now challenges others to make. And curiously, his plan omits dozens of sound spending cut recommendations previously promoted by his own advisors, Office of Management and Budget (OMB) Director Leon Panetta and Deputy Director Alice Rivlin, and others which have been on the shelf for years. Indeed, many of these ideas have been developed by Congress's own research arms, only to be ignored by lawmakers.

Heritage Foundation scholars have accepted Clinton's challenge and developed a list of 151 possible ways of cutting federal spending. The total value of the spending cuts presented here is some \$609 billion over five years—fiscal 1994 through 1998. This list is composed entirely of non-defense spending, but excludes Social Security spending.

"Off-the-Shelf" Cuts. The Heritage list is drawn largely from "off-the-shelf" spending cuts already developed by the Congressional Budget Office (CBO) and the General Accounting Office (GAO), which are research arms of Congress, and by the Office of Management and Budget (OMB). In some cases, the list also draws from proposals previously put forward by Heritage scholars, as well as proposals by OMB Director Panetta (in a deficit reduction plan he developed while Chairman of the House Budget Committee). Others are taken from Bill Clinton's new economic package, *A Vision of Change for America*. The source of each recommendation is identified where possible.

DO-NOTHING CONGRESS

The Heritage list includes many sound ideas for cutting federal spending that have been proposed for over a decade and have yet to receive a proper public hearing from Congress. For example, in February 1981, the Congressional Budget Office—then under the leadership of Alice M. Rivlin, currently Deputy OMB Director—published the first of its annual reports on spending cuts and revenue-raising options for reducing the deficit.¹ Many of the spending cut options suggested by CBO then are still valid today because Congress has ignored them.

Indeed, while still Chairman of the House Budget Committee, OMB Director Leon Panetta also put forward many of the same recommendations in a deficit reduction plan he proposed last year.² The spending cuts recommended by Rivlin and Panetta before they joined the Clinton team include:

- ✂ Reduce funding on highways;
- ✂ Eliminate Essential Air Service subsidies;
- ✂ Cut Urban Mass Transit subsidies;
- ✂ Eliminate Rural Development loans;
- ✂ Eliminate farm deficiency payments;
- ✂ Reduce funding for Amtrak;
- ✂ Repeal the 1931 Davis-Bacon Act;
- ✂ Eliminate maritime industry subsidies;
- ✂ Eliminate the Market Promotion Program;
- ✂ Eliminate the Appalachian Regional Commission;
- ✂ Use block grant funding for AFDC and Medicare administrative costs; and
- ✂ End the Airport Grants-in-Aid program.

Curiously, only a few of these programs are scheduled for reductions in the Clinton plan. For example, the \$200 million per year Market Promotion Program and the \$100 million Appalachian Regional Commission are not actually cut, but only frozen at fiscal 1993 levels. Others, incredibly, are scheduled for significant increases in funding. For instance, Amtrak, which will receive some \$500 million in subsidies this year, will get \$159 million more in the Clinton plan. And Urban Mass Transit subsidies, which now total some \$1.5 billion annually, will be boosted by another \$2 billion over the next five years by the Clinton plan.

1 Congressional Budget Office, *Reducing the Federal Budget: Strategies and Examples, Fiscal Years 1982 - 1986*, February 1981.

2 Leon E. Panetta, *Balanced Budget Amendment Options*, Committee on the Budget, U.S. House of Representatives, May 26, 1992.

Congress also has paid little attention to the recommendations of GAO, the government's own auditing agency. The GAO was established by the Budget and Accounting Act of 1921 to perform accurate audits and evaluations of federal programs. Yet when GAO in 1979 recommended the repeal of the Davis-Bacon wage-setting law, on the grounds that the law raises the cost of federal construction projects and makes it more difficult for blacks and other minorities to get jobs in the construction industry, Congress refused to take action. Some Members of Congress savagely attacked GAO for even daring to raise the issue.

Perhaps Congress's most significant case of turning a blind eye was its reaction to the November 1989 release of GAO's fourth annual report on the Federal Manager's Financial Integrity Act of 1982. This act was intended to control waste in Federal Financial Management Systems. GAO found over \$150 billion in program waste, fraud, and financial mismanagement. Commenting on this staggering sum, GAO Comptroller General Charles A. Bowsher declared on November 29, 1989, before the Senate Governmental Affairs Committee: "The problems that exist are not limited to a few agencies or a few programs; rather, all of the major agencies have serious problems."³

Congress has yet to make any substantive moves to correct these problems. As a result, tens of billions of taxpayer dollars continue to be wasted throughout the federal bureaucracy.

