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Obama Vows to Finalize Carbon Standards, Other Safeguards in Climate Change Plan

In a press conference on June 25, President Obama revealed his plan to address climate change. Delivering on a promise he made nearly four months ago during his State of the Union address, the president said that if Congress failed to protect future generations from the impacts of climate change, he would.

His action plan focuses on three core measures – reducing domestic carbon pollution, preparing for the impacts of climate change, and leading international efforts to address the problem – to keep the U.S. on track for reaching established carbon reduction targets.

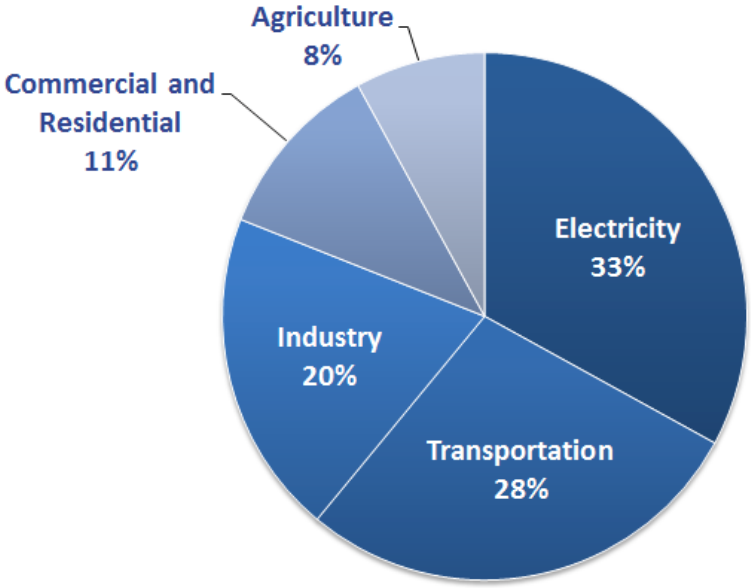
The president's plan builds upon climate-based initiatives that were set in motion soon after he began his first term in office. In 2009, at the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen, Denmark, President Obama committed to

reducing U.S. greenhouse gas (GHG) emissions to 17 percent below 2005 levels by 2020. So far, the administration has succeeded in limiting GHGs emitted from cars and trucks, establishing fuel economy standards, and setting minimum efficiency standards for household appliances, placing the U.S. ahead of schedule for meeting its 2020 target.

Cutting Domestic Carbon Pollution

President Obama's climate plan outlines a host of measures that the U.S. must take to reduce domestic carbon pollution. Most significantly, Obama directed the U.S. Environmental Protection Agency (EPA) to finalize standards limiting GHG emissions from new and existing coal-fired power plants, which are responsible for the majority of carbon dioxide released into the air.

Total U.S. Greenhouse Gas Emissions by Economic Sector in 2011



Source: EPA

Under the plan, EPA must complete a proposed rule for new power plants by Sept. 20, 2013. (EPA first proposed such a rule in March 2012, but it has been stalled.) The final rule must be published within a reasonable time, although no deadline is set. EPA has until June 1, 2014, to propose limits on emissions from existing power plants and must finalize the rule by June 1, 2015. EPA must submit both rules to the Office of Information and Regulatory Affairs (OIRA) for review, an office often criticized for lengthy delays. It will be up to the president and the newly appointed OIRA administrator, Howard Shelanski, to ensure that the rules move promptly through the review process.

Together, these carbon-reduction measures will help reduce air pollutants that harm the health of our families and children. Taking bold measures to protect the public and environment can also bolster the economy and help small businesses. According to a poll by Small Business Majority, 57 percent of small business owners believe that climate change poses an imminent risk to the economy and could harm small businesses. And a recent poll conducted by the American Sustainable Business Council

shows that 63 percent of small business owners support rules that limit carbon dioxide emissions from existing power plants.

The president's plan also calls for reducing greenhouse gas emissions from the transportation sector by issuing stringent fuel efficiency standards for heavy-duty vehicles after 2018; model years 2014-2018 are subject to the fuel economy standards finalized in 2011. Combined with energy efficiency standards for buildings and appliances, these actions will generate hundreds of billions in cost savings for Americans, both on their utility bills and at the gas pump.

