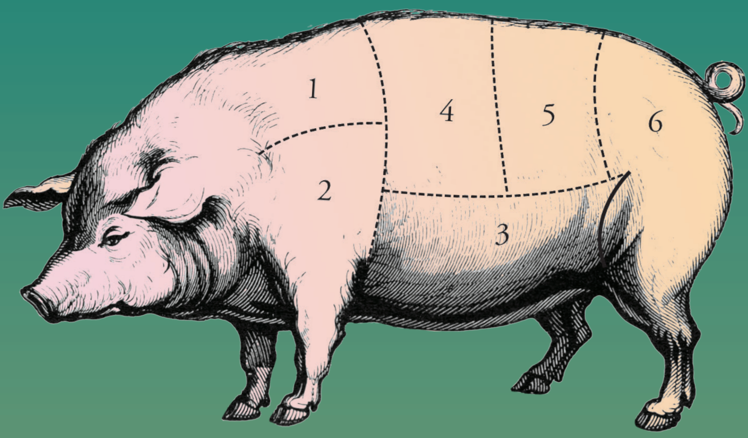
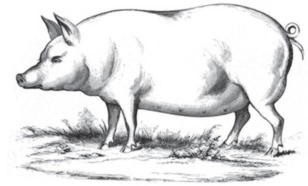
CITIZENS AGAINST GOVERNMENT WASTE



PRIME CUTS

SUMMARY

OCTOBER 2019



INTRODUCTION

The United States is heading toward a fiscal reckoning. An August 21, 2019 Congressional Budget Office (CBO) report projected a deficit of $960 billion for fiscal year (FY) 2019 and average annual deficits of $1.2 trillion between FYs 2020 and 2029. According to CBO Director Phillip Swagel, "the nation's fiscal outlook is challenging. Federal debt, which is already high by historical standards, is on an unsustainable course, projected to rise even higher after 2029 because of the aging of the population, growth in per capita spending on health care, and rising interest costs."

The two-year budget deal signed by President Trump on August 2, 2019 will contribute to the nation's fiscal morass. It increases military and non-military spending by $320 billion above the budget caps imposed by the Budget Control Act of 2011 and will pile on an estimated $1.7 trillion to the national debt over the next 10 years.

To help prevent this fiscal disaster from occurring, Citizens Against Government Waste (CAGW) is releasing *Prime Cuts 2019*, which has been published since 1993. The 2019 version contains 620 recommendations that would save taxpayers $433.8 billion in the first year and $3.9 trillion over five years.

Prime Cuts 2019 addresses every area of government spending. For example, the report proposes eliminating the Market Access Program (MAP), which aims to help agricultural producers promote U.S. products overseas. However, MAP is a corporate welfare program that funnels millions of dollars to large, profitable corporations and trade associations that can well afford to pay for their own ads. Eliminating MAP would save taxpayers $870 million over five years.

INTRODUCTION (continued)

Numerous cuts can be made at the Pentagon without jeopardizing national security, including eliminating congressional add-ons for the F-35 Joint Strike Fighter program. The F-35 is $195 billion over budget, eight years behind schedule, and on pace to become the most expensive weapon system in history, with an estimated lifetime cost of $1.2 trillion for operation and maintenance.

The recommendations also include long-standing proposals to eliminate the sugar, dairy, and peanut programs; reduce Medicare improper payments by 50 percent; and, increase the use of software asset management tools.

By following the blueprint provided by CAGW's *Prime Cuts 2019*, wasteful government spending can be reined in and the nation can begin to chart a path toward fiscal sanity. *Prime Cuts 2019* is essential reading for taxpayers, the media, and legislators alike.

I. AGRICULTURE

Eliminate the Rural Utilities Service

1-Year Savings: $8.4 billion
5-Year Savings: $42.1 billion

The Rural Electrification Administration (REA) was established in 1935 to bring electricity to America's rural communities. By 1981, 98.7 percent electrification and 95 percent telephone service coverage was achieved. Rather than declaring victory and shutting down the REA, the agency was transformed into the Rural Utilities Service (RUS) in 1994 and then expanded to provide loans and grants for other purposes including telephone service to underserved areas of the country. That mission was further expanded under the 2002 Farm Bill to provide broadband services to unserved or underserved rural areas, which are generally defined as communities with populations of less than 20,000. These services are provided in part through the Rural Broadband Access Loan and Loan Guarantee Program (BAP).

Some of the BAP's wasteful projects include the $667,120 given to Buford Communications of LaGrange, Arkansas, (population 122) in 2009 to build a hybrid fiber coaxial network and a new community center. This equates to $5,468 per resident of LaGrange.

Another RUS program rife with waste is the Water and Waste Disposal System Loans and Grants Program (WWD), which was intended to improve quality of life and create jobs in rural communities. According to a July 2012 Department of Agriculture (USDA) Inspector General (IG) report, "as of September 30, 2011, RUS had obligated $3.3 billion in grants and loans to fund 854 WWD projects throughout the United States." Only three of the 22 projects examined by the IG were completed on time, and the majority of the projects were started five to 30 months after the funds were obligated. The RUS created only 415 new jobs through the WWD, which is "less than 20 percent of the actual jobs identified in planning estimates."

CAGW's *2019 Congressional Pig Book* identified a $10 million earmark for high energy cost grants within the RUS.

The time has come to unplug and dispose of the RUS.

Eliminate the Sugar Subsidy

1-Year Savings: $1.2 billion
5-Year Savings: $6 billion

The U.S. sugar program is an outdated, Soviet-style command-and-control program that uses import quotas, loans, marketing allotments, price supports, and tariffs to artificially inflate the price of sugar. The federal government establishes a minimum price for sugar in the U.S., which averages roughly double the world price. The government also imposes marketing controls, limiting how much sugar processors are allowed to sell. These allotments are enforced and administered by a small cartel of sugar processors.

A November 2017 analysis from the American Enterprise Institute found that, "The welfare transfer to sugar growers and processors is quite large in the aggregate, hovering around $1.2 billion. Losses to households are diffused, about $10 per person per year but large for the population as a whole, in the range of $2.4–$4 billion."

The program has been costly to the economy as well. According to the Department of Commerce, "Between 1997 and 2014, 132,000 jobs were lost in sugar-using industries." For every sugar-growing job that is protected under the program, about three manufacturing jobs are lost.

Few examples exist of more conspicuous public regulation for the benefit of entrenched special interests at the expense of taxpayers than the U.S. sugar program.

The sweet deal for sugar leaves a sour taste for consumers and taxpayers. The program should be replaced with market-oriented reforms to help consumers, food manufacturers, taxpayers, producers, and the environment.

Eliminate the Dairy Subsidy

1-Year Savings: $400.6 million
5-Year Savings: $2 billion

The U.S. dairy market is a complex tangle of subsidies and price supports. Through a series of federal Milk Marketing Orders, which are based historically on the distance from Eau Claire, Wisconsin, to where the milk is produced, the government sets minimum prices that dairy processors must pay for Grade A milk. These vary from region to region, and milk producers are forbidden to sell their product in another region.

While taxpayers dodged the worst outcome when the 2014 Farm Bill did not include the proposed Dairy Market Stabilization Program, the conference agreement instead included a new Dairy Product Donation Program, which allows the purchase of dairy products at market prices "for donation to public and private nonprofit organizations that provide nutrition assistance to low-income populations." The program, which was never considered in the House or Senate, would require the USDA to buy dairy goods when market prices drop below a certain threshold and continue these purchases until market prices resurface above the established threshold.

The best solution for taxpayers and consumers is for milk markets to be deregulated and made to resemble other competitive industries.

Eliminate the Market Access Program (MAP)

1-Year Savings: $174 million
5-Year Savings: $870 million

Formerly known as the Market Promotion Program, MAP is one of the federal government's most blatant examples of corporate welfare. Over the past decade, MAP has provided nearly $2 billion in taxpayer money to help agriculture trade associations, farmer cooperatives, and individual companies advertise their products overseas. In FY 2018, MAP doled out $173.8 million to successful companies and conglomerates like Blue Diamond, the California Prune Board, National Sunflower Association, Pet Food Institute, Sunkist Growers, Inc., USA Dry Pea and Lentil Council, and Welch Foods, Inc.

Former President Obama's FY 2012 budget proposed a 20 percent cut in MAP, but an amendment to achieve even that limited objective was struck down in the Senate.

A June 2012 report on MAP by former Sen. Tom Coburn (R-Okla.) disclosed that some of the $20 million that was given to the Cotton Council International (CCI) in 2011 was used to create an Indian reality TV show in which designers created clothing made from cotton. The show was intended to promote the use of cotton generally, not necessarily cotton from the U.S. But, India does not have any need for U.S. cotton, as it is a net exporter of the product and produces twice the amount of U.S. cotton growers. MAP has provided more than $169 million to CCI over 10 years.

It is long past time to eliminate MAP.

I. AGRICULTURE (continued)

Eliminate the Peanut Subsidy

1-Year Savings: $53.5 million
5-Year Savings: $267.3 million

Programs designed to support the peanut industry have existed in some form since the early 1900s. Originally, peanuts were subsidized with a production quota; only those who owned or leased the quotas from the government were allowed to produce peanuts. These valuable quotas drove the cost of peanuts to nearly twice the world price. The 2002 Farm Bill eliminated production quotas, but Congress chose to create a new direct payment program in order to compensate farmers for removing this "resource," costing taxpayers $1.3 billion over five years.

The direct payment program created a system of payments and counter-cyclical payments to "historic peanut producers," or those who grew peanuts from 1998-2001. Unbelievably, the farmers were paid regardless of whether they currently produced peanuts.