Among the other GAO recommendations so far ignored by Congress:

- X Elimination of honey, wool, and mohair subsidies;**
- X Repeal of the Service Contract wage-setting law;**
- X Correcting massive loan defaults in the Farmers Home Administration (FmHA); and**
- X Privatizing the Government Printing Office.**

Despite its reputation for draconian cuts, even the Reagan Administration could not convince Congress to eliminate wasteful programs. According to a Congressional Research Service report, 94 programs were recommended for termination during the Reagan Administration. Of these (many of which appeared repeatedly in the eight Reagan budgets), Congress eliminated only twelve. And all but one of these, Urban Development Action Grants (UDAGs) were terminated in Reagan's first term. Another terminated program, the Comprehensive Education and Training Act (CETA), subsequently was replaced by the far more expensive Job Training Partnership Act (JTPA).

3 Judith Havemann, "OMB's 'High Risk List' Details Vulnerable Programs," *The Washington Post*, December 6, 1989. See also: the General Accounting Office, *Financial Integrity Act: Inadequate Controls Result in Ineffective Federal Programs and Billion in Losses* (GAO/AFMD-90-10), November 29, 1989.

TWO TIERS OF CUTS

The Heritage list is divided into two tiers of spending cuts: "low-option" cuts and "high-option" cuts.

Low-Option Cuts. This level of spending cuts poses the lower level of political pain of the two options. The total value of the cuts in this list is \$355 billion. Adding interest savings of \$54 billion brings the total savings to \$409 billion over five years.

High-Option Cuts. This level of spending cuts would be more politically difficult, for two reasons. First, the cuts include reductions in Medicare benefits, as the result of an increase in coinsurance contributions and deductibles. Second, a few of the cuts do challenge the current budget rules and congressional prohibitions preventing the "profits" from government asset sales being used for deficit reduction or for tax relief. Heritage experts believe these rules are fiscally irresponsible and should be eliminated.

These options taken alone would save nearly \$175 billion over five years. When these cuts are added to the first-tier savings, the total of the entire list rises to \$609 billion over five years.

The Heritage spending cut list focuses solely on non-defense programs. There are two principal reasons for excluding defense cuts from this list. First, non-defense spending, in particular domestic spending, is projected to grow at nearly twice the rate of inflation over the next five years. It is this high growth rate that is the root cause of the government's current deficit spending problem. Unless this trend is changed, it will be impossible to gain effective control over total federal spending. Yet, the Clinton plan actually proposes to pump an additional \$171 billion into domestic spending during the next five years.⁴

Second, defense spending has not been a cause of the current deficit problem. The defense budget has fallen in inflation-adjusted terms over the past four years, a trend which has had a moderating effect on the deficit. The defense budget will continue to fall over the next five years, due to Bush Administration policies, and may fall even further under Clinton's proposal to trim an additional \$112 billion beyond the Bush levels. Heritage scholars believe, however, that America's security is the first obligation of the federal government. Thus defense cuts should be considered in the context of world events, and the threat to America's interests, and not in the context of meeting deficit reduction goals.

⁴ Steve Robinson, "Clinton's Phoney Spending Cuts," Republican Study Committee, U.S. House of Representatives, March 3, 1993

CONCLUSION

Bill Clinton has issued a phoney challenge to critics of his economic plan. Despite his claim that he made tough choices on cutting federal spending, his plan conspicuously omits dozens of sound proposals developed by congressional research staff and Clinton's own advisors.

In the spirit of answering Clinton's challenge, Heritage scholars have compiled the list of 151 spending cuts found in the Appendix. These cuts are drawn largely from the sources Clinton ignored. The cuts provide a solid foundation for a much more comprehensive investigation of ways to reduce the cost of government.

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All Heritage Foundation papers are now available electronically to subscribers of the "NEXIS" on-line data retrieval service. The Heritage Foundation's Reports (HFRPTS) can be found in the OMNI, CURRNT, NWLTRS, and GVT group files of the NEXIS library and in the GOVT and OMNI group files of the GOVNWS library.

APPENDIX

The spending cuts that follow were derived from the following sources:

Scott A. Hodge, ed., *A Prosperity Plan for America: How to Strengthen Family Finances, Revive the Economy and Balance the Budget* (Washington, D.C.: The Heritage Foundation, 1992).

Office of Management and Budget, *A Vision of Change for America* (Washington, D.C.: U.S. Government Printing Office, February 17, 1993).

Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options*, A Report to the Senate and House Committees on the Budget (Washington, D.C.: U.S. Government Printing Office, February 1993).

U.S. General Accounting Office, *Budget Deficit: Appendixes on Outlook, Implications, and Choices* (GAO/OCG-90-5A) (Washington, D.C.: U.S. Government Printing Office, September 1990).

Leon E. Panetta, *Balanced Budget Amendment Options*, Committee on the Budget, U.S. House of Representatives, May 26, 1992.

Scott A. Hodge, "Real Deficit Reduction Demands Real Spending Cuts," Heritage Foundation *Backgrounder* No. 913, August 28, 1992.

