

THE LITTLE BOOK OF BIG GOVERNMENT

Everything you feared about government
just might be true...



By John Boehner, Roy Blunt,
Adam Putnam and Eric Cantor

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Elected to the House in 1997, Mr. Blunt took on the position of Majority Whip earlier in his career than any member of Congress in the last eight decades. A native of Southwest Missouri, he was reelected to a third term as Republican Whip in November 2006.

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A former chairman of the House Republican Policy Committee, Mr. Putnam was elected by his colleagues to serve as chairman of the House Republican Conference in 2006. He is currently serving his fourth term in the House, representing the 12th district of Florida.

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For updates on facts and figures contained in *The Little Book of Big Government*, or to download a copy, visit www.republicanwhip.house.gov.

Do you have other examples of government run amok? Send them to us at LBBG@mail.house.gov

INTRODUCTION

For some time, Republicans have been criticized for losing their way on core, defining values of limited government and fiscal restraint. Public opinion polls reinforce this criticism – indicating that Republicans have lost their historical advantage on the issue of whom you trust to control wasteful spending and limit government.

While our record as a majority on these issues could have been better, Republicans were able to achieve some marked successes. A GOP Congress enacted legislation in 2005 to reduce mandatory spending by \$40 billion, the first such bill in almost a decade – and also successfully froze non-security discretionary spending. Over time, however, our efforts to rein in government failed to produce the results we and our supporters wanted to see.

This is in part a function of the fact that, as a whole, Republicans stopped making the case about the need to eliminate wasteful spending and reduce the size and reach of the federal government. We no longer spoke up about why limited government is important to the long-term well being of America. As a result, we left the impression that we were no longer committed to pursuing smaller government.

Now is the time for Republicans in Congress to make our voices heard and set the record straight. Our work must begin now to lay the foundation for legislation we will pursue once we earn back the majority, and work to restrain government, expand liberty, and ensure that those funds entrusted to us by hard-working Americans are well spent.

This book is a compilation of useful facts, figures, and examples to assist Republicans in making the case for a smaller, more limited, more efficient, and more effective federal government.

GOVERNMENT SPENDING

“A billion here, a billion there, and pretty soon you’re talking about real money.”

– Senator Everett Dirksen

In May 2007, Congressional Democrats adopted their budget plan for spending and taxes for 2008. This plan set the base level of spending, but provided that spending could be increased even further if accompanied by tax increases to pay for it.

Democrats Base Spending Plan:

As provided for in their Budget Resolution, S.Con.Res. 21:

Total Spending	\$2.9 Trillion
Mandatory Spending	\$1.8 Trillion
<i>Net Interest Payments</i>	<i>\$256 Billion</i>
Discretionary Spending	\$1.1 Trillion
<i>Non-Defense</i>	<i>\$519 Billion</i>
<i>Defense</i>	<i>\$511 Billion</i>
<i>Overseas Deployments</i>	<i>\$115 Billion</i>

**Spending totals include Social Security*

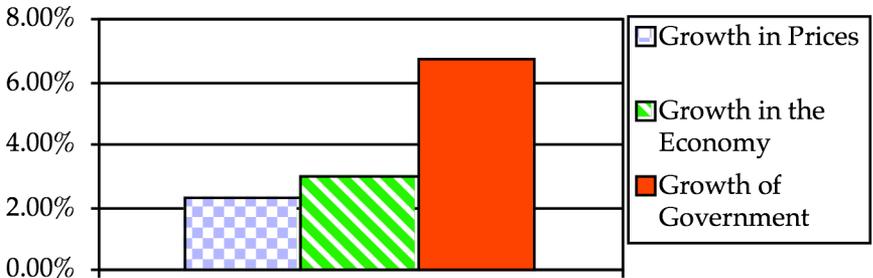
Increase in Spending in the Democrat’s Base Plan:

	Dollar Increase	Percent
Total Spending	\$185 Billion	6.7%
Discretionary	\$84 Billion	7.9%
Mandatory	\$102 Billion	6%

The Democrats’ Base Plan contains certain assumptions about economic growth and inflation. They propose growing government spending by:

- More than twice the anticipated growth in the economy (3%), and
- Nearly three times the rate of inflation (2.3%).

Democrats' Budget Plan: Government Grows Faster than Economy or Prices



Where is This Money Going?

On August 4, 2007 the House completed action on the last of the 12 regular discretionary appropriations bills. Collectively, these bills increased spending for non-defense, non-veterans' items by \$26.3 billion or 6.5 percent over last year's level. These increases included:

- A nine percent increase for the State and Foreign Operations Appropriations;
- A 10 percent increase for the Financial Services (Treasury Department, IRS, and other Federal Regulatory Agencies) Appropriations; and
- Even a four percent increase for Congress itself in the Legislative Branch Appropriations.

Even More Spending Paid for With Tax Increases:

Under the Democrats' pay-go rule, spending could be increased even beyond what was called for in their budget plan – provided it is paid for with tax increases. Democrats have already passed two bills that would raise taxes and use surplus revenue (read: your money) to increase spending:

- **Farm Bill:** Raises taxes by \$7.5 billion on domestic U.S. employers who are subsidiaries of foreign companies to pay for expanded food and nutrition spending under the Farm Bill. (H.R. 2419 passed on July 27, 2007)
- **SCHIP Health Care Program:** Raises taxes by over \$53 billion by creating a new tax on all private health insurance plans, raising existing taxes on cigarettes, and cutting

Medicare benefits to fund an expansion of government-funded health care for children from mid-to-high income families and provide Medicaid for people illegally in our country. (H.R. 3162 passed on August 1, 2007) NOTE: The final version of this bill that was vetoed by the President did not include the changes to Medicare, but raised taxes by \$73 billion -- \$20 billion more than the original House bill.

Putting All This Spending Into Context:

At \$2.9 trillion, the level of spending next year under the Democrats' Budget Plan is a truly incomprehensible figure. To help put it in context, consider the more common figure of \$1 billion:

- If you went on a \$1,000 shopping spree today and every day until you spent \$1 billion, you'd have to shop every day for the next 2,740 years.
- A billion minutes ago, the year was 104 AD and the Roman Empire was flourishing.
- Yet the federal government spent a billion dollars in the last three-and-a-half hours.

