



Major Savings in the 2006 Budget

RESULTS

December 22, 2005

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Introduction

In February 2005, the President proposed a Budget that advanced national priorities such as fighting the War on Terror, securing the homeland, and promoting economic opportunity and ownership. In order to focus Government resources on these priorities, the Administration proposed a package of savings and reforms that included the termination or major reduction of funding for 154 discretionary non-defense programs. Full enactment of these proposals would have saved \$15.8 billion in FY 2006.

About one-third of budget spending comes from discretionary programs, which are reviewed each year by the Appropriations Committees. In preparing the FY 2006 Budget, the Administration undertook a thorough review of these programs to identify low-performing programs and lower priority activities.

As the Administration drew up its list of proposed budget savings, we were guided by three major criteria:

- *Does the program meet the Nation's priorities?* The Budget increased funding to strengthen our Armed Forces, improve our homeland defenses, promote economic opportunity, and foster compassion.
- *Does the program meet the President's principles for appropriate use of taxpayer resources?* If an appropriate Federal role could not be identified in a program's mission, the Budget generally proposed to reduce or eliminate its funding.
- *Does the program produce the intended results?* The Administration is measuring the effectiveness of the government's programs—and the results are helping us make budgeting decisions.

Of the 154 savings proposals, 89 were acted on by Congress in whole or in part, for a total of \$6.48 billion in savings. This is a vast improvement from the FY 2005 budget in which the President proposed terminating 65 programs and only 7 proposals were adopted by Congress for a savings of \$366 million.

This document summarizes the 89 terminations and major reductions that Congress accepted, either in whole or in part, in the 2006 appropriations cycle. It also contains background information for each proposal. Combined with continuation of pro-growth economic policies, the spending restraint demonstrated by these savings will help us stay on track to meet the President's goal of cutting the deficit in half by 2009. The Administration hopes to build on this success in the FY 2007 budget.

Program Terminations—Of the 99 programs proposed for termination in the 2006 Budget, Congress terminated 24 (saving \$1.37 billion) and reduced funding for 28 (saving \$1.33 billion). The outcome of one termination proposal is still pending Congressional action.

Spending Reductions—Of the 55 programs proposed for reduction in the 2006 Budget, Congress reduced funding for 37 (saving \$3.78 billion).

We are pleased that Congress has acted to save \$6.4 billion (41% of what the President proposed) through these terminations and reductions. We look forward to working with Congress to achieve an even larger portion of the President's proposed savings in the year to come.

Summary of Proposals Enacted into Law

Summary of Congressional Action on FY 2006 Proposed Terminations and Reductions (budget authority in millions of dollars)	2005	2006			
	Enacted	President's Budget Request		Passed by Congress ¹	
	Budget Authority	Number of Savings Proposals	Budget Authority	Number of Savings Proposals Accepted	Budget Authority
Total Funding for Programs Proposed for Termination or Reduction	42,155		26,308		35,870
Terminations as Requested		99	-8,390	24	-1,370
Reductions as Requested		55	-7,458	20	-1,787
Terminations and Reductions Accepted as Requested		----- 154	----- -15,848	----- 44	----- -3,157
Lesser Terminations				28	-1,328
Lesser Reductions				17	-1,995
Terminations and Reductions Partially Accepted				----- 45	----- -3,323
Total Terminations and Reductions Accepted				89	-6,480

