



May 2018

## ***Rescission Recommendations for FY18: A Down-Payment for Responsible Spending***

Although President Trump signed the 2018 Omnibus Spending bill into law in March, he rightly expressed his dismay at such irresponsible spending. To combat this runaway spending, the administration has announced it will send a rescission package of spending cuts to Congress shortly.

This is potentially a very positive step – Congress should give any package serious consideration.

The omnibus spending bill followed on the heels of the reckless budget deal earlier this year which increased budget caps by \$300 billion over just 2 years. Congress wasted no time spending all of that in the omnibus. According to CBO, total budget authority between the omnibus and other supplemental and disaster funding bills will top \$1.4 trillion this year – an increase of 20 percent over last year, while the base budget increased 13 percent. Actual money out the door – called outlays in budget parlance – are projected at \$1.3 trillion.

Following the omnibus budget buster, total federal spending this year will reach \$4.1 trillion with the largest spending coming from entitlement programs – Social Security, Medicare, Medicaid and Obamacare. In just ten years, total spending will top \$7 trillion and the deficit will reach \$1.5 trillion, and it will continue to grow even higher unless Congress takes immediate action.

Although the biggest and fastest growing parts of the budget are entitlements, it's time to look at the big picture, including discretionary spending. Congress must undertake a full assessment of all federal programs and set them on a fiscally responsible path. This will require setting priorities across the entire budget and working to relieve the burden overspending is placing on all taxpayers. But it is imperative for Congress to begin this work with consideration of the administration's rescission package.

Since the fiscal year is more than halfway over, the opportunity for large scale reductions in a rescission package are lower. But new, additional funding in the March omnibus should not have been entirely spent or obligated yet. So while the opportunities are more limited because of timing, this should not preclude Congress from approving meaningful reductions.

Cuts this year will be a positive down payment and set the right tone for the FY 2019 budget that the appropriation sub-committees are working on now. Congress should build on the rescission package with bigger and more comprehensive savings since it will have the ability to roll back funds for the entire year.

This will set the stage for that fundamental assessment of all federal programs, including reforming our entitlement programs.

The following is a menu of options for the administration to consider for its rescission package. It is not comprehensive, and meant as a guide to prioritizing spending across the entire discretionary side of the budget while also considering the burden on taxpayers and the proper role for the government.

One last note of encouragement to the administration: think big – the taxpayers of today and tomorrow rely on it. Our country is on a path to a fiscal crisis if we don't act with urgency to get ourselves back on the path to fiscal sanity.

Note on methodology: cuts, unless otherwise identified, are new or additional funding over the baseline, calculated as the difference between 2017 funding and the funding in the March 2018 omnibus bill. Cuts should not reduce initial 2018 budget authority authorized in continuing resolutions and already spent or obligated. Additional funds added in the omnibus that have been obligated would not be available for rescission but that information was not available for this analysis.

**Non-Defense Discretionary Spending: Rescission Recommendations**

Program	Rescission Savings From FY 18 Funding Increase	Rationale for Elimination or Cut
	In millions (\$)	
<b>Interior Department</b>		
Title IV Infrastructure General Provisions (includes \$53 million for WIFIA)	766	New funding for local infrastructure projects not a federal priority and is not paid for.
Wildland Fire Management	550	Consistent funding increases have not increased wildfire suppression.
Indian Health Services	498	Rather than continually subsidizing reservations, Congress should work with tribes to improve economic freedoms and remove any barriers to opportunity.
Smithsonian Institution	180	These operations should be funded through admission fees rather than taxpayer dollars.
Bureau of Indian Affairs and Bureau of Indian Education construction funds	162	Rather than continually subsidizing reservations, Congress should work with tribes to improve economic freedoms and remove any barriers to opportunity.
National Park Service general program increase (construction)	138	The National Park Service should have a fundamental overhaul examining its stewardship and finances.
Cooperative Fire Assistance	96	This would fund duplicative activities with fire assistance, which is primarily a state and local function; grants to states have not been found to improved fire fighting activities.
BLM transportation and facilities maintenance	50	Congress should not add to the ad hoc assortment of programs and laws at the BLM.
National Endowment for the Arts and Humanities	6	Neither the NEA nor the NEH are proper functions of the federal government. The federal government should not compel taxpayers to support cultural organizations and activities. If private individuals and organizations wish to donate resources to such causes, they may do so.
Fish and Wildlife Service deferred maintenance	50	New funding for facilities maintenance should be preceded by a plan to streamline FWS facilities and management.
<b>Energy Department</b>		
Renewable Energy Office (Department of Energy)	232	These programs intrude into the private markets distorting market decisions and subsidize selected industries. They should not be expanded.
Nuclear Office (Department of Energy)	188	The private sector should be shouldering commercialization research activities.
Fossil Fuel Office (Department of Energy)	59	These programs intrude into the private sector which distorts market decisions and subsidizes selected industries. They should not abolished or rolled back, not expanded.
<b>Financial Services and General Government</b>		
GSA construction and acquisition of facilities	486	More than doubles last year's funding for new government buildings.
<b>Commerce Department</b>		
National Oceanic and Atmospheric Administration	234	NOAA is already engaged in programs that should be left to the private sector or abolished.
Economic Development Administration	26	Provides taxpayer dollars as grants to economically distressed areas, including grants to private sector companies. These projects are often politically motivated with little/narrow benefit.