Additional measures to cut greenhouse gas emissions will be achieved by phasing out hydroflurocarbons (HFCs) and reducing methane emissions from industry and agriculture. Although these pollutants make up a small fraction of total greenhouse gas emissions compared to carbon dioxide, short-lived pollutants like HFCs and methane are much more potent than other greenhouse gases.

Despite the substantial benefits to the public these rules will provide, industry groups have pledged to file suit against EPA if it issues any rules limiting emissions from existing power plants, which could delay the rules for several years while they are held up in court. Some members of Congress have already indicated that Gina McCarthy's nomination to serve as administrator of EPA will be delayed if the agency moves forward with the standards Obama outlined in his plan. Congress also can attempt to delay agency action by initiating lengthy investigations or using the appropriations power to limit or deny resources to the agency.

Preparing for Impacts of Climate Change

The president's plan also includes actions that states and local communities must take to prepare for the impacts of climate change and the rising costs of damages. In 2012, 11 weather disasters resulted in damages exceeding $100 billion, making it the second most expensive year ever recorded in the United States. The costs of damages from severe weather events will continue to rise, and the president's plan includes working with state and local governments and businesses to increase investments in protective infrastructure.

To spur investment, agencies will work to reduce barriers to federal assistance for climate-resilient projects. Additionally, governments, businesses, and communities will work together to assess the impacts of climate change on existing infrastructure and develop creative strategies to manage climate risks. Such actions will help protect our homes, businesses, and livelihoods from severe droughts, wildfires, flooding, and damaging winds.

Leading International Efforts to Address Global Climate Change

Finally, the Obama administration will work with leaders around the world to promote the development of a global market for natural gas and continued use of nuclear power. Such actions are unlikely to receive support from environmental groups opposed to expanding natural gas development domestically or abroad. Air and water resources are already threatened by natural gas operations, and

the plan does not spell out any immediate measures to issue needed protections before expanding natural gas activities.

President Obama also calls for the United States to end subsidies for fossil fuel development, as well as to stop financing new coal plants located abroad, with certain exceptions where it is not economically or technologically feasible to produce energy from another source, such as in the poorest nations. He expects to work with U.S. trading partners to initiate negotiations at the World Trade Organization to promote global free trade in environmental goods and services and cleaner energy technologies. The United States will join negotiations at the upcoming climate conference in 2015 to limit greenhouse gas emissions beyond the initial targets set for 2020. But, while President Obama can play a key role in developing an agreement, only Congress has the power to ratify any treaty that Obama signs.

Conclusion

President Obama's climate action plan is an important and necessary step forward for the United States. His plan includes key measures to reduce carbon pollution, prepare for climate impacts, and work with partners around the world to formulate solutions to this global threat. Yet as Obama has stated, "There is no single step that can reverse the effects of climate change." Climate change is an ongoing problem, and the United States will need to continue working to craft new, creative solutions that help build and preserve a clean environment and thriving economy for each future generation.

For a short, graphical overview of President Obama's Climate Action Plan, click here.

Congressional Briefing Debunks Anti-Regulatory Myths Behind "Reform" Bills

Last week, members of the House hosted an expert panel discussion to set the record straight on recurring anti-regulatory myths and dangerous legislative proposals. Aptly titled "Anti-Regulatory Myths: What Regulatory Critics Don't Tell You," the congressional briefing highlighted the importance of much-needed safeguards and debunked the most common misconceptions surrounding the regulatory process and the impacts of rules.

Co-hosted by Reps. John Conyers (D-MI) and Steve Cohen (D-TN), along with the Coalition for Sensible Safeguards and the Center for Progressive Reform, the panel convened to brief congressional staffers, members of the press, and the general public about the complex processes that agencies must navigate before they can issue important health, safety, and environmental protections. The panelists refuted claims about the cost of rules, identified the real regulatory problems that policymakers should address, and carefully critiqued the harmful anti-regulatory bills currently pending in Congress.