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
(Savings in \$ Millions)							
<u>Non-Defense Discretionary</u>							
150	Reduce State Department Funding & Eliminate Redundant Activities (CBO)	\$150.0	\$230.0	\$310.0	\$390.0	\$470.0	\$1,550.0
150	Reduce Development Assistance in AID (CBO)	\$40.0	\$290.0	\$430.0	\$500.0	\$560.0	\$1,820.0
150	Eliminate P.L. 480 Title I Sales & Title III Grants (CBO)	\$500.0	\$680.0	\$700.0	\$720.0	\$740.0	\$3,340.0
150	Reduce Export-Import Bank's Credit Assistance (CBO)	\$30.0	\$140.0	\$200.0	\$250.0	\$280.0	\$900.0
150	Eliminate Overseas Broadcasting and Reduce Exchange Programs (CBO)	(\$70.0)	\$310.0	\$660.0	\$750.0	\$750.0	\$2,400.0
250	Cancel the Advanced Rocket Motor (CBO)	\$170.0	\$320.0	\$360.0	\$380.0	\$400.0	\$1,630.0
250	Cancel the Space Station (CBO)	\$1,400.0	\$2,100.0	\$2,250.0	\$2,300.0	\$2,350.0	\$10,400.0
250	Cancel New Spacecraft Development (CBO)	\$140.0	\$250.0	\$270.0	\$280.0	\$290.0	\$1,230.0
250	Cancel the Superconducting Super Collider (CBO)	\$210.0	\$430.0	\$540.0	\$560.0	\$570.0	\$2,310.0
270	Eliminate Further Clean Coal Research (CBO)	\$5.0	\$10.0	\$50.0	\$70.0	\$160.0	\$295.0
270	Reduce Energy R&D Funding (CBO)	\$100.0	\$270.0	\$480.0	\$780.0	\$940.0	\$2,570.0
270	Half New Strategic Petroleum Reserve Funding (CBO)	\$230.0	\$270.0	\$270.0	\$140.0	\$140.0	\$1,050.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
270	Reduce Rural Electric Subsidies (CBO)	\$45.0	\$95.0	\$140.0	\$180.0	\$200.0	\$660.0
300	Eliminate Below-cost Timber Sales (CBO)	\$15.0	\$35.0	\$45.0	\$60.0	\$75.0	\$230.0
300	Eliminate Wastewater Treatment Grants (CBO)	\$110.0	\$570.0	\$1,350.0	\$1,950.0	\$2,250.0	\$6,230.0
300	Contain Superfund Costs Through Land-use Methods (CBO)	\$95.0	\$210.0	\$320.0	\$290.0	\$310.0	\$1,225.0
300	Improve Private Financing of Superfund (CBO)	\$95.0	\$190.0	\$310.0	\$250.0	\$260.0	\$1,105.0
300	Place 5-year Moratorium on New Federal Land Purchases (Heritage)	\$330.0	\$340.0	\$345.0	\$356.0	\$364.0	\$1,735.0
300	Phase Out Conservation Reserve Farm Subsidy Program (Heritage)	\$365.0	\$738.0	\$1,136.0	\$1,568.0	\$1,905.0	\$5,712.0
300	Merge 60 Environmental Programs & Block Grant Funds to States (GAO)	\$200.0	\$400.0	\$1,000.0	\$1,900.0	\$2,500.0	\$6,000.0
300	Eliminate NCZM, Sea College Grants (Heritage/GAO)	\$50.0	\$50.0	\$50.0	\$50.0	\$50.0	\$250.0
300	Privatize NOAA Fleet (Panetta)	\$50.0	\$50.0	\$50.0	\$50.0	\$50.0	\$250.0
300	Terminate NOAA Demonstration Projects (Clinton)	\$30.0	\$55.0	\$65.0	\$70.0	\$73.0	\$293.0
300	Reduce Corps of Engineers Low Priority Water Projects (Clinton)	\$85.0	\$70.0	\$30.0	\$50.0	\$15.0	\$250.0
300	Eliminate Low Priority Interior Water Projects (Clinton)	\$18.0	\$40.0	\$63.0	\$42.0	\$23.0	\$186.0
300	Close or Privatize Federal Helium Reserves (Heritage)	\$128.0	\$133.0	\$138.0	\$143.0	\$150.0	\$692.0
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LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
350	Streamline USDA Field Offices (CBO)	\$20.0	\$70.0	\$130.0	\$140.0	\$140.0	\$500.0
350	Reform Foreign Agriculture Service (CBO)	\$10.0	\$15.0	\$15.0	\$15.0	\$15.0	\$70.0
350	Reduce Farm Ownership & Operations Loans (CBO)	\$100.0	\$100.0	\$100.0	\$100.0	\$110.0	\$510.0
350	Reduce Agriculture Research & Extension Service Funding (CBO)	\$110.0	\$150.0	\$160.0	\$160.0	\$170.0	\$750.0
370	Eliminate Trade Promotion Activities & Travel/Tourism Activities (CBO)	\$120.0	\$160.0	\$180.0	\$180.0	\$190.0	\$830.0
370	End SBA Earmarked Grants (Clinton)	\$44.0	\$71.0	\$90.0	\$110.0	\$116.0	\$431.0
370	Eliminate SBA Business Loans (Except for Minority & Disaster) (CBO)	\$210.0	\$310.0	\$350.0	\$350.0	\$360.0	\$1,580.0
370	Reduce Export Administration by 25% (CBO)	\$11.0	\$11.0	\$11.0	\$11.0	\$11.0	\$55.0
370	Increase Borrower's Share to 30% on Rural Homeownership Loans (CBO)	\$1,750.0	\$270.0	\$280.0	\$280.0	\$280.0	\$2,860.0
370	Stop Expansion of Rural Rental Housing Program (CBO)	\$40.0	\$260.0	\$330.0	\$370.0	\$400.0	\$1,400.0
400	Eliminate Highway Demonstration Projects (CBO)	\$180.0	\$760.0	\$1,000.0	\$1,150.0	\$1,210.0	\$4,300.0
400	Cut Earmarked Highway Demonstrations (Panetta)	\$111.0	\$384.0	\$480.0	\$524.0	\$558.0	\$2,057.0
400	Eliminate Airport Grants-in-Aid (CBO)	\$330.0	\$1,100.0	\$1,550.0	\$1,750.0	\$1,920.0	\$6,650.0
400	Abolish the Interstate Commerce Commission (CBO)	\$25.0	\$30.0	\$30.0	\$30.0	\$30.0	\$145.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
400	Eliminate Essential Air Service Subsidies (Panetta)	\$39.0	\$39.0	\$39.0	\$39.0	\$39.0	\$195.0
400	Reduce Urban Mass Transit Subsidies (CBO)	\$530.0	\$950.0	\$1,300.0	\$1,600.0	\$1,870.0	\$6,250.0
400	Eliminate Amtrak Subsidies (Panetta)	\$450.0	\$500.0	\$525.0	\$550.0	\$595.0	\$2,620.0
450	Eliminate TVA Non-power Programs (CBO)	\$35.0	\$110.0	\$130.0	\$150.0	\$150.0	\$575.0
450	Restrict Eligibility for Community Development Block Grants (CBO)	\$25.0	\$260.0	\$500.0	\$590.0	\$600.0	\$1,975.0
450	Eliminate the Economic Development Administration (CBO)	\$50.0	\$120.0	\$190.0	\$245.0	\$265.0	\$870.0
450	Eliminate the Appalachian Regional Commission (CBO)	\$10.0	\$60.0	\$120.0	\$160.0	\$180.0	\$530.0
450	Eliminate Rural Development Loans & Grants (CBO)	\$20.0	\$125.0	\$280.0	\$425.0	\$530.0	\$1,380.0
500	Eliminate Campus-based Aid & Direct Half to Pell Grants (CBO)	\$0.0	\$680.0	\$720.0	\$740.0	\$760.0	\$2,900.0
500	Eliminate Untargeted Portion of Math & Science Funding (CBO)	\$35.0	\$230.0	\$280.0	\$300.0	\$300.0	\$1,145.0
500	Eliminate State Student Incentive Grants (CBO)	\$5.0	\$75.0	\$75.0	\$80.0	\$80.0	\$315.0
500	Eliminate All But Half of Impact Aid for "a" Children (CBO)	\$380.0	\$470.0	\$480.0	\$470.0	\$450.0	\$2,250.0