NIST Manufacturing extension partnerships	10	Subsidies to businesses and consultants to develop other businesses is the purview of private investors. This is a form of corporate welfare.
NIST construction of research facilities	210	This major increase funds construction of new facilities for scientific research, better suited to industry or universities.
<b>Agriculture Department</b>		
Child Nutrition programs	1,460	These programs are already well-funded at previous levels, place red tape requirements on schools, and are better suited to state and local governments.
Broadband Pilot program	600	The private sector is best suited to deliver new technologies for rural wireless access without government interference. Congress should reduce regulatory barriers to facilitate private sector rather than spend taxpayer dollars.
Water and Waste General Provision	490	Rural infrastructure needs are better addressed at the state and local level. This overlaps with EPA's State Revolving Fund program.
Federal Crop Insurance Corporation	246	Farm subsidies, including those to crop insurance providers, should be rolled back or eliminated.
Food for Peace Title II grants	134	This is a role better suited by charities or other private organizations.
Agricultural Marketing Service program	89	These programs unfairly intrude with agricultural market forces - for certain commodities they artificially keep prices high. These programs should be rolled back, not expanded.
Agricultural Research Service	74	Most industries fund their own research, yet the ARS already funds research in many locations across the country.
<b>Education Department</b>		
Student Support and Academic Enrichment grants	700	An effective education system is vital for our country, but not within the proper role for the federal government and best suited for state and local decisions.
Special Education grants	299	An effective education system is vital for our country, but not within the proper role for the federal government and best suited for state and local decisions.
Federal Work Study program	140	An effective education system is vital for our country, but not within the proper role for the federal government and best suited for state and local decisions.
Career, Technical, and Adult Education program	110	An effective education system is vital for our country, but not within the proper role for the federal government and best suited for state and local decisions.
Federal Supplemental Educational Opportunity grants	107	This federal student aid program is duplicative with Pell Grants and a less targeted way to deliver need-based grant aid.
Student Aid Administration Servicing Activities	100	The FAFSFA application process should be simplified and streamlined resulting in a net reduction in funding.
Federal TRIO programs	60	Duplicative with other outreach programs and best suited to state and local policy decisions.
<b>Health Department</b>		
Payments to States for the Child Care and Development block grant	2,370	This funding would nearly double the program. But it should not be expanded until HHS can demonstrate how funds are being spent and that they create positive results.
Children and Families Services Programs	728	These programs, while well intentioned, are better suited to state and local governments.
Head Start program	610	This is outside the role of the federal government. Just as important, the program has little to no impact delivering results for low-income kindergardeners.