The Truth about Regulatory Costs and Benefits

The panel discussed one of the most common tactics employed by regulatory opponents – to exaggerate costs and ignore benefits. For years, high cost estimates have been used to justify an anti-regulatory agenda even though the most commonly cited estimates are unreliable. Industry lobbyists

and even some members of Congress continue to rely on a 2010 study that experts have thoroughly discredited, and even its authors, Crain and Crain, have distanced themselves from. In fact, Cass Sunstein, then the administrator of the Office of Information and Regulatory Affairs (OIRA), referred to this estimate as "an urban legend," and the chairman of the Council of Economic Advisers called the figure "utterly erroneous."

Claims that rules are too costly rarely acknowledge regulatory benefits, but the evidence shows that the benefits of rules overwhelmingly exceed the costs. And even these estimates may undervalue the benefits. The actual benefits are likely much higher because many benefits cannot be quantified or easily translated into dollars and cents. Moreover, industry often overestimates the costs of implementing new standards: when required to comply with public protections, businesses generally choose the least expensive way to do so.

What's Really Wrong with the Regulatory Process and How to Fix It

The panel discussed a number of barriers to effectively protecting the public, including regulatory delays and inadequate agency resources. Endless procedural hurdles and analytical requirements increase the time it takes to issue rules. The process has become so ossified that it currently takes four to eight years for an agency to complete significant standards. After the new rule has made it through this onerous review process, agencies may not have sufficient resources to fully implement and enforce the new standards.

The costs of failing to regulate and enforce safety standards can be substantial, and the consequences devastating. Panelist Peg Seminario of the AFL-CIO explained that the cost of not regulating occupational safety and health ranges from approximately $250 billion to $300 billion per year. This cost comes in the form of workplace injuries, illnesses, and fatalities. Only 25 percent of this cost is absorbed by workers compensation programs. The remaining 75 percent is paid by the injured workers and their families, insurance companies, and taxpayers. Panelist Sid Shapiro noted that the failure to regulate can also contribute to catastrophic events that impose massive costs on society, including the BP oil spill and the collapse of Wall Street.

The panelists agreed that the process must be streamlined to reduce delays, and Congress should increase funding to ensure agencies have the resources necessary to fulfill their missions.

Current Regulatory "Reform" Proposals Are Harmful, not Helpful

Several regulatory reform proposals are pending in Congress that purport to improve the regulatory process. But in reality, these bills would increase delays and provide more opportunities for regulated industries to influence rulemaking outcomes. Panelist John Walke of the Natural Resources Defense Council (NRDC) warned that these bills are indirect attacks on the implementation, enforcement, and effectiveness of standards that are authorized by statutes too popular to amend or repeal. These reforms, he explained, are designed to make it harder for agencies to issue the rules that implement laws like the Clean Air Act (CAA) and Clean Water Act (CWA), which would be difficult to amend or repeal given the broad public support for health and safety protections.

The panel discussed several familiar bills that have been reintroduced this year:

- The Regulations from the Executive in Need of Scrutiny (REINS) Act (H.R. 367) would require congressional approval of all major rules, potentially endangering the most important safeguards to our health, safety, environment, and economy. The bill would require that Congress approve standards and safeguards within 70 legislative days. If both chambers fail to meet this deadline, the rules in question would be "tabled," essentially killing them. Given the gridlock in Congress, the REINS Act would make it impossible for agencies to carry out the mandate they have been given to safeguard Americans' air, water, food supply, and workplaces.

- The Regulatory Accountability Act (RAA) appears less drastic than REINS, but it would still undermine the rulemaking process. Full of procedural hurdles, inflexible analyses, and opportunities for non-experts to interfere with agency judgments, it would obstruct agencies' ability to protect the public from harm.

- The Independent Agency Regulatory Analysis Act of 2013 (IARAA) (S. 1173) would fundamentally change the way independent agencies operate by granting the White House more control over rulemaking. Congress often establishes an independent agency when it wants certain policies insulated from White House interference. The bill would politicize independent regulatory agencies by taking away much of their autonomy. They would have to spend limited resources completing detailed cost-benefit analyses – even when Congress has not required this – and submit their analyses for OIRA review. Congressional members and staff should resist handing over control of independent agencies to the White House.