The 2014 Farm Bill eliminated direct payments, but greatly expanded crop insurance in an effort to make up for the loss of such payments. Producers of covered commodities, including peanuts, chose in late 2014 to participate in either the Agriculture Risk Coverage (ARC) program or the Price Loss Coverage (PLC) program. Under the PLC program, payments are made to farmers when the price for a crop dips below its "reference price." The Farm Bill set the reference price for peanuts at $535 per ton. Under the ARC program, USDA makes a payment for a covered crop in any year that "actual crop revenue" for the commodity is less than its "agriculture risk guarantee."

Many economists believe that the cost of the expanded crop insurance programs will significantly exceed initial estimates, as crop prices are beginning to fall much sooner than projected. A December 8, 2016, CBO report found that if the ARC and PLC programs were eliminated for all crops, taxpayers would save $4.2 billion over the next decade.

II. COMMERCE

Eliminate the Hollings Manufacturing Extension Partnership

1-Year Savings: $140 million
5-Year Savings: $700 million

Started at the behest of Senator Ernest "Fritz" Hollings (D-S.C.) in 1988, the Hollings Manufacturing Extension Partnership (HMEP) was designed to increase the efficiency and profitability of American manufacturing firms. Fees from clients were supposed to make the program self-sufficient, but historically have covered only one-third of its costs. In practice, the HMEP amounts to corporate welfare for advisors and consultants.

The CBO 2009 "Budget Options" report stated that "about half of the partnership's clients believe the services they obtained from HMEP are available other places, although at a higher cost." But there is no such thing as a free lunch. HMEP services cost less because taxpayers are charged for the difference. Non-manufacturing industries get by without this special favor from the government. Manufacturing should do the same.

III. DEFENSE

Eliminate funding for the Overseas Contingency Operations (OCO) account

1-Year Savings: $69 billion
5-Year Savings: $345 billion

Created in 2001 to fund the war in Afghanistan and other associated costs of the Global War on Terror, the OCO account was intended to be a one-time emergency supplemental appropriation. Instead, it has been used as an annual funding measure, including in 2003, when the U.S. invaded Iraq.

Over time, the account transitioned into a slush fund designed to inflate spending at the Department of Defense (DOD) far above the baseline budget and for purposes unrelated to the wars in Afghanistan and Iraq, and military operations in other countries, like Syria. Following the passage of the Budget Control Act of 2011, members of Congress used the OCO to bypass the spending restraints applied to the Pentagon.

In FY 2008, the U.S. was actively fighting wars in Afghanistan and Iraq, and deployed an average of 187,000 troops in these countries. OCO spending topped $187 million, equating to $1 million per service personnel stationed in Afghanistan or Iraq. In 2019, the U.S. has an average of 26,000 troops stationed in Afghanistan, Iraq, and Syria, meaning the $69 billion for the OCO in FY 2019 equates to $2.7 million in funding per servicemember. This trend is likely to worsen in FY 2020, for which the Trump administration has requested $165 billion for the OCO, the second-most ever provided, while also promising to further reduce the military's footprint in Afghanistan.

Much of the OCO spending over the years belonged in the base Pentagon budget. Approximately 50 percent of OCO funding in FY 2015 was for nonemergency items. The FY 2020 request includes $25.4 billion for "direct war requirements" and $41.3 billion for "enduring requirements" related to the cessation of combat operations. The majority, $97.9 billion, is allotted for baseline spending and belongs in the regular DOD budget.

Beyond the problems associated with using a loophole to fund the DOD, the ad hoc nature of the supplemental bill does not allow the Pentagon to factor the funding into its normal budgetary process, which involves planning for multiple years. For this reason, top DOD officials have expressed their disappointment in the system, and have argued for the incorporation of OCO funding back into the DOD baseline budget. Then-DOD Secretary Ashton Carter stated in a March 18, 2015 House Armed Services Committee (HASC) hearing that the OCO, "doesn't work because to have the defense we need and the strategy that we have laid out, we need the budget that we have laid out not just in one year, but in the years to come … and so, budgeting one year at a time, and this proposal is a one-year-at-a-time thing, doesn't work for national defense. It's not going to permit us to carry out the strategy as we've planned."

The DOD has received $1.8 trillion through the OCO since 2001. Members of Congress have become so adept at pumping the account full of money that the $69 billion provided for the OCO in FY 2019 would make it the fourth largest federal agency (behind the DOD, the Department of Health and Human Services, and the Department of Veterans Affairs), were it considered as such. Congress could restore some semblance of order and rationality in the Pentagon's budget by eliminating the OCO.

Eliminate funding for the M1A2SEP Abrams tank upgrade program

1-Year Savings: $2.2 billion
5-Year Savings: $11 billion

Over the objections of senior DOD officials, members of Congress have for many years been earmarking funds for the M1 upgrade program. Since FY 1994, there have been 41 earmarks for the M1 Abrams, requested by at least 13 members of Congress, costing taxpayers $1.5 billion.

Although the tank plant is in Lima, Ohio, its suppliers are spread across the country, which helps to explain the widespread support. In fact, past versions of the DOD Appropriations Act, including the FYs 2016 and 2017 versions, hinted at a parochial incentive for the program's continuance: industrial base support. There's nothing like an old-fashioned jobs program disguised as a national security priority.

In FY 2019, the Trump administration increased its funding request for the M1 Abrams by $1.4 billion over the level provided in FY 2018. On March 20, 2019, President Trump went to the Joint Systems Manufacturing Center in Lima and opened the event by stating, "You better love me – I kept this place open."

In this climate, it is worth revisiting why the Pentagon has long objected to finite resources being wasted on an unwanted project. In testimony before the HASC on February 17, 2012, then-Army Chief of Staff General Raymond Odierno told Congress that the U.S. possesses more than enough tanks to meet the country's needs, stating "our tank fleet is in good shape." In fact, the Army has so many M1 tanks that 2,000 of them are parked in a California desert.

The DOD had intended to focus on designing the next generation of tanks, which would be better equipped for the changing nature of warfare. Designed to take on other tanks, the M1 Abrams has proven susceptible to asymmetric tactics such as improvised explosive devises employed by insurgents in Iraq and Afghanistan. Given these vulnerabilities, the tank's usefulness in future counterinsurgency warfare has been openly questioned. In his testimony, General Odierno stated that, "we don't believe we will ever see a straight conventional conflict again in the future." Instead, the U.S. will likely face adversaries implementing a mix of conventional and unconventional tactics.

Unfortunately, by continuing to commit vast resources toward an unnecessary upgrade program, President Trump and members of Congress have made moving on from the Abrams much more difficult. As elected officials in Washington continue to ignore the DOD, taxpayers will carry on footing the bill for upgrades to what General Odierno described as "tanks that we simply do not need."

Eliminate earmarks for the F-35 Joint Strike Fighter (JSF) program

1-Year Savings: $1.8 billion
5-Year Savings: $8.9 billion

The acquisition misadventures of the JSF program have been well-documented, as the program has been plagued by an abundance of persistent issues. In development for nearly 18 years and eight years behind schedule, total acquisition costs now exceed $428 billion, nearly double the initial estimate of $233 billion. An April 22, 2019 *Bloomberg* article analyzing the latest DOD Selected Acquisition Report noted that the lifetime operation and maintenance costs of the most expensive weapon system in history will total approximately $1.2 trillion. This is a 20 percent increase over the $1 trillion in JSF lifetime operation and maintenance costs reported in April 2015 by the Government Accountability Office (GAO).

On April 26, 2016, then-Senate Armed Services Committee (SASC) Chairman John McCain (R-Ariz.) called the JSF program "both a scandal and a tragedy with respect to cost, schedule, and performance." In February 2014, then-Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall referred to the purchase of the F-35 as "acquisition malpractice," a description that has yet to be improved upon.

As in each preceding year, 2019 brought more bad news for Lockheed Martin, the F-35 manufacturer. A March 15, 2019 DOD IG report noted that the F-35 Joint Program Office had failed to track property valued at $2.1 billion that it had lent or leased to Lockheed Martin. The report stated that this oversight could impact JSF operational readiness.

One crucial consequence of the delays and underperformance of the JSF program is that those aircraft it was meant to replace are aging rapidly, leaving a readiness gap. This factor, as well as the high operating costs of the F-35, led the Air Force on March 18, 2019, to detail a plan to purchase 80 F-15Xs, an upgraded version of the F-15C/D, over the next five years. The DOD's current stock of F-15C/Ds has an average age of 35 years and some planes are nearing the end of their service lives, which makes sense considering the F-15 was meant to have been made redundant by the F-35.

In a March 17, 2019 SASC hearing, Joint Chiefs of Staff Chairman General Joseph Dunford stated that the DOD requested funding for the F-15X because it is "slightly less expensive for procurement than the F-35, but it's more than 50 percent cheaper to operate over time and it has twice as many hours in terms of how long it lasts."

Air Force Secretary Heather Wilson also cited the high operating costs of the F-35 as a factor in purchasing the F-15X. On March 22, 2019, she stated that Lockheed Martin has not given "enough attention on the sustainment costs of the aircraft and driving them down."

Many of the problems with the F-35 program can be traced to the decision to develop and procure the aircraft simultaneously. Whenever problems have been identified, contractors needed to go back and make changes to planes that were already assembled, adding to overall costs. Speaking at the Aspen Security Forum on July 24, 2015, then-Air Force Secretary Deborah Lee James stated, "The biggest lesson I have learned from the F-35 is never again should we be flying an aircraft while we're building it."