500	Eliminate Consumer/ Homemaking Grants (CBO)	\$5.0	\$30.0	\$35.0	\$35.0	\$40.0	\$145.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
500	Eliminate Law-related Education Grants (CBO)	\$0.0	\$5.0	\$5.0	\$5.0	\$5.0	\$20.0
500	Eliminate Community-based Vocation Grants (CBO)	\$0.0	\$10.0	\$10.0	\$15.0	\$15.0	\$50.0
500	Eliminate Law School Clinical Experience Grants (CBO)	\$0.0	\$10.0	\$10.0	\$10.0	\$10.0	\$40.0
500	Eliminate Follow-Through (CBO)	\$0.0	\$5.0	\$10.0	\$10.0	\$10.0	\$35.0
500	Reduce by 50% funding for the National Endowments for the Arts and Humanities (CBO)	\$380.0	\$500.0	\$540.0	\$570.0	\$590.0	\$2,580.0
500	Consolidate Social Service Programs & Lower Funding 5% (CBO)	\$0.0	\$200.0	\$260.0	\$270.0	\$280.0	\$1,010.0
550	Reduce Funding for the National Institutes of Health by 10% (CBO)	\$460.0	\$1,000.0	\$1,100.0	\$1,150.0	\$1,150.0	\$4,860.0
550	Eliminate Most Health Training Subsidies (Panetta)	\$121.0	\$187.0	\$219.0	\$226.0	\$234.0	\$987.0
600	Eliminate Special HUD Grants (Panetta/Clinton)	\$5.0	\$73.0	\$209.0	\$278.0	\$288.0	\$853.0
600	Freeze Rental Assistance Commitments at Current Levels (CBO)	\$40.0	\$470.0	\$1,100.0	\$1,700.0	\$2,450.0	\$5,760.0
600	Use IRS Income Data to Lower Excess Rent Subsidies (CBO)	(\$5.0)	\$20.0	\$320.0	\$630.0	\$680.0	\$1,645.0
600	Modify Fees for Local Housing Agencies (CBO)	\$190.0	\$210.0	\$230.0	\$260.0	\$280.0	\$1,170.0
600	Reduce HUD Utility Payments (Heritage)	\$25.0	\$25.0	\$30.0	\$30.0	\$35.0	\$145.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
600	Shift Housing Assistance from New Construction to Vouchers (CBO)	\$0.0	(\$35.0)	\$90.0	\$285.0	\$640.0	\$980.0
600	Scale Back Low-Income Home Energy Assistance (CBO)	\$780.0	\$1,150.0	\$1,050.0	\$1,050.0	\$1,120.0	\$5,150.0
700	Cut New VA Construction & Use Existing Facilities (CBO)	\$0.0	\$10.0	\$20.0	\$30.0	\$40.0	\$100.0
700	Improve Management of VA Hospitals (CBO)	\$0.0	\$190.0	\$430.0	\$690.0	\$960.0	\$2,270.0
700	Close or Convert Outmoded VA Hospitals (CBO)	\$65.0	\$150.0	\$230.0	\$320.0	\$340.0	\$1,105.0
750	End Funding for Legal Services Corporation (CBO)	\$320.0	\$380.0	\$390.0	\$390.0	\$420.0	\$1,900.0
800	Cut Congressional Budget Overall by 25% (Heritage)	\$540.0	\$630.0	\$687.0	\$767.0	\$850.0	\$3,474.0
920	Improve Measurement of the Consumer Price Index to Adjust for Improvements in Product & Service Quality (Heritage)	\$1,510.0	\$3,470.0	\$5,830.0	\$8,520.0	\$11,630.0	\$30,960.0
920	Terminate Most Commissions (Panetta)	\$142.0	\$241.0	\$251.0	\$261.0	\$272.0	\$1,167.0
920	Cut Federal Travel Costs by 1% during FY '94-98 (Panetta)	\$6.0	\$18.0	\$30.0	\$42.0	\$56.0	\$152.0
920	Cut Civilian Agency Overhead Costs 1% FY '94-98 (Panetta)	\$354.0	\$966.0	\$1,618.0	\$2,310.0	\$3,055.0	\$8,303.0
920	No Federal Pay Raise CY1994, ECI-Based Raise Minus 1% CY '95-97, (Clinton)	\$1,361.0	\$1,963.0	\$2,281.0	\$2,741.0	\$2,965.0	\$11,311.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
920	Cut 100,000 Federal Employees (Clinton)	\$932.0	\$2,180.0	\$2,306.0	\$2,509.0	\$2,591.0	\$10,518.0
920	Reduce Overhead Rate on University R & D Grants (Clinton/CBO)	\$156.0	\$330.0	\$369.0	\$383.0	\$396.0	\$1,634.0
920	Reform Blue Collar Pay (Heritage)	\$500.0	\$600.0	\$700.0	\$800.0	\$1,000.0	\$3,600.0
920	Disallow Pension Interest from Federal Grants to Local Governments (Insp. General)	\$820.0	\$1,025.0	\$1,280.0	\$1,600.0	\$2,000.0	\$6,725.0
920	Modify Service Contract Act (CBO)	\$160.0	\$180.0	\$180.0	\$190.0	\$190.0	\$900.0
920	Repeal Davis-Baccn Act (CBO)	\$312.0	\$882.0	\$1,218.0	\$1,394.0	\$1,523.0	\$5,329.0
		\$17,690.0	\$31,011.0	\$41,645.0	\$51,459.0	\$60,519.0	\$202,324.0
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<u>Mandatory Programs</u>							
270	Power Marketing Administration Debt Repayment Reform (CBO)	\$0.0	\$260.0	\$250.0	\$240.0	\$220.0	\$970.0
300	Eliminate Subsidies for Federal Water (CBO)	\$15.0	\$15.0	\$15.0	\$15.0	\$15.0	\$75.0
300	Charge Royalties & Holding Fees for Hardrock Mining Claims (CBO)	\$50.0	\$130.0	\$130.0	\$130.0	\$130.0	\$570.0
300	Raise Recreation Fees at Federal Facilities (CBO)	\$160.0	\$170.0	\$180.0	\$190.0	\$190.0	\$890.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
300	Change Royalty Payments to States to Net from Gross Receipts (CBO)	\$130.0	\$170.0	\$180.0	\$190.0	\$200.0	\$870.0
350	Eliminate Wool and Mohair Programs (CBO)	\$0.0	\$190.0	\$190.0	\$190.0	\$190.0	\$760.0
350	Eliminate Honey Program (CBO)	\$30.0	\$15.0	\$5.0	\$5.0	\$5.0	\$60.0
350	Eliminate Market Promotion Program (Heritage)	\$100.0	\$200.0	\$200.0	\$200.0	\$200.0	\$900.0
350	Lower Agriculture Target Prices 3% per year (CBO)	\$400.0	\$1,300.0	\$2,250.0	\$3,200.0	\$4,050.0	\$11,200.0
350	Reform Dairy Subsidy Program (CBO)	\$130.0	\$200.0	\$240.0	\$250.0	\$240.0	\$1,060.0
350	Require Repayment of Commodity Loans in Marketing Loan Program (CBO)	\$0.0	\$170.0	\$50.0	\$50.0	\$50.0	\$320.0
350	Replace Crop Insurance with Disaster Assistance (CBO)	\$230.0	\$510.0	\$530.0	\$560.0	\$580.0	\$2,410.0
350	Reduce Export Credit Program Loan Guarantees & Eliminate Loans for High-Risk Borrowers (CBO)	(\$520.0)	\$590.0	\$510.0	\$510.0	\$510.0	\$1,600.0
350	Eliminate the Export Enhancement Program (CBO)	\$320.0	\$790.0	\$690.0	\$680.0	\$640.0	\$3,120.0
370	Improve FHA Title I Debt Collection (Panetta)	\$20.0	\$20.0	\$20.0	\$20.0	\$20.0	\$100.0
370	Tighten FmHA Loan Standards (Panetta)	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$200.0
370	Enact FHA Management Reforms (Panetta/Heritage)	\$200.0	\$200.0	\$200.0	\$200.0	\$200.0	\$1,000.0
300	Raise Inland Waterway User Fees (CBO)	\$280.0	\$440.0	\$470.0	\$480.0	\$490.0	\$2,160.0