- The Sunshine for Regulatory Decrees and Settlements Act (S. 714 and H.R. 1493) is disguised as an effort to increase transparency, but it aims to bog down the regulatory process with time-consuming and costly procedural hurdles that would limit the lawsuits brought to challenge unreasonable delays by regulatory agencies. Walke explained that, contrary to the myth that settlements dictate rulemaking outcomes, agencies must still follow notice and comment procedures. The truth is that settlements do not preclude public participation, and they are valuable tools the public can use to ensure that agencies are implementing the laws Congress passes in a timely fashion.

Conclusion

The briefing providing important information at a crucial time when regulatory opponents continue to echo myths and propose changes that would serve only to further weaken the regulatory system. It is the *failure* to regulate that is most damaging to the American people, and the monetary and quality-of-life costs are striking. So far this summer, 15 workers have died on the job while occupational safety and health rules are mired in a dysfunctional process. Adding more procedural hurdles and rulemaking roadblocks will only make the problem worse. Changes that help agencies improve and modernize health and safety standards are needed to protect workers and safeguard our health and environment.

Transparency and Trade Agreements: If the Public Wouldn't Like It, Don't Sign It

On June 7, a panel of federal judges ruled that international trade deals can be exempted from federal disclosure laws. This decision, coupled with the unprecedented secrecy surrounding the negotiations of the Trans-Pacific Partnership (which kicks off the 18th round of negotiations in two weeks), strips the American people of their voice and overrides the principle that public support or opposition of such agreements should guide U.S. policy.

More than Just Trade Agreements

The nature of free trade agreements has changed significantly over the last 20 years. Prior to 1994, trade agreements dealt primarily with cutting tariffs and lifting quotas to set the terms for trade in goods between countries.

Starting with the North American Free Trade Agreement (NAFTA) in 1994, the core provisions of these agreements expanded to grant foreign investors a remarkable set of new rights and privileges that promote privatization and deregulation of essential services, such as water, energy, and health care. That is, these agreements create legally binding obligations on federal, state, and local governments that have undermined domestic environmental, health, and other quality-of-life standards. At the same time, increased levels of secrecy around negotiations have often blocked the public and sometimes lawmakers from knowing even the most basic content of these agreements.

Court's Decision

Last month, the U.S. Court of Appeals for the District of Columbia Circuit ruled to keep secret a document that revealed U.S. positions on international trade negotiations that impact public health and the environment. The court ruled that the document was "properly classified" in the interest of "national defense or foreign policy" and that these concerns superseded any public interest in the document. The court's decision has dangerous implications for Americans, as it means that the public loses the ability to effectively weigh in on public policy decisions with significant quality-of-life impacts.

The case dates back to 2001, when the Center for International Environmental Law, a nonprofit public interest law organization, filed a Freedom of Information Act request with the Office of the United States Trade Representative (USTR) for documents related to negotiations on investment provisions in the Free Trade Area of the Americas (FTAA). FTAA was a proposed but abandoned agreement to extend NAFTA-type rules and eliminate trade barriers among all countries in the Americas except Cuba. The specific document in question includes U.S. positions on "most favored nation" and "national treatment," which grants foreign investors in countries that are parties to the agreement the same trade advantages as U.S. investors.

Such investor provisions in agreements have been used by foreign corporations to weaken or eliminate federal, state, and local rules over a myriad of issues, such as natural resource management, food labeling, and safety standards, through secret international tribunals. For example, in 2003, Glamis

Gold, a Canadian mining company, used NAFTA investment provisions to sue the United States over California laws protecting the environment and cultural sites sacred to a Native American tribe. Though the United States ultimately won, the case dragged on for six years. As a result of NAFTA, the United States has had to battle corporate lawsuits totaling more than $1 billion.

The U.S. Court of Appeals' decision last month overturns a previous federal court ruling from 2012 in which a judge granted CIEL's request. In that ruling, Judge Richard W. Roberts of the U.S. District Court for the District of Columbia said that the USTR had not sufficiently demonstrated that disclosing the document would harm U.S. interests, rejecting the government's third attempt to prevent the document's disclosure.