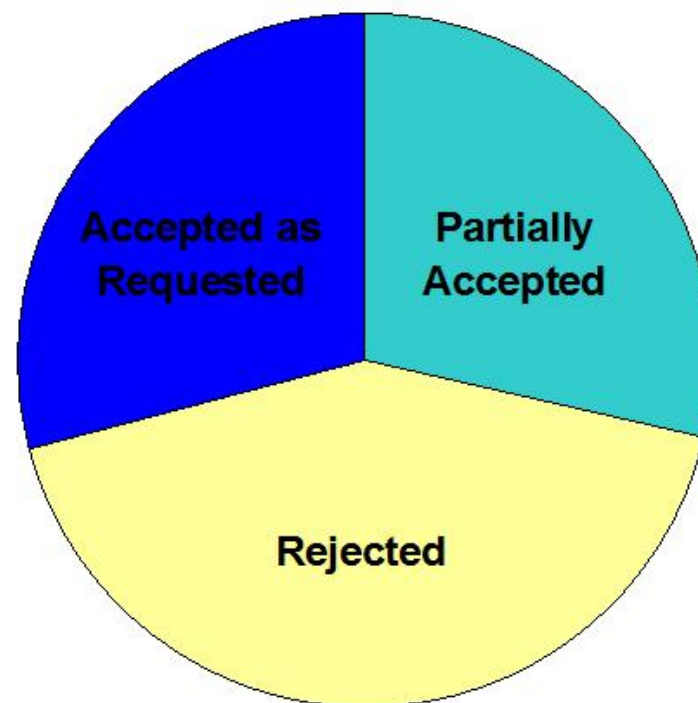
1. Does not include a proposal pending in the Department of Defense Appropriations Act.