The Showdown Over This Year's Budget:

Congressional Democrats have proposed spending \$22 billion more than the president requested for domestic discretionary spending programs in this year's budget. Democrats argue that \$22 billion is an insignificant figure in the context of overall federal spending, but consider just how much \$22 billion is:

- \$22 billion is equivalent to over \$70 for every man woman and child in America – that is nearly \$300 for a family of four
- \$22 billion is more money than the entire budget for 37 of our 50 states

The chart below compares the estimated budget for each state for 2006 to \$22 billion.⁽¹⁾

Alabama	1.8 times the budget	Montana	7.6 times the budget
Alaska	3.4 times the budget	Nebraska	3.6 times the budget
Arizona	1.4 times the budget	Nevada	3.6 times the budget
Arkansas	1.8 times the budget	New Hampshire	7.3 times the budget
California	1/5 of the budget	New Jersey	2/3 of the budget
Colorado	1.9 times the budget	New Mexico	3.1 times the budget
Conn.	1.2 times the budget	New York	1/3 of the budget
Delaware	4.2 times the budget	North Carolina	94% of the budget
Florida	1/2 of the budget	North Dakota	9.4 times the budget
Georgia	1.1 times the budget	Ohio	1/2 of the budget
Hawaii	3 times the budget	Oklahoma	1.9 times the budget
Idaho	6.4 times the budget	Oregon	1.4 times the budget
Illinois	3/5 of the budget	Penn.	3/5 of the budget
Indiana	1.2 times the budget	Rhode Island	4.8 times the budget
Iowa	2.3 times the budget	South Carolina	2 times the budget
Kansas	2.6 times the budget	South Dakota	10 times the budget
Kentucky	1.5 times the budget	Tennessee	1.4 times the budget
Louisiana	2.7 times the budget	Texas	1/2 of the budget
Maine	5 times the budget	Utah	3.3 times the budget
Maryland	1.1 times the budget	Vermont	6.8 times the budget
Mass.	equal to the budget	Virginia	88% of the budget
Michigan	3/4 of the budget	Washington	90% of the budget
Minn.	1.1 times the budget	West Virginia	1.3 times the budget
Miss.	2.9 times the budget	Wisconsin	84% of the budget
Missouri	1.6 times the budget	Wyoming	5.3 times the budget

If Democrats are successful in winning approval of the \$22 billion in new spending this year, the spending will of course be repeated every year going forward and increased to account for inflation. The result: over five years the \$22 billion will cost taxpayers \$204 billion.

THE DEFICIT & THE NATIONAL DEBT

“Alexander Hamilton started the U.S. Treasury with nothing, and that was the closest our country has ever been to being even.”

– Will Rogers

As of July 31, 2007 the national debt – the sum total of all our annual deficits – was \$8.9 trillion.

With an estimated population of 302.6 million individuals, that works out to just over \$29,500 for every man, woman and child in the United States.⁽¹⁾

The national debt is made up of two major components:

Debt Owed to the Public: \$5.0 trillion*

Debt Owed to Government Trust Funds: \$3.9 trillion*

* As of July 31, 2007

Debt owed to the public consists of debt the government owes to holders of Treasury bonds.

Of the debt owed to Government Trust Funds:

- \$1.9 trillion is owed to Social Security
- \$210 billion is owed to the Disability Trust Fund under Social Security
- \$320 billion is owed to Medicare
- \$857 billion is owed for the retirement of federal employees.

These funds will have to be repaid in the future (with future taxes) to support Social Security and Medicare benefits as well as pensions for federal employees.

Foreign Ownership of Our National Debt:

In the past, it has been argued the national debt is simply money we Americans owe to ourselves. Increasingly, however, our national debt is owned by foreign governments.

As of March, 2007, foreign entities, mainly foreign governments, held \$2.2 trillion or 44 percent of the debt owed to the American public. (Source: U.S. Treasury Department⁽²⁾)

An Even Larger National Debt Authorized:

As part of the Democratic leadership's Budget Plan, the majority passed a bill (H.J.Res. 43) that increased the amount of money the government is permitted to borrow by \$850 billion – one of the single largest increases in U.S. history.

The Deficit:

The Budget Plan passed by Democrats calls for borrowing \$454 billion in the next year to finance the government. Of this total, \$202 billion will be financed by borrowing 100 percent of the Social Security Trust Fund surplus.

Over the next five years the government will borrow \$1.9 trillion under their budget, including borrowing \$1.2 trillion from Social Security. Absent reform of the Social Security system, when these funds are needed to pay Social Security benefits, the government will have to repay these funds by either borrowing more money from the public or raising taxes.

TAXES

“The only difference between death and taxes is that death doesn't get worse every time Congress meets.”
– Will Rogers

Tax Increases:

The Budget Plan passed by Congressional Democrats assumes collecting taxes totaling \$2.7 trillion next year, a 5.8 percent increase. Yet, even that isn't enough to pay for Democrats' increased spending demands.

Democrats have already passed three new tax increases as of August 2007:

- **Farm Bill:** Raises taxes by \$7.5 billion on domestic U.S. employers who are subsidiaries of foreign companies to pay for expanded food and nutrition spending under the Farm Bill. (H.R. 2419 passed on July 27, 2007)
- **SCHIP Health Care Program:** Raises taxes by over \$53 billion by creating a new tax on all private health insurance plans, raising existing taxes on cigarettes, and cutting Medicare benefits to fund an expansion of government-funded health care for children from mid-to-high income families and provide Medicaid for people illegally in our country. (H.R. 3162 passed on August 1, 2007) NOTE: The final version of this bill that was vetoed by the President did not include the changes to Medicare, but raised taxes by \$73 billion -- \$20 billion more than the original House bill.
- **Energy:** Raises taxes by \$15.3 billion on U.S. oil and gas producers, in order to fund transportation bonds for New York City and a new tax benefit for those who bicycle to work, among other items. (H.R. 2776 passed on August 4, 2007)

Democrats plan to raise taxes even higher by allowing the Bush tax cuts to expire (or pay for them with other tax increases) which would raise taxes by over \$390 billion over the next five years.

Working for the Government:

The average American in 2007 spent the first 79 days of the year working to pay his federal taxes, and, according to the Tax Foundation, another 41 days working to pay for state and local taxes.

Only on May 1st of this year did Americans start working for themselves rather than for the government.

Americans spent more time earning money for the government to spend than they did earning money for themselves to spend on:

- Housing (62 days),
- Food (30 days), and
- Clothing (13 days) combined.⁽¹⁾

Every Day is Tax Day:

While April 15th only comes along once a year, almost every day Americans pay hidden federal taxes. The government will collect about \$69 billion in excise taxes in the coming year by levying a tax every time you, among other things:

- fill up your gas tank (18.4 cents per gallon or \$3.31 to fill up an 18 gallon tank),
- get on an airplane (four separate federal taxes totaling approximately 16% of the total cost of a ticket),⁽²⁾ or
- even buy a beer (about 7% of the cost of a six-pack).⁽³⁾

Taxes Driving Jobs Overseas:

Because U.S. employers pay the second highest tax rate – 35 percent – among the 30 major industrialized nations with which we compete, international companies that wish to make investments or open new plants often pay a significant tax penalty for setting up shop in the United States.

According to the Tax Foundation, the United States is one of only two countries in the Organization for Economic Cooperation and Development (as assemblage of our major economic competitors) to not have reduced corporate income taxes in the last 13 years. Five of our competitors cut their tax rates in 2006 and eight more will have cut their rates by the end of 2007.

A recent study demonstrated the effect of our competitors reducing their tax rates as the United States kept tax rates high, noting that European countries that cut the corporate tax rate by 10 percent (from 20 to 18% for example), can expect to reap a 60-percent, short-run increase in investment from U.S. corporations. This is an investment in jobs that could have potentially been made in America.⁽⁴⁾

An Out-of-Control Tax Code:

As former Senator Don Nickles, R-Okla., once said about the U.S. tax code: "It's about ten times the size of the Bible - and unlike the Bible, contains no good news."