Unbelievably, the JSF program office, and members of Congress, appear ready to repeat this mistake yet again. A June 5, 2018 GAO report found that major technological deficiencies still exist, despite the F-35 nearing the October 2019 timeframe when it is set to enter full production. According to the GAO, in its "rush to cross the finish line, the program has made some decisions that are likely to affect aircraft performance and reliability and maintainability for years to come." These include the choice to address existing flaws after full production is initiated. The report identified 966 "open deficiencies" in the JSF program, including 111 "must fix" problems.

Other dilemmas relating to the JSF's utility in future conflict have also cropped up. A May 2018 HASC report revealed that the Navy's JSF, the F-35C, may lack sufficient range to function adequately in a future war.

Remarkably, some DOD brass do not appear overly concerned. On December 19, 2016, now-retired Lieutenant General Christopher Bogdan, who at the time headed the F-35 Program Office, claimed, "This program is not out of control." For this stark example of institutional bias, CAGW named Lt. Gen. Bogdan Porker of the Month for January 2017.

Of course, the plethora of JSF deficiencies has not stopped the Pentagon from asking for funding, and members of Congress from supplying it, oftentimes exceeding the request from the DOD. This trend repeated itself in FY 2019. Rather than asking whether the F-35 remains worthy of further commitment, members of Congress provided earmarks for 16 additional aircraft. Upon completion of the development phase, additional funding will be needed to retrofit the planes purchased through earmarks in FY 2019.

Members of Congress are already gearing up to add more earmarks for the F-35 in FY 2020. On April 3, 2019, Rep. Mike Turner (R-Ohio), who co-chairs the House JSF Caucus, announced a proposal to purchase 102 additional aircraft in FY 2020 in part because doing so, "enables the realization of cost savings." In total, 103 House members, nearly one-quarter of the chamber, signed onto the JSF Caucus's letter, a distressing signal of fiscal irresponsibility in Congress.

The notion that the DOD should double down on the most expensive weapons platform in history earned Rep. Turner CAGW's Porker of the Month for April 2019.

Since FY 2001, members of Congress have added 24 earmarks for the JSF program, costing $6.9 billion.

Cancel the Littoral Combat Ship (LCS)

1-Year Savings: $1.6 billion
5-Year Savings: $7.8 billion

Oftentimes referred to by its alternative moniker, the "Little Crappy Ship," the LCS has been a disaster since its inception, with problems that include a vaguely defined mission, a lack of firepower and survivability, and design flaws leading to cracks in the hull and corrosion. The number of ships the Navy intends to purchase has been cut in half, from 55 to 28, while the cost per ship has increased by 117.3 percent, from $220 million to $478 million.

Delays have also plagued the LCS. A June 2018 GAO report noted that "deliveries of almost all LCS under contract have been delayed by several months, and, in some cases, a year or longer." The average LCS Freedom variant is 16 months behind schedule, while the average Independence variant is delayed by 14 months.

The program has become so troubled that the Pentagon took active measures to undermine the bad press. According to a March 2017 GAO report, the DOD Office of Prepublication and Security Review, which is charged with reviewing information to be released to the public, blocked critical information regarding cost growth in the LCS program.

A 2014 Navy evaluation of potential alternatives to the LCS rejected other ship designs and opted instead to modify the LCS slightly and redesignate it as a frigate, but problems continued. A December 1, 2016 GAO report disagreed with the planned acquisition of the final two old-model ships in FY 2017, citing their obsolete design. The report also criticized the Navy's request for 12 frigates in FY 2018, questioning "whether a ship that costs twice as much yet delivers less capability than planned warrants an additional investment of nearly $14 billion."

The Navy faces a larger issue related to the routine poor performance of the LCS: the substandard state of warships at the time it receives them from contractors. A March 20, 2019 *Roll Call* article reported that the Navy has made a habit of accepting defective or unfinished ships, then paying additional money to the shipbuilders responsible to fix the existing flaws.

While this trend has plagued a number of naval platforms, it is particularly visible in the LCS program. A July 2017 GAO report noted that the two versions of the LCS so far have combined for a total of 2,206 uncorrected deficiencies when ships were delivered, and entered service with a combined 286 such problems. The systemic problems experienced by the LCS platform will not be rectified until the Navy holds contractors responsible for their shoddy work.

As is so often the case with deeply flawed DOD programs, the justification for additional LCS funding can be boiled down to a desire to protect jobs. In a March 20, 2018 HASC hearing, committee member Bradley Byrne (R-Ala.), whose district hosts the Austal USA shipyard that builds one of the two versions of the LCS, reproached Navy Secretary Richard Spencer for requesting only one LCS in FY 2019. Rep. Byrne stated, "Unfortunately, your acquisition plan for small surface combatants fails to provide for an enduring industrial base. In fact, it will erode the industrial base for those ships," and reducing the program to one annual ship will result in "thousands of shipyard workers" being laid off. Parochial politics should not drive defense strategy.

Eliminate earmarks for the Defense Health Program (DHP)

1-Year Savings: $1.5 billion
5-Year Savings: $7.4 billion

Members of Congress have for years loaded up the DHP with pork, including $1.5 billion for 34 earmarks in FY 2019, the most ever earmarked for the program. Since FY 1996, members of Congress have added 736 earmarks for the DHP, costing taxpayers $13.3 billion.

A March 14, 2012 *Washington Post* article stated that then-DOD Comptroller Robert Hale proposed decreasing the Pentagon health budget in part by eliminating "one-time congressional adds," which he said totaled $603.6 million in FY 2012 for the Congressionally Directed Medical Research Program.

Former Sen. Tom Coburn's (R-Okla.) November 2012 "The Department of Everything" report pointed out that the DOD disease earmarks mean that, "fewer resources are available for DOD to address those specific health challenges facing members of the armed forces for which no other agencies are focused." According to the report, in 2010 the Pentagon withheld more than $45 million for overhead related to earmarks, which means those funds were unavailable for national security needs or medical research specifically affecting those serving in the military.

On June 17, 2015, then-SASC Chairman John McCain (R-Ariz.) suggested that funding for medical research should only be included in the DOD bill if the secretary of defense determined it was directly related to the military. He said that, "over the past two decades, lawmakers have appropriated nearly $7.3 billion for medical research that was 'totally unrelated' to the military." In a response that explains why legislators continue to believe that they have the knowledge, privilege, and right to earmark billions of dollars for the DHP, Sen. Dick Durbin (D-Ill.) claimed that none of the secretaries of defense that he had known, despite being "talented individuals," were qualified to decide whether any of this research is related to the military.

IV. ENERGY

Sell the Southeastern Power Administration and Related Power-Generating Assets

1-Year Savings: $0
5-Year Savings: $3.8 billion

The Department of Energy owns and operates four Power Marketing Administrations (PMAs). The largest is the Southeastern Power Administration, which consists of 23 hydroelectric projects in Alabama, Florida, Georgia, southern Illinois, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. The PMAs sell energy at low, subsidized rates, but these rates are not targeted to low-income areas or disadvantaged consumers. According to the 2009 CBO "Budget Options" report, the communities that receive PMA service "are similar to neighboring communities that do not," and they "meet only a small share of the total power needs of households in the regions served."

Selling Southeastern would allow it to operate in the private sector, where it should have been all along. The sale would be an important step in reducing the size and scope of the Department of Energy (DOE), which has expanded well beyond its original mission, and would be relatively painless for customers served by Southeastern. A January 1999 GAO report stated that users "would see their monthly electricity bill increase by less than $1, while the maximum increase in their electricity bill would range in most states between $1 and $8."

Selling the Southeastern Power Administration makes fiscal sense, as there is precedent for unloading PMAs: the Alaska Power Administration was privatized in 1996.

President Trump included divestment from PMAs in his FY 2019 budget, but the proposal was immediately criticized by regional lawmakers.

IV. ENERGY (continued)

Divest Tennessee Valley Authority Transmission Assets

1-Year Savings: 229 million
5-Year Savings: $4.9 billion

The Tennessee Valley Authority (TVA) is a multibillion dollar federally-owned and operated corporation established in 1933 in an effort to bring electricity and development to some of the most underdeveloped parts of the Southeastern United States. TVA's non-power responsibilities include recreational programs, the promotion of public use of federal land and water resources, and the operation of a national fertilizer research center. Congress appropriates nearly $140 million annually for these non-power duties.

As the CBO pointed out in its FY 2011 "Spending and Revenue Options" report, "unlike private utilities, TVA does not have to provide a return to equity holders – in this case, the taxpayers, who are exposed to the risk of having to make up for future revenue shortfalls." According to TVA's FY 2020 budget proposal, its debt stands at $22.7 billion, bringing it closer and closer to the $30 billion debt cap established by Congress. Despite this huge debt, the TVA has not relinquished its hold on electric utilities across the Southeast by turning its duties over to the private sector.

Many TVA supporters mistakenly believe that privatization would lead to rate hikes that might harm consumers, especially in low-income areas. But, the TVA charges rates that are in line with what the private sector would charge. Because of the TVA's poor financial position, savings would be minimal in the first year after the sale and privatization of TVA assets and functions, but would reach $1.1 billion after five years.

President Trump's FY 2020 *Major Savings and Reforms* recommended selling the transmission assets of the TVA, stating that eliminating the government's role in the TVA would, "encourage a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers."

V. ENVIRONMENTAL PROTECTION AGENCY

Administer the ENERGY STAR Program Through the Collection of User Fees

1-Year Savings: $66 million
5-Year Savings: $330 million

The ENERGY STAR program, a joint venture between the DOE and the Environmental Protection Agency (EPA), started in 1992 as a voluntary labeling program to identify energy-efficient products. It includes a "Change the World, Start with ENERGY STAR" messaging program and funded the construction of exhibit houses in nine cities in an effort to convince more Americans to use energy-efficient products.