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LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
400	Eliminate Maritime Operating Subsidies (Panetta)	\$245.0	\$239.0	\$238.0	\$226.0	\$194.0	\$1,142.0
400	Eliminate Freight Subsidies (Panetta)	\$39.0	\$39.0	\$40.0	\$41.0	\$43.0	\$202.0
400	Establish User Fees for Air Traffic Control Services (CBO)	\$680.0	\$1,400.0	\$1,500.0	\$1,550.0	\$1,600.0	\$6,730.0
400	Enact User Fees for Airport Landing Slots (CBO)	\$300.0	\$300.0	\$300.0	\$300.0	\$300.0	\$1,500.0
400	Raise Coast Guard Fees to Cover 100% of Costs (Panetta)	\$700.0	\$700.0	\$750.0	\$750.0	\$800.0	\$3,700.0
500	Limit Foster Care Administrative Cost Growth to 10% Per Year (CBO)	\$30.0	\$60.0	\$80.0	\$100.0	\$110.0	\$380.0
500	Reduce Lenders' Yields on Student Loans (CBO)	\$220.0	\$330.0	\$330.0	\$320.0	\$320.0	\$1,520.0
500	Require Institutions to Share Default Risk on Stafford Loans (CBO)	\$30.0	\$50.0	\$50.0	\$50.0	\$50.0	\$230.0
500	Require Students to Pay In-School Interest on Loans (CBO)	\$1,300.0	\$1,950.0	\$2,050.0	\$2,100.0	\$2,150.0	\$9,550.0
550	Increase Medicaid Estate-Recovery for Long-Term Care (CBO)	\$100.0	\$200.0	\$350.0	\$500.0	\$600.0	\$1,750.0
550	Reduce Match on Medicaid/AFDC/Food Stamp Administrative Costs to 50% (CBO)	\$390.0	\$450.0	\$510.0	\$560.0	\$620.0	\$2,530.0
570	Reduce Growth Rate of Disproportionate Share Payments to Hospitals (CBO)	\$0.0	\$160.0	\$560.0	\$2,250.0	\$1,900.0	\$4,870.0
570	Lower Indirect Payments to Teaching Hospitals -6% (CBO)	\$580.0	\$720.0	\$780.0	\$840.0	\$970.0	\$3,890.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
570	Eliminate Return-on-Equity for Proprietary Skilled Nursing Facilities (CBO)	\$90.0	\$100.0	\$110.0	\$120.0	\$130.0	\$550.0
570	Reduce Direct Payments to Teaching Hospitals (CBO)	\$180.0	\$190.0	\$200.0	\$200.0	\$210.0	\$980.0
570	Gradually Eliminate the Disproportionate Share Adjustment (CBO)	\$470.0	\$1,100.0	\$1,800.0	\$2,600.0	\$3,500.0	\$9,470.0
570	Continue Transition to Prospective Rates for Outpatient Departments (CBO)	\$240.0	\$790.0	\$1,100.0	\$1,300.0	\$1,500.0	\$4,930.0
570	Reimpose 20% Coinsurance on Clinical Laboratory Services (CBO)	\$770.0	\$1,350.0	\$1,600.0	\$1,900.0	\$2,240.0	\$7,860.0
570	Charge a Fee for SMI Claims not Billed Electronically (CBO)	\$150.0	\$120.0	\$90.0	\$90.0	\$100.0	\$550.0
570	Increase Payment Safeguards (Panetta)	\$1,100.0	\$1,120.0	\$1,140.0	\$1,160.0	\$1,200.0	\$5,720.0
570	Extend Expiring Provisions for Medicare as Secondary Provider (CBO)	\$0.0	\$0.0	\$960.0	\$1,400.0	\$1,540.0	\$3,900.0
600	Increase Employee Contribution for CSRS (CBO)	\$423.0	\$957.0	\$1,068.0	\$1,043.0	\$10.2	\$3,501.2
600	Impose Two-Week Wait to Collect Unemployment Insurance (CBO/Heritage)	\$0.0	\$1,000.0	\$1,000.0	\$1,200.0	\$1,400.0	\$4,600.0
600	Extend Ban on Lump-Sum Benefit for Civil Service Retirement (Clinton)	\$0.0	\$0.0	\$1,145.0	\$3,870.0	\$6,560.0	\$11,575.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
600	Use Last 4 Years to Compute Civil Service & Military Pensions (CBO)	\$50.0	\$120.0	\$200.0	\$290.0	\$400.0	\$1,060.0
600	Restrict Agency Match for Civil Service Thrift Plan to 50% (CBO)	\$370.0	\$440.0	\$500.0	\$570.0	\$640.0	\$2,520.0
600	Section 8 Housing Reforms (Heritage)	\$610.0	\$765.0	\$930.0	\$1,320.0	\$1,710.0	\$5,335.0
600	Replace New Elderly Construction with Vouchers (CBO/Heritage)	\$0.0	(\$60.0)	\$5.0	\$70.0	\$260.0	\$275.0
600	End HUD Utility Payments (Heritage)	\$25.0	\$25.0	\$30.0	\$30.0	\$35.0	\$145.0
600	Reform HUD Comprehensive Improvement Assistance Program (CIAP) (Heritage)	\$300.0	\$350.0	\$400.0	\$450.0	\$500.0	\$2,000.0
600	Include Food Stamp Value In Computing Income for Public Housing Benefits (Heritage)	\$1,080.0	\$1,180.0	\$1,240.0	\$1,300.0	\$1,350.0	\$6,150.0
600	Re-Target Child Nutrition Programs to Below 185% of Poverty Level (CBO)	\$210.0	\$550.0	\$670.0	\$720.0	\$760.0	\$2,910.0
600	Require Workfare for Food Stamp Recipients (Heritage)	\$50.0	\$75.0	\$125.0	\$150.0	\$200.0	\$600.0
600	Limit AFDC Housing Allowance for Public Housing Residents (Heritage)	\$500.0	\$500.0	\$500.0	\$700.0	\$800.0	\$3,000.0
600	Require States to Reimburse for Food Stamp Errors (CBO)	\$0.0	\$0.0	\$0.0	\$20.0	\$110.0	\$130.0
600	Eliminate Trade Adjustment Assistance (CBO)	\$130.0	\$180.0	\$180.0	\$180.0	\$170.0	\$840.0
700	Raise VA Housing Loan fees to 3% (CBO)	\$320.0	\$260.0	\$270.0	\$280.0	\$280.0	\$1,410.0

