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THE OBAMA ADMINISTRATION'S "TERMINATIONS, REDUCTIONS & SAVINGS"

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While it's encouraging that the President has put forward specific proposals to reform and terminate programs, these savings need to be put in the context of the President's overall budget. It is important to note that these proposed savings – even if all of them were enacted – would NOT reduce the President's spending totals: the \$17 billion in proposed savings has already been incorporated into the Administration's budget numbers.

- **Non-Defense Discretionary.** Even with the proposed \$2.8 billion in FY 2010 non-defense discretionary savings, the President's budget increases non-defense appropriations by \$50.9 billion, or 9.3%, in that year.
- **Defense Discretionary.** Most of the President's discretionary savings – 76% – would come from defense programs. In contrast to the President's 9.3% increase for non-defense spending, defense spending would increase by 4%.
- **Entitlements.** Just last week, the Government Accountability Office released a [study](#) that increased its estimate of existing long-term unfunded liabilities of the federal government to \$62.9 trillion. While the Administration claims a total of \$71 billion in mandatory and program integrity savings (over 5 years), \$24 billion, or 34%, of these "savings" are actually revenue increases – not real reforms to the unsustainable growth of mandatory spending. Even with these savings, the President's budget would still add a net \$1.4 trillion in entitlement spending over the next 10 years.
- **Almost Certain Democratic Opposition.** Eighteen of President Obama's proposals, or 35% of his total non-defense savings, were already proposed by President Bush – and flatly rejected by the Democratic Congress. Even the defense savings are likely to run into opposition, as House Democrats *added* \$5.6 billion to the President's war supplemental request. Further, while the President proposes to terminate 301 earmarks in the Environmental Protection Agency's state and tribal assistance program, he just signed the FY 2009 omnibus appropriations bill that included nearly 9,000 earmarks – including those he has slated for termination.

- Other Questionable Savings.** The President calls for \$91 million in savings from terminating the federal government’s Yucca Mountain nuclear waste disposal program. The courts have affirmed that the federal government has a binding obligation with power utilities to dispose of their nuclear waste. The federal government has already collected \$28 billion in fees from utilities and there is a \$19 billion balance in the Nuclear Waste Trust Fund from these collections to finance the construction of a waste repository to safely store this waste. Even if Yucca Mountain is completed in 2020, according to the current schedule, the Congressional Research Service estimates the government will accrue an \$11 billion liability due to its previous delays in disposing of nuclear waste. Terminating the Yucca Mountain program will only increase this liability.
- The Net Result.** While any effort by the Administration to achieve real savings and reforms should be encouraged, the proposal must be viewed in the context of the President’s full budget – which leads to an explosion of federal spending, higher taxes, deficits, and a debt that will double in just over 5 years and triple in just over 10 years.

| Proposed Discretionary Terminations and Reductions | | |
|---|-------------|-------------------|
| \$ millions | <u>2010</u> | <u>% of Total</u> |
| Discretionary | -11,548 | |
| <i>Defense</i> | -8,762 | 76% |
| <i>Non Defense</i> | -2,786 | 24% |

Source: Office of Management and Budget

| Proposed Mandatory Terminations, Reductions, and Revenue Increases | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|----------------|-------------------|
| \$ millions | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2010-14</u> | <u>% of Total</u> |
| Mandatory Savings | -4,127 | -7,374 | -6,269 | -6,113 | -5,757 | -29,640 | 42% |
| Revenue Increases | 290 | 2,587 | 5,173 | 6,962 | 8,795 | 23,807 | 34% |
| Program Integrity (Mandatory) | -782 | -2,919 | -3,803 | -4,476 | -5,528 | -17,508 | 25% |
| Total Savings | -5,199 | -12,880 | -15,245 | -17,551 | -20,080 | -70,955 | |

Totals may not add due to rounding
Source: Office of Management and Budget