National Institute on Aging	525	25% increase over previous year's funding is excessive.
CDC: Buildings and Facilities	500	CDC funding has already grown significantly over the past 15 years. Before new facilities are funded, overall funding levels should be reviewed.
CDC: Injury Prevention and Control	363	CDC funding has already grown significantly over the past 15 years. Before new facilities are funded, overall funding levels should be reviewed.
National Cancer Institute	275	Funds research into cancer treatments currently unavailable in the US. Could be handled by private organizations.
LIHEAP Formula Grants	250	LIHEAP, while well intentioned, is plagued with fraud and abuse. These failures should be addressed before expanding the program.
National Heart, Lung, and Blood Institute	177	Duplicative research funding for diseases.
Public Health and Social Services Emergency Fund (emergency funding)	162	Duplicative public health services.
NIH Office of the Director	138	Unnecessary funds that should be rerouted to other necessary programs or the national debt.
CDC: Chronic Disease Prevention and Health Promotion	138	Duplicative public health services.
Community Health Centers	135	Duplicative services that should be left to states, localities, or private organizations.
Rural Health programs	135	Services that should be left to states and local governments, or private organizations.
Aging and Disability Services Grants to States	132	Services that should be left to states and local governments, or private organizations.
National Institute of Mental Health	110	Duplicative programs for mental health
National Institute of Diabetes and Digestive and Kidney Diseases	100	Duplicative public health programs.
SAMHSA: Certified Community Behavioral Health Clinics	100	New funding for services better left to the states or localities.
Interdisciplinary Community Linkages	62	Expands duplicative health services.
CDC: Global Health program	54	Expands duplicative public health services.
<b>Justice Department</b>		
State and local law enforcement assistance	419	Combating ordinary crimes is not federal responsibility, this rests with state and local governments - subsidizing local police departments wrests policy decisions from them.
FBI salaries and expenses	263	FBI funding has seen huge spending increases over the last 25 years.
DEA salaries and expenses	124	The DEA should reprioritize existing funds to meet their budget needs.
Salaries and expenses, US Attorneys	102	The US Attorneys' Office should reprioritize existing funds to meet their budget needs.
US Marshals salaries and expenses	62	The US Marshal's Office should reprioritize existing funds to meet their budget needs.
Community Oriented Policing Services	54	The COPS program has a poor performance record in addition to funding state and local government functions.
<b>Labor Department</b>		
Training and Employment Services Grants to States	148	Job training programs are not a core function of the federal government. Additionally, these programs have a poor track record delivering results to would-be workers and employers alike.

Training and Employment Services (emergency funding)	100	Job training programs are not a core function of the federal government. Additionally, these programs have a poor track record delivering results to would-be workers and employers alike. Adding yet another job training program is unnecessary.
<b>Science-Related Agencies and Programs</b>		
NASA: Exploration	466	Greater use of private sector capabilities is preferable to increased taxpayer funding
NASA: Science	457	NASA Science already has significant funding.
National Science Foundation	295	NSF should prioritize existing funding to meet its needs.
NASA: Construction and Environmental Compliance and Restoration	202	NASA should prioritize existing funding to meet its needs.
NASA: Space Technology	74	Projects better funded by private sector.
<b>State Department</b>		
International disaster assistance	2,198	Disasters at home should receive priority, this request is five times larger than last year.
Foreign Military Financing Program	886	U.S. taxpayers should not be forced to fund the purchases of weapons by foreign governments.
Economic Support Fund	802	While well-meaning, these programs don't deliver results and have been cut in past budget deals.
Assistance for Europe, Eurasia and Central Asia	459	There is little evidence these kinds of aid programs are helpful.
Contributions to international organizations, current year assessment	108	These commitments should be rolled back, rather than expanded.
<b>Transportation / HUD Departments</b>		
Federal-Aid Highways, grants to states (General Fund)	2,525	This new spending for roads and bridges is not paid for, and since the Interstate Highway System is complete, is not for projects of true national priority.
Tenant-Based Rental Assistance Renewals	1,723	These programs, while well-intentioned, are better suited to state and local governments. Rental assistance programs could benefit from reforms to tenant rent, work, and eligibility.
National Infrastructure Investments	1,000	These programs, including wasteful TIGER grants and programs, do not improve mobility, safety, or congestion on national roads and bridges. New infrastructure spending is not paid for.
FAA Airport Discretionary Grants (General Fund)	1,000	The federal government should not provide new discretionary spending for airports.
FTA Transit Infrastructure Grants	834	Subsidizing transit for local governments is not a role for the federal government. These programs should be abolished and savings redirected to the maintaining the National Highway System.
Public Housing Capital Fund	809	Public housing, not a role for the federal government, is damaging to the social fabric of residents and the communities that surround them.
Project-Based Rental Assistance	699	These programs, while well-intentioned, are better suited to state and local governments. Rental assistance programs could benefit from reforms to tenant rent, work, and eligibility.
HOME Investment Partnerships Program	412	This program is not a key responsibility for the federal government.
FAA Facilities and Equipment (Airport & Airway Trust Fund)	395	This perpetuates the systemic problems with the FAA.
Sec. 811 vouchers, incremental and renewals	385	These programs, while well-intentioned, are not a core function of the federal government and better suited to state and local governments.