The program's website brags, "ENERGY STAR has been a driving force behind the more widespread use of such technological innovations as efficient fluorescent lighting, power management systems for office equipment, and low standby energy use." Others would argue that high energy prices and a more environmentally-conscious society have been far more responsible for increasing energy efficiency. In other words, taxpayers do not need federal bureaucrats telling them how to save energy.

A March 2010 GAO report found that the ENERGY STAR program is vulnerable to fraud and abuse. The GAO submitted 20 phony products for certification, 15 of which were cleared, including a gas-powered alarm clock. Indicating how much reliance consumers place on ENERGY STAR labels, "two of the bogus Energy Star firms developed by GAO received requests from real companies to purchase products because the bogus firms were listed as Energy Star partners." GAO reported that "certification controls were ineffective primarily because Energy Star does not verify energy-savings data reported by manufacturers."

Only four of the 20 products submitted, or 20 percent, were required by ENERGY STAR to be cleared by an independent third party.

A March 2013 GAO report found that many of ENERGY STAR's responsibilities are "fragmented and overlapping" with programs in the DOE and the Federal Trade Commission (FTC).

V. ENVIRONMENTAL PROTECTION AGENCY (continued)

Taxpayers should not be forced to tolerate ENERGY STAR results that are close to the Mendoza Line. President Trump's FY 2020 budget called for the introduction of user fees, so that "participating entities directly pay for the services and benefits that the program provides."

VI. HEALTH AND HUMAN SERVICES

Reduce Medicare Improper Payments by 50 Percent over Five Years

1-Year Savings: $3.6 billion
5-Year Savings: $18.1 billion

Medicare is plagued with the highest reported amount of improper payments of any federal program. According to the Centers for Medicare and Medicaid Services' (CMS) FY 2017 Comprehensive Error Rate Testing report, the improper payment rate was 9.5 percent and the improper payment amount was $36.2 billion. Because of its chronic vulnerability to fraud, waste, abuse, and mismanagement, the GAO has for 20 years designated the Medicare program as "high risk."

In a bipartisan effort to reduce improper payments and help stave off the impending bankruptcy of the Medicare Trust Fund, Congress first implemented a recovery audit contractor (RAC) demonstration project for Medicare Parts A and B that ran from 2005 to 2008 and recovered more than $900 million in overpayments to providers. Congress enacted legislation to expand the program nationwide and make it permanent, a process that began in early 2009 and was fully implemented by September 2010.

In 2010, Congress further expanded the scope of RACs in the Affordable Care Act to include auditing for Medicare Parts C and D. The legislation also required states and territories to establish RAC programs for Medicaid, noting that the RAC program was a proven, valuable tool in reducing improper payments.

Since the beginning of the RAC program, $11 billion has been returned to the Medicare Trust Fund. In FY 2013 alone, RACs collected $3.65 billion, according to the Medicare Trustees' report to Congress on the program. Only $57.6 million of that amount, or 1.6 percent, was overturned at the first level of appeal. In addition, only 9.3 percent of all claims that reached the top level of appeal to administrative law judges was overturned in FY 2013.

RACs boasted an average accuracy rate of 96 percent, which makes them far and away the most successful tool Congress has ever implemented to protect taxpayers and Medicare beneficiaries from rampant improper payments. The Trustees' FY 2013 RAC report called the RAC program "an important initiative in CMS's goal to reduce improper payments and pay claims accurately."

Unfortunately for taxpayers, Congress and CMS have caved to relentless pressure from hospitals and their state and national trade associations, who aggressively opposed the program from its inception and have quietly permitted the RAC program to shrink to a shadow of its former self. The volume of claims that RACs are now permitted to review has been reduced from a high of 2 percent, which is meager to begin with for a $568 billion agency that processes more than one billion claims per year, to a statistically insignificant .5 percent. The claims areas RACs are permitted to review, which CMS must approve in advance, have dropped from 800-plus to 163. Not surprisingly, the undermining of the program has drastically reduced monetary recoveries to the Trust Fund.

Hospitals have been granted a RAC oversight holiday and Congress has allowed tens of billions in improper payments to continue to hemorrhage out of Medicare. CMS Administrator Seema Verma has publicly praised the RAC program, acknowledging its value to taxpayers and Medicare patients, so it is puzzling that the Trump administration is, in practice, abandoning this efficient and highly successful anti-waste tool.

Members of Congress should not only stop giving in to pressure to weaken the RAC program, they should also reinstate and safeguard the RACs. Otherwise, Medicare will have little chance of dropping down from its current – and growing – position as number one in improper payments.

Raise the Retirement Age for Social Security Beneficiaries

1-Year Savings: $200 million
5-Year Savings: $7.6 billion

Currently, retirees are eligible to begin receiving Social Security benefits at age 62 under "early" retirement, but these beneficiaries receive smaller payments over the rest of their lives. The current Normal Retirement Age (NRA) is 65 for workers born before 1938, and increases in two-month increments until it becomes 66 for those born between 1943 and 1954. It is slated to reach 67 for workers born in 1960 or later.

According to the 2019 Social Security and Medicare Boards of Trustees annual report, the two social programs ate up 45 percent of federal expenditures in FY 2018. Social Security's expenditures have exceeded non-interest income since 2010, and the trustees estimate that this will continue throughout the 75-year projection period. According to the report, "Both Social Security and Medicare will experience cost growth substantially in excess of GDP growth through the mid-2030s due to rapid population aging caused by the large baby-boom generation entering retirement and lower-birth-rate generations entering employment."

The report stressed that action should be taken by lawmakers, "sooner rather than later to address these shortfalls, so that a broader range of solutions can be considered and more time will be available to phase in changes while giving the public adequate time to prepare. Earlier action will also help elected officials minimize adverse impacts on vulnerable populations, including lower-income workers and people already dependent on program benefits."

According to the U.S. Census, average life expectancy at birth for all Americans increased to 78.6 years in 2017, from 59.1 years in 1935, the year Social Security was established. But the eligibility age for Social Security has hardly moved. Reforming the NRA immediately so that it reaches 67 for workers born in 1951 and 70 for workers born in 1969, and raising it by one month every other year thereafter until it reaches 70 for all retirees, would save taxpayers $7.6 billion over five years, according to a December 2016 CBO report.

Raise the Eligibility Age for Medicare Recipients to 67

1-Year Savings: $0
5-Year Savings: $1.9 billion

The populations that receive Medicare and Social Security are identical; thus, it makes sense that the eligibility age for each should be raised simultaneously. Medicare alone is expected to cost more than $1 trillion annually by 2020 and will become insolvent by 2030. The 2019 Medicare Trustees Report projects Medicare spending as a percentage of the economy to increase from 3.7 percent in 2018 to 6.5 percent in 2093.

Currently, Medicare recipients can begin collecting benefits at the age of 65. According to a December 2019 CBO report, using 2023 (when people born in 1958 will turn 65) as the starting point to increase Medicare's eligibility age by three months annually until it reaches 67 would reduce Medicare costs by $60 billion by 2028.

VII. HOMELAND SECURITY

Eliminate funding for FEMA Predisaster Mitigation Grants

1-Year Savings: $250 million
5-Year Savings: $1.3 billion

Members of Congress have been earmarking money for the National Predisaster Mitigation Fund (NPMF) since FY 2008, including $211 million in FY 2019, a record amount. While this amount was only a slight increase from the $210,184,000 in FY 2018, it is a 363.5 percent increase from the $45,515,000 in FY 2017. The FY 2019 earmark is also a 7.6 percent increase over the $196,089,911 members of Congress earmarked for the NPMF between FY 2008, the first year an earmark was provided, and FY 2017.

Since FY 2008, there have been 209 NPMF earmarks requested by more than 100 members of Congress, costing taxpayers $617.3 million. Past earmarks include $18,500 for Brooksville, Kentucky (population 600) by then-Rep. Geoff Davis (R-Ky.) in FY 2010, and $750,000 for Taylorsville, Kentucky (population 1,208) by then-Rep. Ron Lewis (R-Ky.) in FY 2009. There is no indication where the funding in FY 2019 was spent.

President Trump's FY 2020 Major Savings and Reforms recommended eliminating funding for the NPMF, stating that it is duplicative of other federal programs and should be the responsibility of state and local governments. Former President Obama's FY 2017 Cuts, Consolidations, and Savings recommended reducing the NPMF by $46 million.

VIII. HOUSING AND URBAN DEVELOPMENT

Eliminate Community Development Block Grants (CDBGs)

1-Year Savings: $3.3 billion
5-Year Savings: $16.5 billion

In the 1970s, many American cities suffered from destitution and blight. In 1974, Congress created the CDBG program in an effort to revitalize low-income areas in cities across the country. Three years later during the 1977 World Series, swathes of New York's South Bronx burned to the ground as Howard Cosell narrated on national television.

The CDBG program was intended for infrastructure investment, housing rehabilitation, job creation, and public services in metropolitan cities and urban counties. Use of the grants was intended to be flexible, but more than $100 billion given away to local governments over the last 35 years has fallen short on both accountability and results. Buffalo, New York, has received more than $500 million in CDBGs over the last 30 years, with little to show for it, and Los Angeles handed out $24 million to a dairy that went bust 18 months later.

The CDBG formula for eligibility does not take a community's average income into account. As a result, several very wealthy cities with robust tax bases, like Greenwich, Connecticut, have received CDBG dollars. A September 2012 GAO report found that "some cities with higher unemployment rates received less funding per unemployed person than other cities with lower unemployment rates."