Trans-Pacific Partnership's Unprecedented Secrecy

The Trans-Pacific Partnership Agreement (TPP) aims to create an expansive free trade zone between the United States and partner countries in the Pacific region. President George W. Bush notified Congress of his intention to participate in the TPP negotiations in 2008, and in November 2009, President Obama pledged that the TPP would result in "high standards worthy of a 21st century trade agreement."

The negotiations now include the United States, Australia, Brunei, Canada, Chile, Malaysia, Mexico, Peru, Singapore, and Vietnam. Japan has expressed its intention to join the agreement. If Japan participates, the TPP would represent nearly 40 percent of the global GDP and one-third of all world trade.

While trade negotiations have long involved some level of secrecy, the TPP involves unprecedented levels of work being done behind closed doors. In 2011, negotiators signed a special pact to keep all documents related to the talks a secret – despite the fact that the World Trade Organization (WTO) and the recently completed Anti-Counterfeiting Trade Agreement (ACTA) set precedents by releasing draft trade negotiation texts before the agreements were finalized. In fact, leaked documents reveal that the final text of the TPP agreement will remain secret for four years after it goes into effect (or, if no agreement is reached, four years after negotiations end).

Further, reports on the negotiations indicate that 600 corporate representatives have had access to and input on the trade agreement, while only between 12 and 16 labor and environmental representatives have had the same chance for their voices to be heard.

Calls for Transparency

The unprecedented secrecy surrounding the content of these agreements has resulted in campaigns across all the Trans-Pacific countries, including the United States, to educate the public about the potential impacts of this agreement and demand that governments release the working texts of the trade agreement. In addition, advocates have asked for the release of any documents negotiating countries signed to establish the restrictive classification.

In February 2012, over 20 public interest organizations wrote to President Obama, requesting that the administration fulfill its pledge to greater transparency and release draft negotiating texts. This followed an October 2011 public interest letter to U.S. Trade Representative Ron Kirk, asking for the creation of a joint website with other countries that would include all documents related to the negotiations, including contact information for key negotiating personnel.

Congressional leaders have also urged the Obama administration to create mechanisms for broad public participation in the process before negotiations move forward. Last month, Sen. Elizabeth Warren (D-MA) sent a letter to President Obama's nominee to head the USTR, asking the agency to release negotiation documents to the public. Warren made clear that public concerns must be taken seriously in the TPP negotiations.

I have heard the argument that transparency would undermine the Administration's policy to complete the trade agreement because public opposition would be significant. If transparency would lead to widespread public opposition to a trade agreement, then that trade agreement should not be the policy of the United States. I believe in transparency and democracy and I think the U.S. Trade Representative (USTR) should too.

Despite these calls for openness, USTR has not taken any steps to increase transparency.

Health, Safety, Environmental, and Other Risks

If approved, the TPP, like previous trade agreements, has the potential to impact the lives of millions of Americans. A leaked copy of the TPP's Investment Chapter shows that investor protections in the TPP could allow claims that environmental standards in the U. S. and other countries are trade barriers.

For example, in the area of natural gas extraction (namely hydraulic fracturing, or "fracking"), foreign corporations could use investor protections to prohibit states and local communities from establishing moratoriums or strong oversight rules for the process. A U.S. corporation has already used trade agreements to do so. Last November, Lone Pine Resources, a Delaware-incorporated oil and gas firm, filed notice of its intent to sue Canada for $250 million under NAFTA over Quebec's moratorium on fracking. It's possible that the TPP agreement would allow foreign corporations to challenge and possibly overturn Vermont's ban on fracking and the current moratorium in New York State.

In addition, the TPP could impact public access to life-saving medicine. For instance, the agreement could threaten the U.S. Public Health Service Act, which provides low-cost, lifesaving drugs to millions of low-income and disabled Americans.

Conclusion

The TPP agreement (and the upcoming Transatlantic Trade and Investment Partnership agreement between the United States and European Union) could hamstring the authority of democratically elected state and local governments; given this, they require intensive public scrutiny and review.