Northeast Corridor Grants - Amtrak	322	Amtrak subsidies should be ended and/or Amtrak should be privatized.
Federal Railroad Administration: National Network grants to the National Railroad Passenger Corporation (Amtrak)	50	Amtrak subsidies should be ended and/or Amtrak should be privatized. Recommendation excludes funding for safety improvements of \$75m
Community Development Block Grant	305	CDBG is not a core function of the federal government, it has not demonstrated a positive impact on communities, and is not well targeted to the neediest communities.
Capital Investment Grants (New Starts)	232	This program diverts gas tax dollars from the National Highway System. It should be abolished and gas tax dollars redirected to the highway trust fund. Funding local transit programs is not a core function of the federal government.
FRA Federal State Partnership for State of Good Repair	225	Grants funds that include Amtrak's Northeast Corridor, and not a priority of the federal government.
Public Housing Operating Fund	150	These programs, while well-intentioned, are better suited to state and local governments. Rental assistance programs could benefit from reforms to tenant rent, work, and eligibility.
Homeless Assistance Grants	130	These programs, while well-intentioned, are not a core function of the federal government and better suited to state and local governments.
Native American Housing block grants	101	Rather than continually subsidizing reservations, Congress should work with tribes to improve economic freedoms and remove any barriers to opportunity.
<b>Department of Homeland Security</b>		
State Homeland Security Grant Program	40	This should be a state and local level issue. The OIG has identified concerns with insufficient oversight of funds spent on grants and lack of data on effectiveness.
Urban Area Security Initiative	25	This should be a state and local level issue. Additionally, while the stated purpose of these grants is terrorism prevention, only 25 percent of the grant money is required to be used for law enforcement terrorism prevention activities.
Assistance to Firefighter Grants	5	Unnecessary spending, should be a state and local issue. The DHS OIG found widespread lack of compliance with the grant guidance and concluded that FEMA lacked a commitment to detect and prevent fraud, waste and abuse.
Flood Hazard Mapping and Risk Analysis Program	85	The national flood insurance program has been consistently identified as needing major reforms and GAO identified it as a "high risk" program. Instead of encouraging fewer individuals to live in hazardous areas, FEMA has dramatically increased areas designated as flood hazard areas and by providing subsidized flood insurance, incentivized the number of Americans willing to live in these areas.
Floodplain Management and Mapping	22	Not requested in the President's budget, dramatically above FY17 levels. The flood mapping program has been identified by the OIG as being poorly managed by FEMA, lacking in oversight and having poor financial management.
Coast Guard - National Security Cutter	986	Not requested in the President's budget and above FY17 levels.
<b>Total (Non Defense Discretionary)</b>	<b>35,239</b>	

### Defense Spending: Rescission Recommendations

#### Overseas Contingency Operations (OCO)

OCO: Ukraine Security Assistance Initiative (GWOT) (Sec.9013)	50	No clear justification for increase in spending towards building capabilities that Ukrainians already possess, such as building and repairing weapons since they remain an arms exporter.
<b>Title III: Procurement</b>		
<b>Aircraft Procurement, Army</b>		
MQ-1 Grey Eagle UAV	107	Not requested by the President's Budget. 9 additional aircraft on top of the eleven originally requested by the Army.
AH-64 APACHE BLOCK 1118 NEW BUILD	577	Not requested by the President's Budget. 17 new aircraft on top of the 63 originally requested. Even the Army only asked for 9 additional aircraft on their unfunded wishlist.
CH-47 HELICOPTER	240	8 additional aircraft, above the 6 aircraft in the President's Budget request.
RQ-7 UAV MODS	110	Additional unmanned aerial systems above the President's request.
<b>Procurement of Weapons and Tracked Combat Vehicles, Army</b>		
BRADLEY PROGRAM	283	Not requested in President's budget.
STRYKER UPGRADE	348	Not requested in President's budget.
ABRAMS UPGRADE PROGRAM	375	Not requested in President's budget. 29 additional tanks on top of 56 originally requested.
INDUSTRIAL PREPAREDNESS	4	Not requested in President's budget.
<b>Other Procurement, Army</b>		
FAMILY OF MEDIUM TACTICAL VEH (FMTV)	154	More than double of what was requested in the President's Budget
<b>Aircraft Procurement, Navy</b>		
F/A-18E/F (FIGHTER) HORNET (MVP)	626	Significantly increase above the President's budget request. Adds 10 aircraft on top of the 14 originally requested.
F-35C JOINT STRIKE FIGHTER CV	772	More than double of what was requested in the President's Budget, adds 4 aircraft for the Navy, 2 for the Marines.
F-35B JSF STOVL (Marines)	617	Above the President's request, adds 4 aircraft
CH-53K (HEAVY LIFT)	25	Above the President's request, adds 2 aircraft
V-22 (MEDIUM LIFT)	676	Above the President's request. Only six originally requested. Adds 4 aircraft for the Navy, 4 aircraft for the Marine Corps
UH-1Y/AH-1Z	221	Above the President's request. Adds 7 aircraft.
P-8A POSEIDON	501	Above the President's request. Adds 3 aircraft on top of the 7 originally requested.
C-40	207	Not requested in President's budget. 2 aircraft for the Marine Corps.
MQ-8 UAV	84	Doubles President's request. Adds 6 aircraft.
<b>Shipbuilding and Conversion, Navy</b>		
LITTORAL COMBAT SHIP	450	Increase in 1 ship not requested in the President's Budget.
<b>Aircraft Procurement, Air Force</b>		
F-35A	1,258	Includes 10 additional aircraft not requested by the President's Budget. This is generally seen as wasteful spending.
KC-46	510	3 additional aircraft not requested by the President's Budget on top of the 15 originally requested.
<b>Space Procurement, Air Force</b>		
WIDEBAND GAPFILLER SATELLITES	600	Generally identified as wasteful and outdated. Gives full funding for WGS 11 and 12.
<b>Title IV: Research, Development, Test and Evaluation</b>		
<b>Research, Development, Test and Evaluation, Army</b>		