Even former President Obama recommended reducing CDBG funding because "the demonstration of outcomes [is] difficult to measure and evaluate." President Trump's budgets between FYs 2018 and 2020 recommended eliminating the entire CDBG program.

Eliminate the Neighborhood Reinvestment Corporation (NeighborWorks America)

1-Year Savings: $125 million
5-Year Savings: $625 million

Congress established the Neighborhood Reinvestment Corporation in 1978 to revitalize "older urban neighborhoods by mobilizing public, private and community resources at the neighborhood level." In 2005, the name was changed to NeighborWorks America.

In 2010, GAO found that NeighborWorks America was one of many federal programs that supplied grants to ACORN, the community organizing group accused of voter fraud and other scandalous behavior. ExpectMore.gov, the George W. Bush administration's rating system for federal programs that was managed by the Office of Management and Budget (OMB), called NeighborWorks America only "moderately effective," and stated that it "lacks measures that focus on neighborhood change or outcomes in the lives of those it assists." According to CBO, NeighborWorks duplicates low-income housing, community development, and homeownership programs that already exist within the Department of Housing and Urban Development (HUD).

According to President Trump's FY 2020 budget, NeighborWorks America "has been unable to produce rigorous statistical evidence to link the provision of … funding and technical support with improved outcomes."

IX. INTERIOR

Suspend Federal Land Purchases

1-Year Savings: $187.7 million
5-Year Savings: $938.5 million

The federal government currently owns roughly one-third of all U.S. land, including more than 80 percent of Alaska and Nevada and more than half of Idaho, Oregon, and Utah. A March 2000 CBO report stated that the National Park Service (NPS), the Forest Service, and the Bureau of Land Management might better meet "environmental objectives such as habitat protection and access to recreation … by improving management in currently held areas rather than providing minimal management over a larger domain." In 2003, the GAO reported that the NPS's maintenance backlog was more than $5 billion. Since then, federal land acquisitions have accelerated, placing even greater burdens on an inefficient and overstrained system. A July 2, 2019, Congressional Research Service (CRS) report stated that the NPS maintenance backlog was $11.9 billion in FY 2018.

Eliminate the Heritage Partnership Program (HPP)

1-Year Savings: $20 million
5-Year Savings: $100 million

The HPP supports the 49 National Heritage Areas (NHAs) created by Congress, and funds have long been heavily earmarked for the program, including $20 million in FY 2019, the largest amount ever. Operated through the NPS, the HPP has received 52 earmarks costing $96.5 million since FY 2001, including funding for projects like park improvements, sports complexes, health centers, water quality monitoring, bike paths, sustainable agriculture, and agricultural tourism.

Each of former President Obama's budgets from FYs 2011 through 2017 slashed funding for the NHAs. The FY 2017 version of *Cuts, Consolidations, and Savings* recommended trimming the budget by 55 percent, from $20 million to $9 million. President Trump's FY 2019 and 2020 *Major Savings and Reforms* proposed eliminating the HPP entirely, saving $20 million. The 2020 report noted there is no "systematic process for designating Heritage Partnership Areas or determining their effectiveness," and that funding for the HPP diverted resources from core NPS responsibilities.

Unfortunately, members of Congress have continuously ignored these proposed budget reductions, earmarking funds for the HPP in six of the last eight years.

Terminate the Community Oriented Policing Services (COPS) Program

1-Year Savings: $303.5 million
5-Year Savings: $1.5 billion

A signature plan of the Clinton administration, COPS was intended to reduce rising crime rates in the early 1990s by providing federal grant money for the hiring of 100,000 police officers to patrol American streets. Two decades later, the program has failed to reach its stated goals and fallen victim to hundreds of millions of dollars in waste, fraud, and abuse.

On top of the waste and mismanagement, the COPS program requires that recipient cities keep it running on their own dime for at least one year after the grant money runs out, which creates an unfunded mandate for local governments already strapped for cash.

A July 2012 GAO report found substantial overlap among Department of Justice (DOJ) grant programs, which in many instances perform the same function. The GAO suggested that DOJ perform an assessment of the programs to find "where a consolidation of programs may be more efficient." COPS would be a great place to start. A September 2010 CRS report found that the costs of the program outweighed the benefits by more than $1 billion.

COPS has also long been a prime repository for pork. Though legislators did not add any earmarks for COPS between FYs 2010 and 2017, members of Congress added a combined $361 million in FYs 2018 and 2019, including $303.5 million FY 2019, the third-largest ever earmark for the program. Since FY 1998, members of Congress have crammed 2,876 COPS earmarks, costing taxpayers $2.2 billion, into the Commerce, Justice, Science, and Related Agencies Appropriations bills.

Eliminate Edward Byrne Memorial Justice Assistance Grants (JAG)

1-Year Savings: $423.5 million
5-Year Savings: $2.1 billion

The JAG program has been around since 1988 in one form or another.

In 2005, Congress merged several DOJ grant programs under the JAG umbrella. Unfortunately, the program gives away money with too much flexibility and no effective targeting strategy, along with weak oversight and few consequences for mismanagement of the funds. JAG funds have been frequently earmarked, with 2,449 earmarks costing $1.8 billion since FY 2001, and the program has turned into an open-ended subsidy for states' routine operational law enforcement expenses.

In a June 19, 2008, *Washington Post* article, Sen. Claire McCaskill (D-Mo.) said, "Some bureaucrat cannot decide on a whim who gets precious tax dollars. It's insulting to all the programs that work hard on their applications to have merit take a back seat to who you know."

An October 2010 GAO report found that JAGs "lack key attributes of successful performance assessment systems that GAO has previously identified, such as clarity, reliability, a linkage to strategic or programmatic goals, and objectivity and measurability of targets."

The Bush administration's ExpectMore.gov described the Byrne grants as "a variety of potential local law enforcement activities rather than a clearly defined, specific or existing problem, interest, or need. … With program funds eligible to be used for multiple purposes, the Department of Justice cannot target the funds to high priority uses. There are no meaningful goals for the program. Performance measures are still under development. Grantees are not required to report on performance. As a result, it is difficult to determine what the program is accomplishing."

JAGs are certainly accomplishing government waste, and, therefore, the program should be terminated.

Terminate Funding for the State Justice Institute

1-Year Savings: $6 million
5-Year Savings: $30 million

The State Justice Institute was created by Congress in 1984 to "improve the quality of justice in State courts, facilitate better coordination between State and Federal courts, and foster innovative, efficient solutions to common issues faced by all courts." To accomplish this mission, it provides grants for research on criminal justice issues. However, the institute is duplicative of other programs within DOJ. House Republican leaders have repeatedly suggested eliminating the program.

XI. LABOR

Repeal the Davis-Bacon Act

1-Year Savings: $1 billion
5-Year Savings: $7.1 billion

The Davis-Bacon Act, passed in 1931, requires that contractors pay their employees the "prevailing wage" on federal projects costing more than $2,000. The mandate raises the cost of government projects by 15 percent and costs taxpayers $512 million annually. Davis-Bacon has been touted by labor unions and politicians as essential to ensuring fair compensation on government jobs. In reality, the "prevailing wage" tends to correspond to union wages, especially in urban areas.

This effect is no accident. Davis-Bacon was passed as part of an effort by high-skilled, high-wage, mostly white workers to keep out lower-paid, non-union, minority competition. In 1931, Rep. Miles Allgood (D-Ala.), arguing for the act's passage, complained of "that contractor [who] has cheap colored labor which he transports … and it is labor of that sort that is in competition with white labor throughout the country."

Today, Davis-Bacon continues to keep potential new entrants out of the federal contracting market, as they are unable to comply with the law's onerous rules. This includes many small businesses led by women, people of color, and recent immigrants.

Davis-Bacon supporters have argued that hiring low-wage workers would result in shoddy work. But the federal government is aware that this is not accurate. Davis-Bacon was suspended in the aftermath of Hurricanes Andrew and Katrina to facilitate reconstruction, and the GAO reported in September 2009 that many stimulus projects were delayed for months because of onerous Davis-Bacon requirements. A January 27, 2010, Heritage Foundation study found that suspension of Davis-Bacon under the stimulus "would allow the government to build more and hire 160,000 new workers without increasing the deficit."

Efforts to repeal Davis-Bacon have consistently failed in Congress, requiring taxpayers to shoulder the extra cost of federal construction projects and exacerbating the cronyism, waste, and unfairness that has resulted from coziness between big government and large federal contracting businesses. Davis-Bacon adds about 20 percent to the cost of each federal project. A December 2018 CBO report estimated that repealing Davis-Bacon would save $12 billion over the next decade.

The U.S. Chamber of Commerce also supports repealing Davis-Bacon. Its elimination would "spur local economic growth by making it easier for state and local governments to fund federally subsidized projects such as school construction and improvements to the transportation infrastructure," and "create an estimated 31,000 new construction jobs and remove a barrier that keeps many smaller and minority owned construction firms from bidding on federally funded construction projects."

End Susan Harwood Training Grants

1-Year Savings: $11 million
5-Year Savings: $55 million

The Occupational Safety and Health Administration (OSHA) offers Harwood grants to nonprofit organizations to provide safety training to workers. Although the grants are competitively awarded, President George W. Bush repeatedly targeted this program for elimination for three reasons: it duplicates more cost-effective OSHA education activities; there was no data proving the program was successful; and, grantees found it difficult to get workers to attend the training programs. Two projects funded in FY 2012 provide more justification for termination: a combined $418,472 to four different organizations to teach employees how to avoid falling and $120,000 to Kansas State University for a program on "Grain Handling Operations."