LOW-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
700	Increase Third Party Payer Reimbursement for VA Medical (CBO)	\$30.0	\$210.0	\$240.0	\$250.0	\$270.0	\$1,000.0
700	Verify Income Reported for Pension Purposes (CBO)	\$0.0	\$0.0	\$0.0	\$0.0	\$140.0	\$140.0
700	Increase VA Housing Downpayment (Panetta)	\$39.0	\$34.0	\$35.0	\$35.0	\$35.0	\$178.0
700	Reduce Resale Losses on VA Loans (Panetta)	\$406.0	\$87.0	\$88.0	\$89.0	\$90.0	\$760.0
950	Auction the Electromagnetic Spectrum (Clinton)	\$0.0	\$374.0	\$1,623.0	\$2,083.0	\$340.0	\$4,420.0
Total Mandatory Programs		\$13,742.0	\$23,825.0	\$30,937.0	\$40,157.0	\$44,107.2	\$152,768.2
Sub-Total: Discretionary & Mandatory Savings		\$31,432.0	\$54,836.0	\$72,582.0	\$91,616.0	\$104,626.2	\$355,092.2
Plus Interest Savings		\$1,006.9	\$4,049.5	\$9,006.7	\$15,734.6	\$24,026.6	\$53,824.3
Total Low-Option Savings		\$32,438.9	\$58,885.5	\$81,588.7	\$107,350.6	\$128,652.7	\$408,916.5