The texts of the TPP and all other future trade agreements should be made public so that the nation can have a robust discussion of the impacts of proposed treaties on critical quality-of-life issues, including water quality, food safety, access to medicines, product safety, integrity of financial products, biodiversity, and climate change. Americans deserve to have the opportunity to evaluate the effects of all free trade agreements on their lives and the future of our democracy.

New Steps May Increase Transparency of Federal Contracts and Grants

A new policy could provide the public with better information about federal contracts and grants. On June 12, the Office of Federal Financial Management, a division of the Office of Management and Budget (OMB), issued a memo directing agencies to improve the quality of data posted for public access on USAspending.gov.

The memo directs agencies to use consistent ID numbers for grants and contracts to help track all information related to a particular contract or grant. In addition, agencies must validate information reported to USAspending, such as by reporting information directly from agency financial systems. If successful, these reforms could make federal spending information more accurate and useful.

Contracts and grants make up roughly $1 out of every $3 in federal spending. It is important that such spending be efficient and effective. Despite some advances in recent years, much information relating to federal grants and contracts remains murky. Increased transparency would enable greater public oversight and deter or detect unnecessary or inappropriate spending.

Efforts to Improve Spending Data Quality

Since USAspending.gov was launched in 2007 to provide accessible information about federal spending, there have been concerns about the quality of information posted there. For instance, a 2010 report by the Government Accountability Office (GAO) found "numerous inconsistencies between USAspending.gov data and records provided by awarding agencies."

The administration has taken several steps aimed at ensuring spending data quality. The topic was addressed in the December 2009 Open Government Directive and in OMB memos from February and April 2010.

It is positive that the administration recognizes the need to improve spending data quality. But the fact that the administration has issued yet another policy on the topic shows that agency reporting continues to be a problem.

Award IDs

The memo requires agencies, starting in October, to assign a unique identification number, called a Federal Award Identification Number, to each grant or contract. The number must be used in all documents related to that contract or grant, and the recipient must provide the number to any sub-

recipients. Using the same unique number consistently will allow members of the public to more easily identify information pertaining to a particular grant or contract.

Data Validation

Agencies also must, by October at the latest, put in place procedures to check data reported to USAspending.gov against data in agency financial systems or public sources. Agencies will also have to report the level of accuracy detected in those checks and certify that they have implemented processes to control data quality.

The memo acknowledges that quality issues arise "because existing reporting models are not directly tied to agency financial systems." In other words, the information displayed on USAspending.gov does not necessarily come directly from agencies' own internal accounting systems, but mostly comes from other data sources that have data quality issues themselves.

Under the new directive, agencies may meet their requirement to validate data by reporting such data directly from their financial systems. Although that approach is optional, the memo also notes that the validation requirements "will inform ongoing policy discussions to develop a future vision for Federal spending transparency" and that "further guidance to implement a more comprehensive vision will eventually supersede this section of this Memorandum." Therefore, it appears that OMB intends to continue to refine the requirements for how agencies report and validate data to USAspending.gov.

OMB's new data policy, released in May, could shed light on the future approach to reporting. The new policy directs agencies to create information in ways that support "downstream interoperability between information systems and dissemination of information to the public" and that "facilitate extraction of data in multiple formats and for a range of uses." In this context, the data policy would suggest that agency financial systems would be designed in the future to automatically report relevant disclosable information to sources like USAspending.gov.

Landscape for Contracting Transparency

Other recent efforts have also called attention to grant and contract transparency:

- On June 18, the G8 countries – including the Obama administration on behalf of the U.S. government – issued the Lough Erne Declaration, which states that "Governments should publish information on ... government contracts in a way that is easy to read and re-use, so that citizens can hold them to account."

- On June 20, the international Open Contracting Partnership issued the Open Contracting Global Principles, which describe how information about government contracting should be publicly disclosed, including stating that governments should affirmatively disclose contract documents. Currently, such documents are not routinely disclosed by most federal agencies.