President Trump's FY 2020 budget recommended eliminating the grants because, "OSHA has no evidence that the program is effective, and measures the program's performance in terms of the number of individuals trained, rather than improvements in workplace safety and health."

XII. STATE

Reduce the U.S. Annual Contribution to the United Nations (UN) by 25 Percent

1-Year Savings: $2.5 billion
5-Year Savings: $12.5 billion

The U.S. is the largest contributor to the UN, funding 22 percent of the regular UN budget and 28 percent of the UN peacekeeping budget. In FY 2018, the U.S. forked over $10 billion to the UN. The FY 2016 contribution represented a 57 percent increase over the FY 2009 contribution of $6.35 billion; the U.S. contributed $3.2 billion in FY 2001. Since 2001, the UN's regular budget has more than doubled and its peacekeeping budget has more than tripled, a rate of growth that is much faster than the economies of its member nations.

As the U.S. attempts to grapple with mounting deficits and debt, organizations like the UN should not be spared the knife when it comes to trimming the budget fat. On December 26, 2017, UN Ambassador Nikki Haley proposed a "historic budget cut" of $285 million in U.S. contributions for FY 2019.

Because UN spending has increased so dramatically, it makes sense to enact such large cuts. After all, former UN Secretary General Boutros Boutros-Ghali once estimated that "perhaps half of the UN work force does nothing useful."

XIII. TRANSPORTATION

Eliminate Federal Subsidies for Amtrak

1-Year Savings: $2 billion
5-Year Savings: $8.4 billion

Since Amtrak was created in 1971, it has cost taxpayers more than $40 billion. The railroad was supposed to earn a profit but has continuously failed to do so. For example, a 2009 study found that taxpayers paid $32 in subsidies per Amtrak passenger. By booking a month in advance, it is possible to buy a round-trip plane ticket from New Orleans to Los Angeles and back for less than the $437.82 that Amtrak loses per passenger on a one-way trip between those same locations.

A January 2018 audit from Ernst and Young found that "the Company has a history of operating losses and is dependent upon substantial Federal Government subsidies to sustain its operations and maintain its underlying infrastructure." An August 2012 *New York Times* article reported that Amtrak had lost $834 million on food service alone since 2002, largely due to employee theft.

Unfortunately, the waste and abuse does not end with food sales. The Amtrak Office of IG has issued several reports detailing inadequate supervision, including a September 2012 report that investigated two employees who received fraudulent pay for hours they never worked. One employee was paid $5,600 in regular and overtime pay "when he was actually off Amtrak property officiating at high school sporting events." Another employee was observed for 84 days, and it was discovered that "$16,500 of the $27,000, or 61 percent of the overtime wages he was paid were fraudulent." The IG concluded that, since it is likely that this employee had a history of fraudulent overtime pay, the amount of fraudulent pay "would be approximately $143,300 of the $234,928 that he was paid."

Amtrak has also failed to control costs on key expansion projects. The overhaul of Union Station in Washington, D.C., "faces significant risks of coming in over budget and behind schedule," according to an August 1, 2018 IG report. Projects in Virginia were cited for poor staff communications and project delays.

Amtrak boasts that ridership continues to increase by 3.5 percent a year, the majority of which comes from its Northeast corridor routes. Amtrak admits that those same routes are the only ones turning a "net profit." None of the long-distance, lesser-used routes were projected to be profitable. They cost the most to operate and bring in the least amount of revenue. Given this information, any well-managed privately-owned business would have shut down these lines years ago. As a consequence of this mismanagement, Amtrak's FY 2018 net loss was $817.2 million.

Even previous supporters of Amtrak have voiced skepticism. Former Amtrak spokesman and rail expert Joseph Vranich asserted that, "Amtrak is a massive failure because it's wedded to a failed paradigm. It runs trains that serve political purposes as opposed to being responsive to the marketplace. America needs passenger trains in selected areas, but it doesn't need Amtrak's antiquated route system, poor service and unreasonable operating deficits." Even the so-called "Father of Amtrak," Anthony Haswell, regrets his involvement, stating, "I feel personally embarrassed over what I helped to create."

End the Essential Air Service (EAS)

1-Year Savings: $200 million
5-Year Savings: $700 million

The EAS was created in the 1970s after airline deregulation in an effort to retain air service in smaller communities. Today, it provides subsidies to 153 rural communities in 35 states and Puerto Rico. Unfortunately, what was intended to be a temporary program has morphed into a funnel for subsidies to support largely empty flights that otherwise would never leave the ground.

According to a September 19, 2009, *Los Angeles Times* article, EAS "spends as much as thousands per passenger in remote areas" and "provides service to areas with fewer than 30 passengers a day." Among the most absurd recipients of EAS subsidies is an airport in Johnstown, Pennsylvania, tirelessly defended by the late Rep. John Murtha (D-Pa.), from which just 18 flights leave each week. Johnstown is only two hours east of Pittsburgh International Airport by car.

A May 2012 investigation by Scripps Media "exposed one flight between Baltimore and Hagerstown, Maryland – just about 75 miles apart – [that] was so sparse the captain allowed the only other passenger who wasn't our producer to sit in the co-pilot's seat," and cited two other flights on the same route with just one passenger each. The investigative team found that, "A 19-seat plane from Cleveland to Dubois, Pennsylvania, about 180 miles east, had just one passenger as well."

The Federal Aviation Administration funding bill that passed in February 2012 limited EAS funding recipients to airports that are more than 175 miles from a major hub and that move more than 10 passengers a day.

President Trump's FY 2020 budget calls for downsizing the EAS. However, it makes more sense to eliminate the program entirely.

Eliminate the Legal Services Corporation (LSC)

1-Year Savings: $397 million
5-Year Savings: $2 billion

Established in 1974, the LSC functions as a nonprofit organization, but receives the bulk of its funding from the federal government. Its board is appointed by the President. Although the LSC claims to be the largest provider of legal aid for the poor, questions exist as to whether the corporation has the systems in place to evaluate its ability to fulfill its mandate and ensure that taxpayer funds are used wisely. Further, the LSC has long been accused of having an ideological bias and funding causes unrelated to counseling the poor.

A 2007 GAO report criticized LSC's governance and accountability, noting, "LSC has not kept up with evolving reforms aimed at strengthening internal control over an organization's financial reporting process and systems." A June 2010 GAO report took issue with LSC's grant management systems and noted that while LSC "has taken steps" to address previous GAO recommendations, "several have yet to be fully addressed." The FY 2020 White House budget called for the elimination of LSC funding, stating that it is not "subject to the same accountability measures as other agencies, such as the Antideficiency Act and certain public reporting requirements, leading to potential areas of vulnerability in how Federal funds are ultimately disbursed."

The Sixth Amendment guarantees defendants the right to be represented by counsel, but it does not guarantee funds for private nonprofit organizations. If Congress seeks to ensure better counsel for the poor, a more appropriate method would be to improve the capabilities of court-appointed attorneys. Funneling taxpayer dollars into private hands like the nonprofits funded by the LSC invites corruption and the politicization of federal outlays.

Eliminate the AmeriCorps Program

1-Year Savings: $549 million
5-Year Savings: $2.7 billion

Created in 1993, AmeriCorps, which was heralded as a domestic version of the Peace Corps, is the largest national and community service program since the Civilian Conservation Corps of the 1930s. The program has three statutory goals for its more than 75,000 service members: to advance youth volunteerism; to use volunteers to address pressing community problems; and, to leverage private sector financial support using Corporation for National Service (its parent organization) grants as seed money.

The recruits hired by AmeriCorps cost taxpayers a bundle. An August 1995 GAO audit of 93 AmeriCorps grantees found that "programs operated by nonprofit, state, and local agencies received about $25,800 in cash and in-kind contributions per participant. In contrast, programs sponsored by federal agencies received about $31,000 in cash and in-kind contributions per participant--about 20 percent more than programs administered by nonfederal grantees."

A November 13, 2013, CBO analysis suggested funding these projects on the local, rather than federal, level which would mean that "the local government, community, or organization that receives the benefits would know better whether a service project was valuable enough to fund and which service projects should receive the highest priority in tight budgetary situations."

When it was started, AmeriCorps was hailed by former President Clinton as a catalyst for strengthening community service and youth volunteerism. Instead, it has become a taxpayer-subsidized operation with amorphous goals and little to no measurement of its accomplishments.

Eliminate the National Endowment for the Humanities (NEH) and the National Endowment for the Arts (NEA)

1-Year Savings: $310 million
5-Year Savings: $1.6 billion

Created in 1965, the NEA and NEH have become examples of dabbling in fields that should be entirely free from government intervention. As lawmakers look to downsize the federal budget, NEA and NEH should be easy cuts. But getting them on the chopping block will be difficult, because special interest groups and their political allies fight for every drop of funding.

For example, then-Senate Majority Leader Harry Reid (D-Nev.) helped defeat H.R. 1, the full-year continuing resolution for FY 2011, which, among other spending reductions, defunded the NEA and the NEH. On March 8, 2011, Sen. Reid described the proposed termination in a Senate floor speech as "mean-spirited," stating that, were it not for the NEH's federal money, the Cowboy Poetry Festival and "the tens of thousands of people who come there every year, would not exist." This earned Sen. Reid CAGW's Porker of the Month in March 2011.

Former Sen. Jeff Flake (R-Ariz.) identified dozens of absurd NEH and NEA expenditures in his 2016 "Wastebook: Porkemon Go," like $206,000 for monkey puppet shows and $1.7 million for a Hologram Comedy Club. Sen. James Lankford (R-Okla.) identified additional silly spending in his 2017 "Federal Fumbles," like a $30,000 NEA grant for the production of Doggie Hamlet and $20,000 for an adult summer camp focusing on climate change art.