HIGH-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
	High-Option Discretionary Cuts (Net Additional Savings)						
150	Reduce by 50% the Economic Support Fund (ESF) (Heritage)	\$345.0	\$687.0	\$1,045.0	\$1,445.0	\$1,850.0	\$5,372.0
370	End SBA Credit Programs (CBO)	\$180.0	\$270.0	\$270.0	\$290.0	\$300.0	\$1,310.0
450	Eliminate Community Development Block Grants (CBO)	\$135.0	\$1,590.0	\$3,100.0	\$3,660.0	\$3,750.0	\$12,235.0
500	Phase Out Corporation for Public Broadcasting (Heritage/CBO)	\$64.0	\$110.0	\$170.0	\$235.0	\$304.0	\$883.0
500	Merge 12 Education/Training Programs & Reduce Funding (Heritage/GAO)	\$480.0	\$980.0	\$1,520.0	\$2,090.0	\$2,695.0	\$7,765.0
500	Eliminate All Impact Aid (CBO)	\$240.0	\$300.0	\$330.0	\$360.0	\$410.0	\$1,640.0
500	Phase Out Funding for National Endowments for Arts & Humanities (CBO)	\$760.0	\$1,000.0	\$1,100.0	\$1,150.0	\$1,200.0	\$5,210.0
500	Consolidate Social Service Programs & Lower Funding 25% (CBO)	\$0.0	\$850.0	\$1,040.0	\$1,080.0	\$1,070.0	\$4,040.0
600	Eliminate Low-income Home Energy Assistance (LIHEAP) (CBO)	\$770.0	\$1,150.0	\$1,050.0	\$1,100.0	\$1,100.0	\$5,170.0
	Total Added Discretionary	\$2,629.0	\$6,250.0	\$8,580.0	\$9,965.0	\$10,829.0	\$38,253.0