Consider the following:

- As of 2001, the Internal Revenue Code contained 1,685,000 words—a 13 percent increase since 1995 and nearly 380 times the number of words in the U.S. Constitution. Almost three-fifths of the words in the Code deal with federal income taxes.
- As of 2001, IRS Regulations contained over 6,752,000 words—a 10 percent increase since 1995 and over 8½ times the total number of words in the King James Bible.
- As of 2001, there were 733 separate sections of the federal income tax code—a 612 percent increase over the tax code in 1954.
- As of 2003, the IRS produced 649 separate forms, schedules, and instructions with approximately 16,100 lines. IRS publications providing guidance to taxpayers alone totaled about 13,400 pages.⁽⁵⁾

PRE-CRADLE TO POST-GRAVE GOVERNMENT

“Government always finds a need for whatever money it gets.”

– Ronald Reagan

Thousands Upon Thousands of Programs:

While it is difficult to accurately measure just how many different programs the government operates, here are two reliable indicators:

- Grants.gov, the governments online portal for securing government grants, currently lists over 1,000 separate grant programs, administered by 26 separate agencies doling out billions of dollars each year.
- The Catalogue of Federal Domestic Assistance – the government’s most complete single list of taxpayer funded programs that provide assistance, mostly in the form of grants or loans, to individuals, businesses, and other governments – currently lists 1,696 separate programs.

Taken together, these programs constitute an unprecedented web of government programs touching almost every conceivable enterprise in which an American is engaged.

Pre-Cradle to Post-Grave:

It used to be that people warned of a “cradle to grave government” that supplanted the roles of families, churches, community groups and local governments in an individual’s daily life. Today we have gone far beyond that to include government programs that start before you are born and will even pay for your burial.

Birth & Before:

In addition to the Medicaid program, which paid for 41 percent of the births in this country in 2002,⁽¹⁾ the Centers for Disease Control runs at least two programs for expectant mothers, another

two are run by the Health Resources and Services Administration, and literally dozens of other agencies with missions unrelated to maternal health end up spending millions of dollars on these types of programs often with little coordination. (*Examples include: the Cooperative Agreements to Support State-Based Safe Motherhood program; the Infant Health Initiative and Preventions and Investigations and Technical Assistance program; the Healthy Start Initiative; the Maternal and Child Health Federal Consolidated Programs*)

Once you are born, but before you leave the hospital, the government even has a stand-alone program created in 2000 to provide funds to states to conduct hearing screening (Universal Newborn Hearing Screening).

Childhood & Education:

Need child care? The federal government runs a variety of child care and after-school programs. (*Examples include: Child Care and Development Block Grant; Child Care Mandatory and Matching Funds of the Child Care and Development Fund; Social Services Block Grant; National School Lunch Program*)

Need support as a gifted and talented student? The federal government has multiple programs just for this group. (*Examples include: Javits Gifted and Talented Students Education Grant Program and the Advanced Placement Program*)

Having trouble in school? The federal government runs no fewer than a half-dozen separate juvenile delinquency prevention programs. (*Examples include: Juvenile Accountability Incentive Block Grants; Juvenile Justice and Delinquency Prevention Allocation to States; Gang-Free Schools and Communities Community-Based Gang Intervention; Title V Delinquency Prevention Program; Juvenile Mentoring Program; Enforcing Underage Drinking Laws Program; Tribal Youth Program; Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks*)

Like swimming or playing tennis? The federal government has programs to make sure you have a place to enjoy these activities. (*Examples include: Outdoor Recreation Acquisition Development and Planning*)

Not into exercising? The federal government has programs to encourage you to change your mind. (*Examples include: President's Council on Physical Fitness and Sports and Disease Prevention and Health Promotion Services*)

On to College:

In addition to student loan and grant programs, the federal government has no fewer than 75 different fellowship, scholarship, and traineeship programs, including specific programs for the arts (2), food agriculture sciences (1), international studies (5), the humanities (3), plant biology (1), and economics (1).

Marriage & Family:

Thinking about getting married? The federal government is there to help with the Healthy Marriage Promotion and Responsible Fatherhood Grant program.

Making family planning decisions? The federal government has at least six programs to help out. (*Examples include: Adolescent Family Life Research Grants, Family Planning Services, Abstinence Education Program, Family Planning Personnel Training, Family Planning Service Delivery Improvement Research Grants, Adolescent Family Life Demonstration Projects*)

A Career Change:

Considering different career options? The federal government runs multiple training and apprenticeship programs. (*Examples include: Registered Apprenticeship and Other Training*)

Your First Home:

Time to buy a home? The federal government runs a variety of programs to help out. (*Examples include: Graduated Payment Mortgage Program, Self-Help Homeownership Opportunity Program, Dollar Home Sales, Loan Guarantees for Native Hawaiian Housing, Self-Help Homeownership Opportunity Program, Mortgage Insurance Homes*)

Home Improvements:

Time for home improvements? The government has programs to help you make some of those home improvements. (*Examples include: Weatherization Assistance for Low-Income Persons, State*

Energy Program, Rural Housing Preservation Grants, Property Improvement Loan Insurance for Improving all Existing Structures, Very Low-Income Housing Repair Loans and Grants)

Retirement:

What to do in one's golden years? Beyond Social Security, the federal government will be there for you when you retire, with community service programs (8), food programs (5), legal services (1), tax counseling (1), transportation services (3), and volunteer programs (3).

Passing On:

And after you are gone, Social Security will contribute to your burial. If you're a Native American, so might the Department of Interior, or if you happen to be a longshoreman or harbor worker, the Department of Labor may pitch in as well. The federal government also provides a death benefit to the families of local law enforcement officers who die in the line of duty.

Are All These Programs Necessary?:

Proponents of expansive government programming always discuss how each program is necessary to address the needs of the poorest and most disadvantaged in our society. These advocates most often cite official poverty figures (12.3 percent of Americans according to the 2007 numbers) and then use such figures as the means for distributing federal aid to the states. Open questions exist about the validity of the government poverty statistics.

Recently, The Heritage Foundation compared the government's official poverty statistics with information from other government surveys. The result was a different picture of the poor than what is most often reported.

According to The Heritage Foundation:⁽²⁾

- Forty-three percent of all poor households actually own their own homes. The average home owned by persons classified as poor by the Census Bureau is a three-bedroom house with one-and-a-half baths, a garage, and a porch or patio.
- Eighty percent of poor households have air conditioning. By contrast, in 1970, only 36 percent of the entire U.S. population enjoyed air conditioning.

- The average poor American has more living space than the average individual living in Paris, London, Vienna, Athens, and other cities throughout Europe. (These comparisons are to the average citizens in foreign countries, not to those classified as poor.)
- Nearly three-quarters of poor households own a car; 31 percent own two or more cars.
- Seventy-eight percent have a VCR or DVD player; 62 percent have cable or satellite TV reception.
- Twenty-five percent have a large screen TV.

GOVERNMENT AGENCIES: THE CLOSEST THING TO ETERNAL LIFE ON EARTH

“No government ever voluntarily reduces itself in size. Government programs, once launched, never disappear. Actually, a government bureau is the nearest thing to eternal life we'll ever see on this earth!”
– *Ronald Reagan*

In describing the problem of eternal government programs, Ronald Reagan used to tell this story: “England, in 1803, created a new civil service position. It called for a man to stand on the cliffs of Dover with a spy glass and ring a bell if he saw Napoleon coming. They didn't eliminate that job until 1945” – more than a hundred years after Napoleon's death!