Plays, paintings, pageants, and scholarly articles, regardless of their merit or attraction, should not be forcibly financed by taxpayers. Actors, artists, and academics are no more deserving of subsidies than their counterparts in other fields; the federal government should refrain from funding all of them. Anything else is anathema to taxpayers.

Eliminate the Appalachian Regional Commission (ARC)

1-Year Savings: $152 million
5-Year Savings: $760 million

The ARC was created by Congress in 1965 to "bring the 13 Appalachian states into the mainstream of the American economy." The commission represents a partnership of federal, state, and local governments, and covers all of West Virginia along with portions of Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. The ARC provides funding for several hundred highways and development projects throughout the Appalachian region. The commission is duplicative of dozens of other programs that exist at the federal, state, and local levels, and unfairly focuses on a region of the country that is no more deserving than other impoverished areas.

The ARC has been targeted by numerous cost-cutting plans. President Trump's FY 2019 budget proposed the elimination of the ARC and similar regional commissions because "the commissions' effectiveness at improving overall economic conditions in these areas remains unproven." Each of the Republican Study Committee's (RSC) budgets from FYs 2017 through 2020 called for the termination of regional commissions. Former President Obama's FY 2017 budget proposed a $3 million annual cut for the DRA.

Since FY 1995, the ARC has received 12 earmarks totaling $395.8 million for projects in Alabama, Kentucky, and West Virginia.

Eliminate the Denali Commission

1-Year Savings: $17 million
5-Year Savings: $85 million

Congress created the Denali Commission in 1998 to build infrastructure in rural Alaska. Former President Obama targeted the commission's federal funding for elimination in his FY 2012 budget. His administration argued that Denali projects are not funded through a competitive or merit-based system, and that at least 29 other federal programs could fulfill the commission's mandate. The commission's IG, Mike Marsh, stated in September 2013 that "I have concluded that [my agency] is a congressional experiment that hasn't worked out in practice. … I recommend that Congress put its money elsewhere." President Trump's 2020 budget also proposed the elimination of the commission.

A September 2014 GAO report found that the Denali Commission IG provided extremely limited oversight of the commission's major programs during FYs 2011-2013. According to the report, "analysis of the 12 inspections completed by the IG found that the IG provided oversight for $150,000 of the $167 million in grant funds disbursed during fiscal years 2011 through 2013." The amount of funding inspected by the IG added up to less than 1 percent of grants awarded by the Denali Commission over this period.

Regular readers of CAGW's *Congressional Pig Book* know that the program has long been heavily earmarked. The 2018 *Pig Book* identified a $22.7 million earmark for the commission. Since FY 2000, 28 projects worth $326.2 million have been earmarked by members of Congress for the Denali Commission, including Senate Energy and Water Appropriations Subcommittee member Lisa Murkowski (R-Alaska), former Sen. Mark Begich (D-Alaska), Rep. Don Young (R-Alaska), and the late Sen. Ted Stevens (R-Alaska).

The commission's statutory authorization expired on October 1, 2009. It is time for the federal appropriation to disappear as well.

Privatize Fannie Mae and Freddie Mac

1-Year Savings: $0
5-Year Savings: $0

More than a decade ago, when they were taken under government conservatorship on September 6, 2008, Fannie Mae and Freddie Mac were government-sponsored enterprises (GSEs) with special benefits not afforded to other firms in the secondary mortgage market, including lines of credit through the U.S. Treasury, exemption from income taxes, and some freedom from Securities and Exchange Commission oversight. In spite of the many public pronouncements to the contrary by supporters and GSE officials over the years, the GSEs' biggest advantage was always their implicit federal guarantee. In a crisis, Uncle Sam was assumed to be standing behind them, willing to bail out the mortgage giants, an assumption that allowed Fannie and Freddie to borrow at lower rates than would otherwise have been possible, given the risks associated with their activities.

By 2003, Fannie and Freddie had accrued more than $4 trillion in debt, but supporters in Congress were unfazed. Former Rep. Barney Frank (D-Mass.) claimed that the two GSEs were doing what "the market in and of itself will not do," and added that he would like to "roll the dice a little bit more in this situation towards subsidized housing." On September 6, 2008, with their shares having lost 90 percent of their value, the GSEs were placed in conservatorship by the U.S. Treasury. Then-Treasury Secretary Henry Paulson said at the time that, "there is a consensus today that these enterprises pose a systemic risk and they cannot continue in their current form," it would be a "grave error" not to "permanently address" issues involving the GSEs, and attributed the need for the action "primarily to the inherent conflict and flawed business model embedded in the GSE structure."

Even after taxpayers were forced to bail out Fannie and Freddie to the tune of $187.5 billion, their losses continue to this day, including a loss of $3.3 billion for Freddie Mac alone in FY 2017.

The GSEs are also back to their pre-crisis mission creep. While their regulator, the Federal Housing Finance Agency (FHFA), was asleep at the wheel, the GSEs began delving into the rental market, backing riskier mortgages, encroaching into the private mortgage insurance and appraisal sectors, and introducing new mortgage products that compete unfairly with the private sector. An August 2017 FHFA report found that Fannie and Freddie would need $99.6 billion in taxpayer bailout funds "in the event of a new economic crisis."

An additional wrinkle appeared on September 6, 2019, when a federal court in New Orleans overturned a prior decision supporting the government's right to Fannie and Freddie's profits. Since 2008, the GSEs have returned a combined $301 billion to the Treasury. The Trump administration is currently weighing whether to appeal the case to the Supreme Court.

The administration has proposed changes to the relationship between the federal government and Fannie and Freddie. On September 10, 2019, Treasury Secretary Steve Mnuchin told the Senate Banking Committee that, "We want to make sure they are not in conservatorship on a permanent basis." Secretary Mnuchin released a plan to recapitalize the GSEs and end the government's conservatorship. The deal, which is currently being negotiated with the FHFA, would allow the GSEs keep any profits beyond an agreed-upon fee that would be paid to the federal government.

Progress toward ending the conservatorship of Fannie and Freddie should be applauded. However, the federal government should move more quickly to refocus the GSEs on their core mission of securitizing mortgages, prevent them from further bigfooting the private-sector mortgage industry, and disentangle them from the taxpayers before another massive bailout is required.

Reform the Federal Housing Administration (FHA) and Retain its Original Purpose

1-year savings: $0
5-year Savings: $0

The FHA runs a $1.3 trillion mortgage insurance program that was originally designed to help low- and moderate-income individuals buy houses if they cannot provide a 20 percent down payment. FHA is the largest single provider of mortgage insurance and has a 100 percent guarantee of payment to lenders, should the homeowner default.

During the 1990s, FHA controlled about 10 percent of the purchase mortgage market. That share declined dramatically as competition increased in the early 2000s, but after Congress increased the size of mortgages the agency could insure from $360,000 to more than $700,000 (and today is $680,000) so that FHA could play a counter-cyclical role in the crisis and recovery, FHA's share of purchase lending increased to nearly one-third of the market by 2010. That means the maximum income eligible for FHA mortgage insurance went from about $120,000 to $230,000. Put another way, people with about twice the income as before can get FHA insurance.

As eligibility exploded, FHA faced serious solvency problems, culminating in a $1.7 billion bailout from the Treasury at the end of 2013. Overall, CBO estimated that FHA insurance cost taxpayers $15 billion from 2009-2012. Nonetheless, the agency boasts that it "is the only government agency that operates entirely from its self-generated income and costs the taxpayers nothing."

Even after taxpayer money was thrown at the agency, FHA was seriously undercapitalized until 2015. The law dictates that the agency must keep 2 percent cash on hand, but, as of the beginning of 2015, it had less than 0.05 percent. By year's end, the agency was able to finally reach the required capitalization.

Then-House Financial Services Committee Chairman Jeb Hensarling (R-Texas) reacted by saying, "after breaking the law for seven years, it's good to see that the FHA is finally in compliance but it's sad that merely following the law is what passes for 'victory' … Hardworking taxpayers remain exposed to more than $1 trillion in FHA insured mortgage credit risk, and the FHA capital reserve remains woefully insufficient."

The explosion of FHA's footprint, as has been the case with so many government programs before it, has had the opposite effect as intended. Rather than making home buying more affordable for first-time buyers, FHA's loose lending policies are driving up house prices, particularly entry-level ones, to unsustainable levels.

FHA should return to its original mission: insure loans for individuals of modest means, either through income tests or limits on the size of the mortgage. The private sector and private capital are perfectly capable of taking care of everything else.

Privatize the United States Postal Service (USPS)

1-Year Savings: $0
5-Year Savings: $0

"While the organization is fundamentally strong in terms of the value we deliver and the role we play in America's economy and community, we are not financially strong," said the Postmaster General Meghan Brennan when presenting the United States Postal Service's (USPS) annual financial statement on November 14, 2018.

However, GAO, among other oversight bodies, has delivered a starker analysis. "USPS faces unsustainable financial challenges," a June 28, 2018, GAO report declared. A similar verdict was rendered in a September 2011 GAO report, which stated, "The stark reality is that USPS's business model is broken."

On August 9, 2019, the USPS reported a FY 2019 third quarter net loss of $2.3 billion, which was $767 million above the $1.5 billion net loss in the same quarter of FY 2018. This bad news was preceded by reported net losses of $1.5 billion in the first quarter and $2.1 billion in the second quarter, for an aggregate of $5.9 billion loss so far in FY 2019. FY 2019 also marks the agency's 13th consecutive year of losses, which total $74.9 billion.