HIGH-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
	High-Option Mandatory Cuts (Net Additional Savings)						
350	Reduce Costs for Dairy Price Support Program by Requiring Producer Contributions (CBO)	\$130.0	\$250.0	\$260.0	\$280.0	\$300.0	\$1,220.0
550	Roll Back Recent Mandated Medicaid Expansions & Make Optional for States (Heritage)	\$4,620.0	\$4,740.0	\$4,870.0	\$5,000.0	\$5,140.0	\$24,370.0
570	Immediately Eliminate Disproportionate Share Adjustment In Prospective System (CBO)	\$1,880.0	\$1,800.0	\$1,350.0	\$750.0	\$100.0	\$5,880.0
570	Lower Indirect Payments to Teaching Hospitals to 3% (CBO)	\$1,070.0	\$1,280.0	\$1,420.0	\$1,510.0	\$1,780.0	\$7,060.0
570	Increase & Index Medicare's Deductible for Physician's Services (CBO)	\$710.0	\$1,410.0	\$1,880.0	\$2,360.0	\$2,910.0	\$9,270.0
570	Collect 20% Coinsurance on All Home Health & Skilled Nursing Services (CBO)	\$2,300.0	\$3,860.0	\$4,520.0	\$5,010.0	\$5,450.0	\$21,140.0
950	Auction Broader Portion of Electromagnetic Spectrum (Personal Communications Services) (Heritage)	\$0.0	\$0.0	\$2,400.0	\$3,300.0	\$10,000.0	\$15,700.0
950	Sell Off Increasing Amounts of Government's \$205 Billion Direct Loan Portfolio (Heritage)	\$2,000.0	\$5,000.0	\$10,000.0	\$15,000.0	\$20,000.0	\$52,000.0
	Total High-Option Mandatory Savings	\$12,710.0	\$18,340.0	\$26,700.0	\$33,210.0	\$45,680.0	\$136,640.0

Heritage Foundation

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HIGH-OPTION SPENDING CUTS

Function	PROGRAM CHANGE	1994	1995	1996	1997	1998	Five-Year Total
Total High-Option Cuts:		\$15,339.0	\$24,590.0	\$35,280.0	\$43,175.0	\$56,509.0	\$174,893.0
Plus Low-Option Cuts		\$31,432.0	\$54,836.0	\$72,582.0	\$91,616.0	\$104,626.2	\$355,092.2
Net Total Both Options		\$46,771.0	\$79,426.0	\$107,862.0	\$134,791.0	\$161,135.2	\$529,985.2
Plus Interest Savings		\$1,498.3	\$5,947.4	\$13,239.1	\$23,174.6	\$35,649.1	\$79,508.5
Total Savings Both Options		\$48,269.3	\$85,373.4	\$121,101.1	\$157,965.6	\$196,784.3	\$609,493.7