- On May 21, the Digital Accountability and Transparency Act was introduced in Congress, as H.R. 2061 in the House and S. 994 in the Senate. The bill would require several reforms to

spending transparency, including mandating unique identifiers for awards – as the new OMB memo does – as well as establishing data standards and requiring additional information to be disclosed, among other changes. The House Committee on Oversight and Government Reform approved the bill on May 22. The Senate Committee on Homeland Security and Governmental Affairs has not yet taken up the legislation.

Defense Savings Could Partially Offset Sequestration

Sequestration's blunt approach to spending reductions is bad policy, and legislators from both parties have recognized this and proposed targeted savings at the Department of Defense (DOD) as a partial alternative. The amount of money at stake is significant. DOD and other defense-related spending typically represents more than 50 percent of federal discretionary spending each year.

At the same time, a number of policymakers are arguing that it's time to shift our focus from deficit reduction – which has dominated the policy direction in Washington since at least 2010 – to job growth. Cutting back on federal spending in any form is contrary to the goal of creating more jobs in both the public and private sectors. However, the likelihood of passing new stimulus funding is slim.

Thus, savings at the DOD could be used to preserve or increase spending elsewhere in the federal budget (including within DOD), since economists believe that dollar per dollar, spending on budget areas such as education, health care, or on clean energy creates more jobs on average than defense spending.

In normal years, Congress passes two major pieces of legislation that determine the size, direction, and content of defense spending. So far this year, most of the annual bills that authorize and appropriate funding for the DOD have been unveiled by congressional panels with the notable exception of the Senate Appropriations Committee's version of the defense appropriations bill. But, generally speaking, enough is public to have a good sense of the direction defense spending is heading.

While the overall defense spending level appears to be heading downward along with most of the rest of the government, several proposals for further defense savings have been floated by the White House, the Congressional Budget Office, individual members of Congress, deficit reduction groups, and others, but are not reflected in these bills.

The Center for Effective Government has combed through many of these proposals. Serious additional savings could be found if risky, "exquisite" weapon systems (as former Defense Secretary Robert Gates called them – referring to paying too high of a premium for marginally improved capabilities) are replaced with cheaper, low-risk alternatives or by simply canceling or delaying new weapons if they are currently unnecessary. Other savings can be found with commonsense reforms that have no impact whatsoever on national security but would save the government money.

The following are a handful of proposals – far from comprehensive – that illustrate some of the ways the military could further cut spending. Note: Many of these ten-year savings estimates are from reports that are now a few years old, so the potential savings may now be somewhat different.

Cancel the Ground Combat Vehicle and Upgrade the Bradley Fighting Vehicle

Potential Savings: $24 Billion

The Army is planning to develop the Ground Combat Vehicle (GCV) as a replacement for its Bradley Infantry Fighting Vehicle, which is an armored personnel carrier, at an estimated cost of $29 billion. However, the program's necessity has been questioned. The "least risky and least expensive" of four options considered by the Congressional Budget Office (CBO) in an April 2013 report is a proposal to simply cancel the GCV and refurbish and upgrade the Bradleys currently in the Army's inventory. This proposal would save almost $24 billion, according to the CBO.

Cancel the V-22 Osprey and Replace It with Cheaper Helicopters

Potential Savings: $17 Billion

The V-22 is a controversial and expensive tilt-rotor aircraft built for the Marine Corps and Air Force that can take off like a helicopter and fly like an airplane. It has been beset with technical issues and is expensive on a per unit basis compared with helicopters that can provide most of its capability. Multiple groups and deficit reduction commissions, such as the Simpson-Bowles Fiscal Commission and the Rivlin-Domenici Debt Reduction Task Force, have recommended eliminating the V-22 and replacing it with cheaper helicopters. Last year, the Project On Government Oversight and Taxpayers for Common Sense estimated that a proposal to replace the V-22 "with MH-60 and CH-53 helicopters would save more than $17.1 billion from FY 2013 to FY 2022."