Our federal government has similar problems.

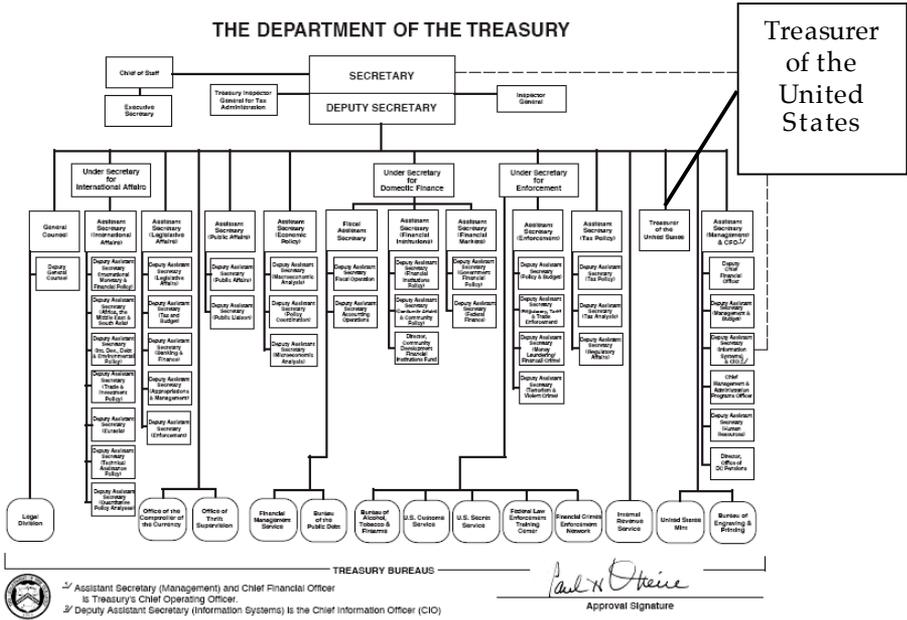
Offices With Fewer and Fewer Duties:

Consider, for example, the office of the Treasurer of the United States. Most Americans may recognize the Treasurer's signature appearing along with the Secretary of the Treasury's signature on our currency.

The office of the Treasurer is actually older than the Treasury Department itself. It was established on September 6, 1777. The Treasurer was originally charged with the receipt and custody of government funds.

Over 200 years the duties of the Treasurer changed significantly. At different times the Treasurer managed the government's balance sheets and the printing of our currency. Many of these duties over time were given over to more specialized offices and officers, including the Financial Management Service and the Bureau of Printing and Engraving – but the office of the Treasurer remained in place.

The most recent organizational chart for the Department of Treasury makes clear that none of these or any other offices report to the Treasurer. The job description contained on the Treasury's website describes the Treasurer as a consultant, advisor, spokesman, and surrogate within the Department.⁽¹⁾



While the Treasurer may no longer have many management duties, like many government offices, once created it remains in existence even if the duties and responsibilities of the office have long since been moved to other agencies.

Life Even After Death:

Even on those rare occasions when a government program is finally eliminated, it often finds a way to reemerge a few years later.

Consider the federal government subsidy for wool and mohair producers. In 1947 the federal government decided that wool was a strategic commodity after the demand for wool for military uniforms outstripped our domestic supply. As a strategic commodity, wool and mohair producers received direct support from the government.

In the mid 1990s Congress began to phase-out such support declaring that direct government payments for wool and mohair was no longer essential to national security.

While ad-hoc payments were made to producers in the late 1990s, by 2001 the wool and mohair support program was no more.

Then in 2002, the Farm Bill authorized marketing assistance loans and loan deficiency payments for the next five years for the very same wool and mohair producers – at a cost of nearly \$100 million. The 2007 Farm Bill recently passed by House Democrats actually increases the loan program at an additional cost of \$18 million.

New Name, New Life, Same Waste of Money:

In 1992, Congress created the Youth Fair Chance (YFC) program. The government described the program this way: “YFC saturates high-poverty urban and rural areas with intensive education, employment, and support services for youths ages 14-30. By focusing resources on targeted, high-poverty communities, YFC projects link education, employment, social services, juvenile justice, sports and recreation programs, and other community-based activities to new, community-based governance strategies.”⁽²⁾

Under the program, grants went to 16 different cities, with total spending for the program reaching approximately \$75 million.

By 1996, there was so much concern about inefficiency and duplication with the Youth Fair Chance program that it was terminated.

Just two short years later, however, the Youth Opportunity Grants program was created. The government described the program this way: “Youth Opportunity Grants reflect a ‘saturation’ approach to the high rates of joblessness and low educational attainment of youth growing up in high poverty communities by concentrating large amounts of resources in relatively small geographic areas to bring about community-wide increases in the employment, high school graduation, and college enrollment rates of youth growing up in these areas.”⁽³⁾

The Youth Opportunity Grants program spent about \$1 billion for operations in 36 cities – six of which coincidentally were the same

cities serviced by the Youth Fair Chance program.

By 2003, the Youth Opportunity Grant program was deemed to be duplicative an ineffective and was terminated.

This may not be the end of story though, as a bill to reauthorize this twice-terminated program has been introduced by Democrat Frank Pallone of New Jersey, and is pending in the House Education & Labor Committee.

DEPARTMENT OF REDUNDANCY DEPARTMENT

“It is not true that Congress spends money like a drunken sailor. Drunken sailors spend their own money. Congress spends our money.”

– Art Laffer

Every year the Government Accountability Office (GAO) issues various reports highlighting dozens of duplicative and overlapping government programs that waste your tax dollars. Consider the following examples:

Housing:

- In February 2005, the GAO identified 23 separate government programs to provide housing assistance to the elderly.
- The government runs two separate programs in two different agencies – one in the Department of Housing and Urban Development and the other in the Department of Agriculture – that exclusively work on behalf of the elderly.
- There is so much overlap between these programs that the bureaucrats of one agency are supposed to notify the bureaucrats in the other about applications for assistance to avoid duplication.⁽¹⁾

Transportation:

- A June 2003 GAO study identified 62 federal programs that fund transportation services for the transportation disadvantaged (those who cannot provide their own transportation).
- Most of the programs were administered by four agencies, the Department of Health and Human Services, the Department of Education, the Department of Labor, and the Department of Transportation.
- GAO could not identify how much total money was spent for transportation in these programs because not all the programs

track the money spent on transportation. Of the 29 programs that did, the government spent \$2.4 billion (in 2001) for transportation services.⁽²⁾

Early Education:

- In June 2005, the GAO identified 69 separate programs administered by 10 different government agencies that provide education or care for children under the age of 5.
- This includes four separate programs run by the Department of Labor and four run by the Department of Justice.⁽³⁾

Science, Technology, Engineering & Math Education:

- A May 2006 GAO report found that 13 different federal non-defense agencies operated over 200 separate programs, spending a total of \$2.8 billion (in 2004) to increase the number of students studying and workers employed in science, math, engineering, and math fields.
- The same report stated that only half of these programs had been evaluated or had evaluations underway to determine their effectiveness.⁽⁴⁾

Job Training and Employment Programs:

- An April 2003 GAO report found that nine separate federal agencies administered 44 separate programs to provide job employment and training services.
- The 2003 report was an update of a 2000 report that had identified 40 programs administered by seven agencies.
- Agencies administering employment and training programs include the Department of Interior (3), Department of Agriculture (1), Department of Health and Human Services (6), and Department of Labor (17).
- In total these programs spend about \$30 billion a year.⁽⁵⁾

CORPORATE WELFARE

“Remember that a government big enough to give you everything you want is also big enough to take away everything you have.”