A main driver of cost increases at the USPS is the benefits paid to workers. The agency faces $121 billion in additional unfunded liabilities for pensions and retiree health benefits and has reached its statutory borrowing limit of $15 billion. The GAO placed the USPS on its High Risk list in 2017, another indication of its dire fiscal situation.

The transition of consumers from USPS services is also contributing to the losses. According to a March 5, 2018, USPS IG report, "Total First-Class Mail volume has declined significantly from its peak volume in 2001." This is the result of the ongoing migration of communications and transactions to overnight services and the internet. The report concludes, "Recent trends suggest that the Postal Service cannot expect First-Class Mail to maintain its leadership role among postal products."

The USPS has been granted a monopoly on delivery of most letter mail, and must deliver to each address in the country, under its statutory universal service obligation (USO). The USO does not specify six-day delivery, yet Congress has stymied postal management's attempts to reduce delivery to five days a week, a move that both the Postal Regulatory Commission and USPS officials have estimated could save the agency $2.2 billion annually.

The agency operates 35,000 brick-and-mortar retail and processing facilities. Here, too, Congress has meddled when USPS management has attempted to close or consolidate underperforming facilities to improve operations and save money.

On April 12, 2018, President Trump signed an executive order creating a task force to issue a report addressing the future of the USPS. Released on December 4, 2018, the report contained a slew of recommendations, including redefining the USO to provide greater flexibility in delivery and pricing of delivery services. It also suggested capping prices for mail and packages deemed essential services and developing a market-based pricing model for commercial packages. The report recognized the salutary impact of negotiated service agreements and third-party partnerships, and urged postal management to enter into more partnerships with the private sector to realize more efficiencies. The report also pointed to the USPS's mailbox monopoly, suggesting that it could be monetized.

Other reforms included in the report are to grant appropriate flexibility to downsize and reconfigure its workforce; modernize its sclerotic, inefficient internal operations and work rules; and outsource more of its operations to cost-efficient private contractors. In addition, the agency's finances must be made far more transparent to ensure that it adheres to the statutory prohibition against using funds from its monopoly operations to start new businesses.

The task force report's findings are notable not only for its suggestions of what should be done to shore up the teetering USPS, but also for its remarks on what should be avoided. For example, the report throws cold water on the concept of allowing the USPS to enter into the field of financial services, an idea that continues to be pushed by some members of Congress. The financial services sector of the economy is highly competitive and nimble, giving customers many options, and the USPS has no expertise in this area.

Several postal reform bills have been introduced and considered in the House and Senate committees of jurisdiction over the past several years. None of these efforts have come to fruition, yet time is growing short.

Enacting meaningful market-oriented, long-term structural reform for the USPS is going to require sustained actions by current executives and regulators, including the USPS Board of Governors and the Postal Regulatory Commission, and of course, Congress. All of these matters must be addressed in the near term, before the agency's finances reach the catastrophic stage, when a taxpayer bailout is much more likely.

Sell Excess Federal Real Property and Reform Leasing Practices

1-Year Savings: $3 billion
5-Year Savings: $15 billion

Due to a combination of negative incentives and unnecessary red tape, selling federal real estate is a long, costly process. Reforms are essential, because Uncle Sam owns more real property than any other entity in America: approximately 267,000 buildings and structures covering 1.9 billion square feet of office space. An October 31, 2017, CRS report found that, "In FY 2016, federal agencies owned 3,120 buildings that were vacant (unutilized), and another 7,859 that were partially empty (underutilized)."

When the General Services Administration (GSA) Public Buildings Service reports a property as excess, that property must first be screened for use by other federal agencies. If another agency wants it, that agency gets it. If the property goes unclaimed by every eligible agency, according to Title 40 of the U.S. Code and the McKinney-Vento Homeless Assistance Act, it must be screened for use by providers of homeless shelters, who can use the property for free. If shelters are not interested, the property is screened for other public uses and sold for up to a 100 percent discount of market value. Finally, if no public use can be identified, the property is auctioned and sold. That process is upside down: the government should first try to sell the property and give it away only if there is no other alternative.

The government's current leasing practices are also problematic; they have been on the GAO's high risk list since January 1, 2003. A March 2014 GAO report reviewed case study projects from four agencies which rank in the top 10 in federal real property holdings. The GAO found that the federal government can end up spending more money on renovation costs and lease payments over the course of a long-term lease than it would if it just paid the initial contract price and bought the building outright.

A July 15, 2015, GAO report found that "GSA's progress toward a sustainable portfolio is unclear because GSA has not assessed the gap between the performance the portfolio needs to exhibit to be sustainable and its current performance."

The GSA also operates the Federal Buildings Fund (FBF), which is funded by rent received from other agencies. The balance of the FBF, which is used to fund alterations, repairs, and construction projects, increased from $56 million in FY 2007 to $11.7 billion at the end of FY 2017, because Congress has provided less money than requested by the executive branch and generated by the FBF. The obligational authority for repairs and alterations declined from $855 million in 2005 to $10.3 million in FY 2017 and, as a result, even though the agency has access to a large amount of money, it claims to be unable to provide sufficient resources to handle all needed alterations, repairs, and construction.

There are some signs of progress. On December 20, 2017, GSA released an extensive inventory of all federal real property. Everything was identified; from 5,066 bathrooms, 16,570 parking lots and garages, to more than 1,500 prisons, nearly 17,000 warehouses, 766 hospitals and 2,427 schools. The transparency provided in this report is a positive step in providing the federal government with the necessary tools to better identify and eliminate vacant, wasteful property.

Eliminate the High Intensity Drug Trafficking Area (HIDTA) Program

1-Year Savings: $280 million
5-Year Savings: $1.4 billion

Originally intended for Southern border states, members of Congress have used earmarks to expand HIDTA to non-border states. Since FY 1997, 31 earmarks costing taxpayers $327.4 million have been provided for HIDTA programs; 16 of the earmarks were directed to programs in 10 states, only two of which, Arizona and New Mexico, are on the Southern border. The other eight states that received HIDTA earmarks were Alabama, Hawaii, Iowa, Louisiana, Missouri, New Jersey, Tennessee, and Wisconsin.

Former President Obama's FY 2017 version of Cuts, Consolidations, and Savings recommended trimming the HIDTA program by $54 million, or 21.6 percent, from the $250 million spent in FY 2016.

Eliminate the Export-Import Bank (Ex-Im Bank) and the Overseas Private Investment Corporation (OPIC)

1-Year Savings: $85 million
5-Year Savings: $425 million

The Ex-Im Bank is an independent government agency founded in 1934 in an effort to encourage U.S. exports. In FY 2018, the Ex-Im Bank provided $3.3 billion in taxpayer-backed direct loans, guarantees, and export-credit insurance to private firms and foreign governments.

Ex-Im Bank's supporters claim that the bank does not cost anything. By using the accounting method prescribed by the Federal Credit Reform Act (FCRA) of 1990 to evaluate the bank's cost, proponents claim the bank will save taxpayers $14 billion over the next decade. However, a May 2014 CBO report found that when the more traditional fair value accounting method is used, Ex-Im Bank is estimated to have a 10-year cost of $2 billion.

Proponents also state that the Ex-Im Bank makes loans that private sector lenders would not, creates jobs, and costs taxpayers nothing. Each of these statements is untrue. The largest beneficiaries of the Ex-Im Bank's largesse are major corporations that have no trouble receiving financing from private sources. The bank has become the most egregious example of corporate welfare in the country. It has been referred to as "Boeing's Bank," partly because Boeing received 65 percent of the Ex-Im Bank's $15.3 billion in 2010 financing. The Ex-Im Bank has also made loans to Caterpillar, Chevron, Dell, Emirates Airlines, and Halliburton, all of which borrow regularly from private lenders and are stable, profitable concerns.

OPIC attempts to augment the Ex-Im Bank's import insurance program by providing financing and insurance against political risk in countries where American firms invest. In doing so, the U.S. government subsidizes multinational corporations' risky investments in unstable places where they are less likely to pay off. OPIC loans and insurance subsidies go to companies such as Kimberly-Clarke, Levi-Strauss, and Magma Copper Company, which have no trouble getting private loans and insurance.

Critics of OPIC range from the Cato Institute and the Heritage Foundation on the right to Corporate Welfare Watch on the left. Ending taxpayer support for both OPIC and the Ex-Im Bank would be an essential step away from corporatism toward free markets.

On May 8, 2019, the Senate confirmed three new members of its board of directors, giving the bank a the quorum required to approve larger deals. Prior to the quorum, the bank could not approve any deals over $10 million. This meant that smaller companies benefitted the most from the Ex-Im between January 2016 and May 2019. Now, the largest and most wealthy corporations will once again take the lion's share of Ex-Im's taxpayer-funded subsidies.

Increase Use of Software Asset Management (SAM)

1-Year Savings: $0
5-Year Savings: $0

The federal government can save money by reducing the number of unnecessary or excessive information technology (IT) software licenses, many of which are bought because the government is unable to keep track of which licenses its agencies currently own or use.

After the MEGABYTE Act became law on July 29, 2016, federal agencies were required to "submit to the [OMB] Director a report on the financial savings or avoidance of spending that resulted from improved software license management."

The 2018 GAO report on duplication and overlap identified 20 federal agencies that have failed to complete inventories of their software. The same recommendation was made by GAO in September 2016.

The procurement and utilization of software licenses should be routinely and systematically managed through the use of SAM tools. SAM auditing systems can ensure that chief information officers and purchasing agents are aware of existing software licenses and document usage in order to make smarter purchasing decisions. In other words, SAM can prevent agencies from buying products that they already possess and protect licensing agreements from being violated by ensuring that only authorized users are working with the software.

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