Cancel and Replace the Littoral Combat Ship Program with a Simpler Ship

Potential Savings: $14 Billion

The Littoral Combat Ship (LCS) is a ship being designed for the Navy to operate in waters relatively close to shore. The ships are meant to fulfill a variety of roles, with so-called "plug and play" mission modules to be used depending on the tasks they are intended to face. The estimated $37 billion program has been plagued by technical problems and huge cost overruns. More fundamentally, many in Congress and within the Navy itself are questioning the LCS concept itself, as there are performance compromises that stem from trying to make the design fulfill too many different roles, as well as excessive complexity built into the program. One retired Navy commander wrote in the U.S. Naval Institute's influential *Proceedings* journal, "Instead of muddling forward to an almost certainly marginal outcome, the Navy should cancel the LCS program and acquire a proven single-mission hull." A plan by the conservative CATO Institute to terminate the LCS and replace it with "an alternative low-cost frigate or corvette in its place" would save $14 billion, according to its 2010 estimate.

Shut Down Separate DOD Schools that Are No Longer Needed

Potential Savings: $10 Billion

In communities throughout the U.S., the DOD operates a parallel system of elementary and secondary schools that are far more expensive to run per student than their civilian counterparts. They were originally created because the DOD desegregated earlier than many of the communities it operated in, but this justification no longer exists. "This option could save over $1.1 billion per year and over $10 billion between now and 2022," according to a report by Sen. Tom Coburn (R-OK) based on information from the Congressional Research Service and the President's Fiscal Commission. These savings factor in reimbursements to local school districts, including "$14,000 for an allowance to cover the cost of additional students as well as Impact Aid, a payment to compensate local governments for the loss of property tax revenues because of military bases." This proposal would not affect DOD schools outside of the U.S.

Replace Subsidies to DOD Grocery Stores with Higher Subsistence Compensation

Potential Savings: $9.1 Billion

Coburn also has been a proponent of an alternative developed by the CBO to end subsidies for the DOD's grocery stores and simultaneously supplement the military's Basic Allowance for Subsistence to make up for higher food prices. "DOD could supplement the existing military pay benefit of Basic Allowance for Subsistence (BAS) by this amount and still save $9.1 billion over ten years for deficit reduction or other defense priorities. The benefit could also be designed to provide more money for military members with families," according to a report by Coburn that cites CBO.

Pause Development of a Next-Generation Bomber

Potential Savings: $6.6 Billion

The DOD intends to develop and procure 80 to 100 "next generation" long-range strike bombers, projected to cost $6.3 billion between FY 2013 and FY 2017, and billions more afterwards. For fiscal year 2010, the Obama administration initially cancelled the program, arguing there was "no urgent need" for a new bomber because "current aircraft will be able to meet the threats expected in the foreseeable future." However, the administration reversed course. This is unnecessary, according to the Project On Government Oversight and Taxpayers for Common Sense, which wrote that "[d]eferring development of costly and unnecessary next-generation systems saves money and is low-risk because of robust U.S. nuclear- and conventional-bomb delivery capabilities that will be available for decades." Congressional overseers are not on board, at least not yet. The Senate Armed Services Committee wrote in its report accompanying its version of the FY 2014 National Defense Authorization Act that "[a]s the only new aircraft development program planned for the next decade, continued development of the new bomber is essential to maintain U.S. teleological superiority and a highly specialized workforce."

Shrink the Number of Military Bands and Performances

Potential Savings: $1.8 Billion

"Former Secretary of Defense Robert Gates often noted that there are more members of Pentagon bands than all U.S. Foreign Service Officers, who are our first line of defense at American embassies around the world," states a Congressional Progressive Caucus budget roadmap. The caucus adds, "Over the past four years the Department of Defense has spent more than $1.5 billion on military bands, musical performances, and concert tours around the world." This completely frivolous and unnecessary area of spending can be shrunk with no impact to national security. Rep. Betsy McCollum (D-MN) has authored legislation that reduces spending on military bands and musical performances from $388 million to $200 million on an annual basis, saving some $1.8 billion over ten years.

All of these ideas run up against interests that benefit from the status quo, and there are certainly arguments for and against making such changes. But these reductions alone would save over $80 billion over the next ten years. It is clear there are numerous ways billions of dollars could be freed up from wasteful and/or unnecessary defense programs for other types of spending that may more broadly benefit Americans.

2040 S Street, NW, 2nd Floor
Washington, DC 20009
202-234-8494
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