– Davy Crockett

Republican President Calvin Coolidge is famous for once saying “the business of America is business.” That was long before the federal government decided to get involved in business itself.

Today, the federal government has programs that provide direct and indirect subsidies to businesses of all sizes and types. The money spent subsidizing business varies depending on the definition of “subsidy,” but estimates range from \$57 to \$92 billion a year. (Source: The CATO Institute⁽¹⁾)

Beyond Traditional Farm Programs:

While everyone has heard about the government’s traditional farm programs, did you know the federal government also has a program to provide assistance to lamb meat producers (Lamb Meat Adjustment Assistance Program) as well as a program to help the mahi-mahi industry (Mahi-Mahi Aquaculture Program)?

Once produced, the government spends \$100 to \$200 million a year to help sell fruits, vegetables, meats, grains, pet food, and even alcohol abroad. Recipients of these taxpayer funds include associations representing even the largest U.S. producers. For example:

- The Sunkist Cooperative – known for its oranges and other citrus products - has received over \$5.3 million in taxpayer funds to help promote its products over the past two years – despite the fact it has revenue of over \$1 billion a year;
- Welch’s – known for its grape products – has received over \$1.3 million in the past two years despite revenue of \$600 million in the last year.⁽²⁾

Help for Fortune 500 Companies:

In 1988 Congress created the Advanced Technology Program (ATP) to provide research and development grants to help small businesses develop profitable technologies.

Instead, the program has provided millions of taxpayer dollars to dozens of Fortune 500 companies. According to The Heritage Foundation, between 1990 and 2004, 35 percent of all ATP funding – or approximately \$732 million in subsidies - was granted to *Fortune* 500 companies.⁽³⁾

A 1996 report by the Government Accountability Office found that 63 percent of companies that applied for taxpayer-funded grants from ATP never even bothered to look for private investment beforehand.⁽⁴⁾

A May 2005 report from the Government Accountability Office further found that projects funded by taxpayers were often similar to projects already funded by the private sector, for which patents had already been issued.⁽⁵⁾

GOVERNMENT WASTE

“The government is like a baby's alimentary canal, with a happy appetite at one end and no responsibility at the other.”

– Ronald Reagan

A 2006 ABC News/ Washington Post poll revealed that Americans believe that out of every dollar the federal government collects in taxes, 51 cents on average are wasted.⁽¹⁾

The facts seem to support such instincts. Consider just these examples most of which have been documented this year by Senator Tom Coburn, R-Okla., the ranking member of an Oversight Subcommittee in the Senate:

Pentagon Pays \$998,798 to Ship Two 19-Cent Washers:

“A small South Carolina parts supplier collected about \$20.5 million over six years from the Pentagon for fraudulent shipping costs, including \$998,798 for sending two 19-cent washers to an Army base in Texas, U.S. officials said.”⁽²⁾

Department of Agriculture Sends 170,000 Dead Farmers \$1.1 Billion:

“A GAO audit found that USDA has not been conducting the necessary checks to ensure subsidy payments were legitimate.” As a result, 170,000 deceased farmers collected \$1.1 billion.⁽³⁾

Government Agency Spends Taxpayer Funds to Celebrate 200th Anniversary, Even Though The Agency is Only 37 Years Old:

“To celebrate ‘200 years of [National Oceanic and Atmospheric Administration]’ the taxpayers will fund an array of events around the country to celebrate the agency's 200-year history including a Washington, DC gala, a reception for members of Congress, a festival and concert at Hawaii's Waikiki beach park, outreach at the Iowa State Fair, and other activities.” One

problem: According to its own website, the agency is only 37 years old and in 2000 celebrated its 30th Anniversary.⁽⁴⁾

U.S. Territory Misuses Homeland Security Money:

According to a recent audit:

- “An [American Samoa Government] employee took a jaunt to Las Vegas, NV, on taxpayer dollars, while over \$23,000 was spent in travel for three visits by state entity staff to Hawaii for training and workshops.
- “\$250,000 was spent on an ineligible all-hazards early warning broadcast system the state obtained by illegally ‘gifting the funds to NOAA’s National Weather service and ‘receiving’ the broadcasting system in return,
- “Multiple unallowable administrative charges were made to the DHS grants, including \$4,950 for the purchase of two air conditioners, \$3,187 in travel costs to Florida to procure fire trucks, \$847 for expenses relating to the Emergency Operations Center grand opening ceremony, and \$804 for a payment of a delinquent phone bill, and \$4,000 spent on executive leather chairs;
- “DHS grants were charged for 10 operational, fully outfitted incident response vehicles, but the state entity could ultimately produce only one functionally equipped vehicle, and had used others ‘as general use vehicles and as storage for personal protective equipment.’”⁽⁵⁾

Centers for Disease Control Can’t Find \$22 Million Worth of Equipment:

“There were 5,547 items of property, worth more than \$22 million, unaccounted for at CDC as of Feb. 22, 2007.”⁽⁶⁾

Local Police Admit to Going on Spending Spree to Avoid Losing Federal Grant Money:

“WILMINGTON, Del. (AP) - Told last year that they would lose federal homeland security funds if they weren't spent immediately, Delaware police chiefs went car shopping to the tune of about 400-thousand dollars. The orders were placed at a police chiefs meeting last August. The federal money is supposed to be spent only on equipment to respond to terrorist attacks or disasters, not vehicles for routine police work. But Clayton police

purchased a Dodge Durango, and police chiefs in Harrington and Wyoming [Delaware] ordered new Ford Expeditions.”⁽⁷⁾

Medicare Funds Used to Buy a Rolls Royce:

According to the *Washington Post*: “Over the past several weeks, federal agents visited dozens of companies...that charged Medicare for prosthetic limbs, costly AIDS drugs, air mattresses and urinary collection bags. Few if any of the products were purchased or delivered to patients in need. Instead, the cash went into the pockets of company operators -- one purchased a Rolls Royce Phantom valued at more than \$200,000, law enforcement officials said.”⁽⁸⁾

Four Federal Agencies Sponsor Conference at Walt Disney World:

When government burecrats decided to sponsor a recent health care conference (Academy Health's Annual Research Meeting) your tax dollars went to support a gathering at Walt Disney World. Federal Sponsors: Agency for Healthcare Research and Quality; Centers for Medicare and Medicaid Services; Dep. of Veterans Affairs, Health Services Research and Development Service; National Center for Health Statistics.⁽⁹⁾

Taxpayers Help Assure Accuracy of Hollywood Scripts:

“The Centers for Disease Control and Prevention (CDC) and other federal health agencies are spending more than half a million dollars a year to pay for a Hollywood health office, according to a recent article by AP, ‘CDC tries to ensure shows get their medical plots right...’”⁽¹⁰⁾

Taxpayer-Funded Broadcasts Into Iran Claim “U.S. is led by religious fanatics much like Iran”:

“On this year’s International Women’s Day (March 9th), the Voice of America broadcasts to Iran featured an hour long interview with Shaida Mohammadi, an Iranian poet and author. In the course of the interview, Mohammadi used her taxpayer funded platform to the Iranian populace to equate Iran’s fanatical, religious government with the United States: ‘With a religious government, individualism is gone. In a country, such as America, this disaster also exists. You see. . .even the President has very religious, fanatical and traditional beliefs. In America, if you travel to central and southern states, you’ll see many religious and

traditional people. Here also, I think, we are facing the same problem we have in Iran.”⁽¹¹⁾

Flying First Class on the Taxpayer:

According to a recent government audit cited in the *Wall Street Journal*, improper and unwarranted first-class and business-class travel cost taxpayers an extra \$146 million over a recent 12 month period. One example uncovered by investigators involved “a senior executive at the Foreign Agriculture Service, a division of the Agriculture Department focused on foreign markets, [who] took 10 premium-class trips to Europe from Washington, D.C., with a subordinate approving the trips.”⁽¹²⁾

THE FEDERAL BUREAUCRACY (INSIDE & OUTSIDE OF GOVERNMENT)

“Government machinery has been described as a marvelous labor saving device which enables ten men to do the work of one.”

– *John Maynard Keynes*

The True Size of the Federal Bureaucracy:

In 2005 the Federal Government directly employed 4.1 million individuals, of which only 1.4 million were uniformed military personnel.

Yet this only begins to account for the millions of Americans who actually work for the federal government. The government spends billions of dollars each year on contracts for goods and services and billions more on grants to private entities – which then use these funds to employ individuals. If it was not for government spending, most of these jobs would not exist.

A recent study attempting to calculate the true size of the government workforce determined that, in addition to the traditional government workforce in 2005, there were 7.6 million individuals employed as government contractors – and in 2004 (the last year for which data was available) 2.9 million individuals employed as a result of government grants.⁽¹⁾

This brings the true size of the government workforce to over 14.6 million individuals.

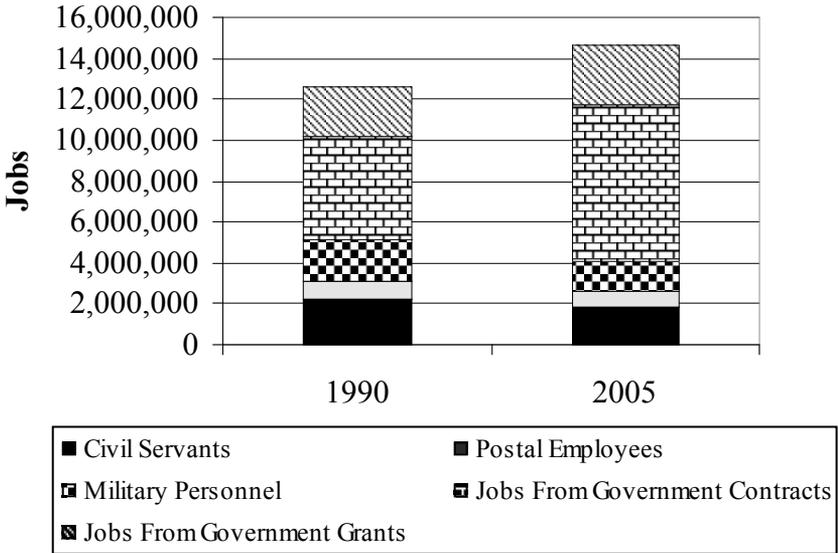
Growth in the Bureaucracy Since 1990:

In 1990 the government had a combined workforce of 12.6 million individuals.⁽¹⁾

In just 15 years the government workforce has increased by 2 million individuals (or 16 percent) despite the fact that the number of uniformed military personnel decreased by 670,000 (or

32 percent). This means that non-uniformed-military government employment grew by 2.7 million or 26 percent.

Over the same period, the U.S. population grew by 46.9 million or 19 percent.



Putting the Size of the Bureaucracy in Context:

If the 14.6 million individuals who work for the government occupied their own state, they would be the fifth most populous state in the nation, trailing only California, Texas, New York, and Florida.

THE REGULATORY STATE

“Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.”

– Ronald Reagan

The long reach of the federal government cannot be measured only in terms of money spent or laws passed. Each year federal agencies issue thousands of regulations governing all aspects of human behavior.

A 2007 report from the Competitive Enterprise Institute summarized recent regulatory actions: ⁽¹⁾

- Regulatory costs hit an estimated \$1.14 trillion in 2006.
- Regulatory costs in 2006 were equivalent to 9 percent of the U.S. gross domestic product.
- The Federal Register, the daily depository of all proposed and final federal rules and regulations, contained 74,937 pages in 2006.
- In 2006, 3,718 final rules were issued by agencies.
- By comparison, Congress passed and the President signed into law 321 bills in 2006.
- In 2006, agencies reported on 4,052 regulations that were at various stages of implementation.
- Of the 4,052 regulations now in the regulatory pipeline, 139 are “economically significant” rules that will have at least \$100 million in economic impact. Those rules will impose at least \$13.9 billion yearly in future costs to the economy.
- Of the 4,052 regulations now in the works, 787 affect small business.

Does Your Toilet Paper Comply With Federal Regulations?:

Dr. Ed Feulner of The Heritage Foundation relayed this story in April 2007:⁽²⁾

Last year, the Architect of the Capitol needed to buy paper towels and toilet paper for congressional restrooms. Sounds simple. Americans stock up on paper products all the time. But in Washington, D.C., nothing's that easy.

Before buying anything, the architect's office had to describe specifically what it wanted and how the products should be delivered. Federal requirements stipulate that "the minimum thickness of 12 single plies of the paper towel material provided shall be 0.070 inch when measured under an applied pressure of 0.5 psig."

Plus, "the rate of absorption of paper towel material provided shall not be greater than 20 seconds for the absorption 0.1 milliliter of water on any representative sample of paper towel as submitted." Got that? Oh, and for the toilet paper, "the tissue shall be substantially free from shieves, specks, holes, wrinkles and other imperfections in accordance with the requirement of Interim Federal Specification UUI-P-00556K dated January 10, 1978 for Type I, Grade A toilet tissue." Nothing but the best will do, apparently.

These requirements filled 32 pages.

Government Regulation of That Puddle in Your Back Yard:

Consider the case of John Rapanos, a Michigan property owner who sought to develop his property in the late 1980s. The federal government had a different idea claiming that some wet areas on his property were wetlands subject to the Clean Water Act, even though the Clean Water Act only applies to "navigable water" such as rivers or lakes. Mr. Rapanos's property lies as far as 20 miles from any open water. For daring to defy the wisdom of the bureaucrats, Mr. Rapanos was threatened with up to \$10 million in fines and even federal prison. The issue was only resolved in Mr. Rapanos's favor by five-to-four Supreme Court decision in 2006.⁽³⁾

The Bureaucrat in Your Bathroom Shower:

Since 1992 the government has regulated the maximum water flow of faucet fixtures in the United States. The Department of Energy states plainly that, "Federal regulations mandate that new showerhead flow rates can't exceed more than 2.5 gallons per minute (gpm) at a water pressure of 80 pounds per square inch (psi)."