DEFENSE RESEARCH SCIENCES	10	Above the President's budget request, unclear how it contributes to readiness
UNIVERSITY RESEARCH INITIATIVES	10	Above the President's budget request, unclear how it contributes to readiness.
UNIVERSITY AND INDUSTRY RESEARCH CENTERS	20	Above the President's budget request, unclear how it contributes to readiness.
MATERIALS TECHNOLOGY	52	Above the President's budget request. Goes towards pilot program, programmatic increase, and other research unrelated to readiness.
ADVANCED WEAPONS TECHNOLOGY	20	Above the President's budget request, unclear how it contributes to readiness.
WEAPONS AND MUNITIONS TECHNOLOGY	204	Above the President's budget request, unclear how it contributes to readiness.
MEDICAL ADVANCED TECHNOLOGY	39	Above the President's budget request, unclear how it contributes to readiness.
WEAPONS AND MUNITIONS ADVANCED TECHNOLOGY	68	Significantly above the President's budget request.
HIGH PERFORMANCE COMPUTING MODERNIZATION PROGRAM	39	Significantly above the President's budget request.
ENVIRONMENTAL QUALITY TECHNOLOGY DEMONSTRATIONS	19	Significantly above the President's budget request.
<b>Research, Development, Test and Evaluation, Navy</b>		
UNIVERSITY RESEARCH INITIATIVES	26	Programmatic increases for research above President's budget request
FORCE PROTECTION APPLIED RESEARCH	62	Above the President's budget request. Questionable connection to readiness.
WARFIGHTER PROTECTION ADVANCED TECHNOLOGY	40	Above the President's budget request. For research with no connection to readiness.
NAVY ENERGY PROGRAM	14	Above the President's budget request. For renewable energy research and questionable connection to readiness.
MANAGEMENT, TECHNICAL & INTERNATIONAL SUPPORT	45	Above the President's budget request with questionable connection to readiness.
<b>Research, Development, Test and Evaluation, Air Force</b>		
UNIVERSITY RESEARCH INITIATIVES	15	Above the President's budget request, questionable connection to readiness.
HUMAN EFFECTIVENESS APPLIED RESEARCH	25	Above the President's budget request, questionable connection to readiness.
TECH TRANSITION PROGRAM	6	Above the President's budget request, research for alternative energy has questionable connection to readiness.
EELV (SPACE)	100	Above President's Budget request. No connection to readiness.
EUAV	40	Not in President's Budget request. No connection to readiness.
<b>Research, Development, Test and Evaluation, Defense-Wide</b>		
NATIONAL DEFENSE EDUCATION PROGRAM	29	Above the President's request. No connection to readiness.
HISTORICALLY BLACK COLLEGES & UNIVERSITIES (HBCU)	14	Above the President's request. No connection to readiness.
GENERAL SUPPORT TO USD (INTELLIGENCE)	100	Significantly above the President's request.
INFORMATION SYSTEMS SECURITY PROGRAM	10	Double the President's request.
<b>Title II: Operation and Maintenance</b>		

Overseas Humanitarian, Disaster, and Civic Aid	7	Specifically, \$10 million is provided as a program increase for the Humanitarian Mine Action Program, of which \$7 million is for activities in Southeast Asia, and \$15 million is provided as a program increase for Humanitarian Assistance, South China Sea regional engagement. These commitments need to be rolled back, rather than expanded. No connection to readiness.
<b>Total (Defense)</b>	<b>9,807</b>	

<b>Grand Total (Defense and Non-Defense)</b>	<b>\$45,046</b>
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