Because many consumers find that such regulations have left them with too little water in their showers, entrepreneurs have attempted to devise new showerheads to meet both federal regulations and give consumers the water pressure they demand. This has gotten one manufacturer in trouble with the authorities in Washington state, who claim his showerheads violate federal regulations because they deliver too much water.

The manufacturer may have the upper hand, however, since federal regulations govern water flow on a per showerhead basis and the unit in question actually features three separate shower heads.⁽⁴⁾

NATIONAL SECURITY & PARKING TICKETS

“As government expands, liberty contracts.”

– Ronald Reagan

Use of Federal Law Enforcement Resources:

The federal government has some unique and critical responsibilities, particularly in the realm of national security, thwarting terrorist attacks, and enforcing the laws relating to who is and is not permitted into our country. Yet federal law enforcement officers, prosecutors, and judges often spend their time on matters one would normally think the responsibility of local or state law enforcement.

According to the Department of Justice, in 2004, the federal government arrested:

- 2,404 individuals for robbery (1.8 percent of all arrests)
- 224 individuals for motor vehicle theft (0.2 percent of all arrests)
- 458 for transportation of stolen property (0.3 percent of all arrests)
- 2,272 individuals for traffic offenses (1.7 percent of all arrests)

These arrests resulted in time-consuming prosecutions by U.S. Attorneys in Federal Courts, including:

- 1,975 prosecutions for robbery
- 194 prosecutions for motor vehicle theft
- 20 prosecutions for stolen property
- 26 prosecutions for traffic offenses⁽¹⁾

As all of these federal crimes are also crimes under state or local law, federal enforcement is redundant of the efforts of state and local law enforcement.

Growth of Federal Crimes:

A 2004 study by the Federalist Society found that federal law now includes over 4,000 separate offenses that can result in criminal punishment. According to the study, this is an increase of 33 percent since 1982.⁽²⁾

Examples of Federal Crimes:

- **Orderly Rodeos:** Under Federal law you can be sent to prison for up to six months or more for disrupting a rodeo. (18 U.S.C. 43)
- **Smokey the Bear:** You can be punished with up to six months in prison under federal law for the unauthorized use of the image of “Smokey the Bear” or “Woodsy Owl.” (18 U.S.C. 711 and 18 U.S.C. 711a)

Do Your Job, Go To Federal Prison:

In 1994 Edward Hanousek was employed as a supervisor with the Pacific & Arctic Railway and Navigation Company. A backhoe operator for an independent contractor retained before Edward was hired accidentally struck an oil pipeline causing the spill of between 1,000 and 5,000 gallons of oil—some of which reached a nearby river. At the time Edward was off-duty and at home, yet this didn’t stop the federal government from prosecuting him for negligently discharging oil into a navigable water of the United States. Edward was fined \$5,000 and sentenced to six months in jail, six months in a half-way house, and six months of supervised release.⁽³⁾

SOME NOT-SO-FREE MARKETS

“If you put the federal government in charge of the Sahara Desert, in 5 years there'd be a shortage of sand.”

– *Milton Friedman*

Most of us learn in school that the price we pay for any good or service is determined by the free market, based on the demand for the good or service and the level of corresponding supply. The free market works whether we are buying candy bars, new cars, or even Lasik surgery – notice that as the number of providers has expanded, the prices have gone down.

One place where the market isn't so free is health care. Today, how much doctors and hospitals are paid and how much you pay for your own care has more to do with a government formula than the free market.

In 2004, 46 percent of what was spent on health care in the United States was paid for by the government. In 1960, by contrast, the government only paid for 21 percent of health care expenditures.⁽¹⁾

So have you ever wondered how Medicare decides what to pay your doctor? The government issues the prices it is willing to pay for more than 7,000 distinct physician services in each of Medicare's 89 physician-payment regions. That amounts to 623,000 separate prices. These prices don't reflect actual costs or even quality (for the most part good doctors get paid the same as bad doctors).⁽²⁾

Payments are actually governed by a complex formula that attempts to reconcile government-established spending targets with what physicians are actually paid. To get there, the government executes a formula that multiplies the change in Medicare enrollment by the change in physician costs (after reducing it for efficiency gains) by the growth in the economy and finally by the effects of any other government actions.⁽³⁾

Needless to say, the formula often gets it wrong and Congress has to step in to set new, but equally arbitrary payment rates. Of course this action then ripples through the other formulas governing Medicare, often resulting in an increase in premiums for seniors.

Government price controls also impact the rest of the health care system.

Hospitals and doctors can not and do not absorb these cuts in reimbursement by the government; they instead frequently pass these costs along to the private sector. A recent study cited by *The New York Times* found that in Washington state hospitals shifted \$738 million (14.3 percent of their revenue) in costs to private payers to make up for underpayments by the government in the Medicare and Medicaid systems. Doctors similarly shifted \$620 million (12 percent of their revenue) to private payers. That means everyone with private insurance or who pays out of pocket ended up over-paying for health care because the government underpaid.⁽⁴⁾

Doctors also respond to arbitrary reductions in payments, by providing more services to bridge the gap in revenue. While sometimes this means squeezing more patients in, it also means ordering more tests and billing for more services. For example, when doctor payments were cut in 2002, there was a 7.9 percent increase in billed services compared to increases of 3.5 percent the two previous years. An obvious explanation is that doctors were making up for payments cuts by billing for more services. (Source: American Enterprise Institute⁽⁵⁾)

THE COUNTRY'S BIGGEST (AND WORST) LANDLORD

“You will find that the State is the kind of organization which, though it does big things badly, does small things badly, too.”

– *John Kenneth Galbraith*

The federal government manages – or, in many cases, fails to manage – a vast estate of buildings and lands.

The Nation's Biggest Landlord:

The federal government owns nearly 500,000 buildings in the United States.

While the largest use is for offices, the government uses 11.3 percent for housing, constituting a total of 435 million square feet of housing space.⁽¹⁾ With the average American home running 2,349 square feet, that works out to government-owned housing that's equivalent to 185,229 American homes.

The government owns or leases 655.6 million acres of land within the United States – 29 percent of all the land, and more than one of every four acres. Of the land owned by the government:

- 30 percent is for forest and wildlife
- 22 percent is for grazing
- 16 percent is for parks and historic sites

Excess and Unused Property:

With all these building and acres, it's no surprise that much of it isn't used.

The government has declared 5.1 million acres of land as vacant or currently not being used for any purpose.⁽¹⁾ That is an amount of land equal to the size of Massachusetts.

According to the Government Accountability Office, the Departments of Energy and Homeland Security, and NASA reported that over 10 percent of their current facilities are either excess or under-utilized.⁽²⁾

A June 2007 report by the Office of Management and Budget identified 21,802 properties owned by the government that surplus and unneeded. These properties are worth an estimated \$17.7 billion.⁽³⁾

Maintenance Backlogs:

The government has fallen behind over the years in maintaining what it already owns. Government buildings, parks, roads, bridges, and other facilities are increasingly falling into disrepair.

- The Department of Energy and NASA have a combined maintenance backlog of \$5.6 billion.⁽⁴⁾
- The Department of Interior has a maintenance backlog of \$17 billion.⁽⁵⁾

Proceeds From Sale of Excess Property:

While the sale of excess government property could generate revenue for the government, federal agencies find that the sale of government building and land is such a cumbersome process that they often allow a building to deteriorate rather than take the steps necessary to sell it.

One of the few agencies that have in place a more streamlined process, the Department of Veterans Affairs has recently run into Democratic roadblocks in its effort to dispose of unused property. The VA proposed selling or leasing 200+ acres of unused government land in West Los Angeles. Because the land is surrounded by the mansions of Beverley Hills, it is estimated that the VA could generate \$4 billion in revenue it could then use for other desperately needed construction projects. The efforts of the VA are being blocked in Congress, however, by Democratic Senator Dianne Feinstein.⁽⁶⁾

THE LOOMING ENTITLEMENT CRISIS

“Everybody wants to eat at the government's table,
but nobody wants to do the dishes.”

– Werner Finck

Albert Einstein once called compound interest the most powerful force in the universe. Indeed, over time one can create a nice nest egg for themselves with the help of compounding interest. Conversely, as more than a few Americans have found out, the power of compounding interest on unpaid credit card debt can quickly spiral out of control.

The laws of economics are no different as they relate to government. While the compounding nature of economic growth can fuel increased tax revenues for government, ever accruing liabilities can quickly spiral out of control.

Today, while increased economic growth is fueling revenue growth for government, the government's liabilities are growing at an even faster rate. Some have taken to calling this the entitlement crisis because much of our future liabilities are the result of retirement and health care programs – programs that have promised more in benefits than government revenues can support. The result is unfunded liabilities.

The Comptroller General of the United States has outlined these hard fiscal realities:⁽¹⁾

As of 2006, the present value of the government's liabilities totaled \$50.5 trillion:

- \$10.4 trillion for the national debt, retirement and health care expenses for federal employees
- \$1.3 trillion for assumed private pension plan obligations and other undelivered goods
- \$6.4 trillion for future Social Security benefits
- \$32.3 trillion for future Medicare benefits

By comparison the current net worth of all American households is only \$53.3 trillion.

The per-household share of the government's current liabilities is \$440,000.

While there are many options to deal with this looming crisis, if we fail to address it in the near future, the options in the long term become more severe. For example, under the status quo, to balance the budget in 2040 – when someone born today is in his or her early 30s – would require:

- Either cutting all federal spending by 60 percent, or
- Raising federal taxes by two times today's level.

Social Security:

Based on an analysis of the 2007 Social Security Trustee's Report performed by The Heritage Foundation:⁽²⁾

- Social Security spending will exceed Social Security taxes in 2017 at which time the government will have to begin repaying the Social Security Trust Fund
- To repay the Trust Fund, government will have to reduce other spending or increase taxes
- By 2041 even all the money owed to the Social Security Trust Fund will be spent
- Unless Social Security is reformed, any worker born after 1974 can expect to work and pay Social Security taxes their entire life only to receive 75 percent or less of the benefits they are due when they retire

Medicare:

Based on an analysis of the 2007 Medicare Trustee's Report performed by The Heritage Foundation:⁽³⁾

- The hospital portion of the Medicare program, which is financed by payroll taxes, is currently running a deficit and will have exhausted all credits from past surpluses by 2019

- In 2006, Medicare spending totaled 3.1 percent of our total economy (GDP)
- Medicare expenditures are expected to grow to 6.5 percent of the economy by 2030
- Absent reform, Medicare is anticipated to consume 37.1 percent of all federal tax revenue by 2030
- In order to fund an unreformed Medicare and maintain other current levels of spending, taxes would have to be increases by 22.7 percent in 2030

REPUBLICAN REFORMS BASED ON REPUBLICAN PRINCIPLES

Republicans believe in limited government, the right of individuals and families to keep more of their own money, economic freedom, limited regulation, and the proper division of power between states and the federal government. These principles are the basis on which we can reform government and address the challenges we face as a nation.

Require Spending Cuts to Pay for Spending Increases

The “pay-go” rule implemented by the new Democrat majority requires that any new entitlement spending or tax relief be “paid” for with spending cuts or tax increases. The pay-go requirement should be rewritten to require that any new spending be offset with spending reductions. Such a reform would ensure that the government is funding new priorities by eliminating waste and lower priority initiatives rather than simply raising taxes.

Eliminate an Existing Government Program for Every New Program

The “pay-go” implemented by the Democratic majority only applies to the mandatory side of the spending ledger – it doesn’t apply to the discretionary side. Under its pay-go rule, a bill authorizing spending for a brand new discretionary program can be passed without any offset whatsoever. Congress should create a new requirement that authorizations for new discretionary programs be accompanied by the de-authorization of or reduction in an existing program. This requirement would slow the growth in government and force Congress to prioritize spending by eliminating or reducing existing programs.

Establish a Sunset Review Process

The federal government has no existing process to evaluate current programs and require subsequent reforms or termination if the program is duplicative or is determined to no longer serve a useful purpose. While the administration and other entities often evaluate programs, the lack of a required follow-up often means that programs and offices continue to operate and receive funding without being terminated or reformed. Several states have solved this problem by creating a Sunset Review Commission that not

only evaluates programs but also requires legislative action for the continuation of programs determined to be no longer necessary.

Congress should establish a Sunset Review Process to periodically review existing programs on a set schedule. Congress and the Administration should be required to either reform or terminate programs determined to be wasteful, duplicative, or unnecessary. Absent such reform, funding for these programs should automatically sunset.

Streamline the Disposal Process for Federal Property and Use the Revenue to Maintain Other Property

The Congress should authorize a new policy to incentivize federal agencies to dispose of excess and unneeded buildings and land by streamlining the current multi-step disposal process and allowing agencies to retain a portion of the proceeds from public sales to maintain their other properties.

Expand Opportunities for Private Health Insurance

Rather than expand government-controlled programs, we should work to expand access to private individual health insurance. A tax deduction coupled with a tax credit for individual health insurance would provide a real means for millions of Americans to go into the private market and purchase the insurance best for their family.

Require Congressional Approval for Costly Federal Regulations

Any proposed regulation that is expected to impose costs to the private sector or state or local governments in excess of \$100 million should have to be approved by Congress before taking effect.

Refocus Federal Law Enforcement on Truly Federal Crimes

After a thorough and comprehensive review of all current federal crimes and the use of federal law enforcement and prosecutorial resources, Congress should reform the criminal code to focus on truly federal issues such as interstate criminal conduct that cannot be appropriately addressed by state governments: terrorism, illegal immigration, and tax evasion.

Reform the Budget Process to Address the Entitlement Crisis

The current budget process only looks at spending over the next 5 or 10 years. Since most of the impact of the entitlement crisis is just beyond that window, the budget fails to reflect or provide a mechanism to address long-term obligations under Social Security and Medicare. The budget process should be reformed to require Congress to address the long-term costs associated with existing entitlements.

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