Number of Proposals Accepted in Whole or in Part:
89 of 154 – 58 percent

■ **Accepted as Requested:**
45 proposals

■ **Partially Accepted:**
44 proposals

■ **Rejected:** **65 proposals**

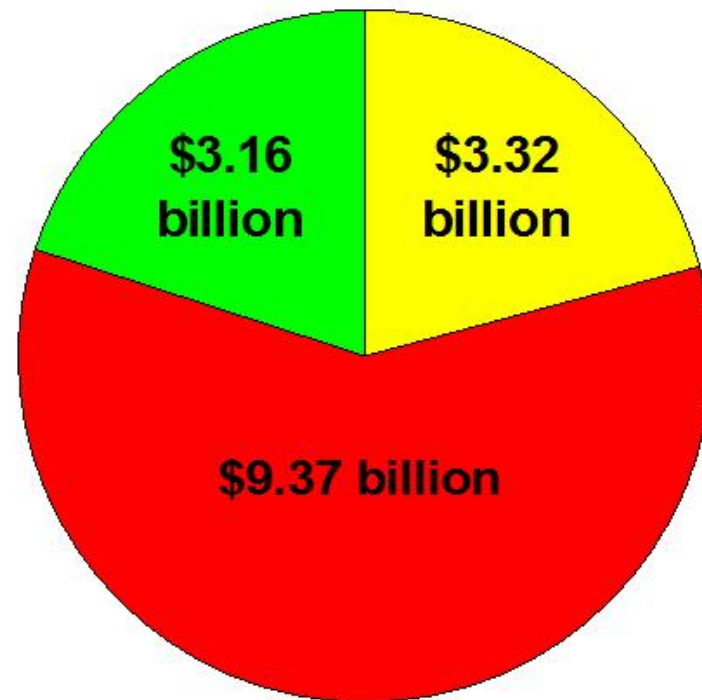


Dollar Value of Proposals Accepted: \$6.48 billion of \$15.8 billion

■ **Accepted as Requested, \$3.16 billion**

■ **Partially Accepted, \$3.32 billion**

■ **Rejected, \$9.37 billion**



List of Terminations Accepted in Whole or in Part

* Proposed termination partially accepted by Congress	Has the termination been proposed before?			2005	2006	2006
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Enacted</u>	<u>Request</u>	<u>Enacted</u>
Budget authority in millions of dollars						
<u>Department of Agriculture</u>						
<i>Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act:</i>						
AMS Biotechnology Program	N	N	N	4	---	---
* High Cost Energy Grants	Y	Y	Y	28	---	26
<i>Department of the Interior, Environment, and Related Agencies Appropriations Act (signed August 2):</i>						
* Forest Service Economic Action Program	N	Y	Y	19	---	10
Total, Agriculture Terminations				51	---	36
<u>Department of Commerce</u>						
<i>Science, State, Justice, Commerce, and Related Agencies Appropriations Act:</i>						
* Advanced Technology Program	Y	N	Y	136	---	80
Total, Commerce Terminations				136	---	80
<u>Department of Education</u>						
<i>Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act:</i>						
Comprehensive School Reform	N	N	Y	205	---	8
* Educational Technology State Grants	N	N	N	496	---	275
* Even Start	N	N	N	225	---	100
High School Program Terminations:						
* Vocational Education National Activities	N	N	Y	12	---	9
* Safe and Drug Free Schools State Grants	N	N	N	437	---	350
Small Elementary and Secondary Education Programs:						
* Javits Gifted and Talented Education	Y	Y	Y	11	---	10
* Ready to Teach	Y	Y	Y	14	---	11
* Parental Information and Resource Centers	Y	Y	Y	42	---	40
Community Technology Centers	Y	Y	Y	5	---	---
* Star Schools	Y	Y	Y	21	---	15
Smaller Higher Education Programs:						
Interest Subsidy Grants	N	N	N	1	---	---
Small Job Training and Adult Education Programs:						
Occupational and Employment Information	Y	Y	Y	9	---	---
Tech-prep Demonstration	Y	Y	Y	5	---	---
Literacy Programs for Prisoners	N	Y	Y	5	---	---
Small Vocational Rehabilitation Programs:						
* Projects with Industry	N	Y	Y	22	---	20
* Supported Employment	N	Y	Y	37	---	30

* Teacher Quality Enhancement Program	N	N	N	68	---	60
Total, Education Terminations				1,615	---	928

Department of Energy

Energy and Water Development Appropriations Act:

Hydropower Program	N	N	N	5	---	---
Nuclear Energy Plant Optimization	N	Y	Y	2	---	---
Nuclear Energy Research Initiative	N	N	Y	2	---	---
* Oil and Gas Programs	Y	Y	Y	79	20	65
Total, Energy Terminations				88	20	65

Health and Human Services

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act:

* ACF Community Service Programs:				30	---	5
<i>National Youth Sports</i>	Y	Y	Y			
<i>Community Food and Nutrition</i>	Y	N	Y			
<i>Job Opportunities for Low-Income Individuals</i>	N	N	N			
ACF Early Learning Opportunities Program	Y	Y	Y	35	---	---
CDC Congressional Earmarks	Y	Y	Y	60	---	---
CDC Preventive Health and Health Services						
* Block Grant	N	N	N	119	---	100
CDC Youth Media Campaign	N	N	N	59	---	---
Direct Service Worker Delivery Grants	N	N	N	3	---	---
HRSA Health Facilities Construction						
Congressional Earmarks	Y	Y	Y	483	---	---
HRSA Healthy Community Access Program	Y	Y	Y	83	---	---
HRSA State Planning Grant Program	N	Y	Y	11	---	---
HRSA Trauma Care	N	Y	Y	3	---	---
* Real Choice Systems Change Grants	N	N	N	40	---	25
Total, HHS Terminations				926	---	130

Department of Housing and Urban Development

Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act:

* HOPE VI	N	Y	Y	143	-143	100
Total, Terminations				143	-143	100

Department of the Interior

Department of the Interior, Environment, and Related Agencies Appropriations Act):

BLM Jobs-in-the-Woods Program	N	N	N	6	---	---
* LWCF State Recreation Grants (NPS)	N	N	N	90	---	28
* National Park Service Statutory Aid	N	N	N	11	---	7
Total, Interior Terminations				107	---	35

Department of Justice

Science, State, Justice, Commerce, and Related Agencies Appropriations Act:

* Byrne Justice Assistance Grants	N	N	N	626	---	331
COPS Hiring Grants	N	N	N	10	---	---
COPS Interoperable Communications Technology Grants	Y	Y	Y	99	---	10
* Juvenile Accountability Block Grants	N	N	Y	54	---	50
Other State/Local Law Enforcement Assistance Program Terminations	N	N	N	94	---	76
Total, Justice Terminations				883	---	467

Department of Transportation

*Transportation, Treasury, Housing and Urban Development, the
Judiciary, the District of Columbia, and Independent Agencies
Appropriations Act:*

National Defense Tank Vessel Construction Program	N	N	N	74	---	---
Total, Transportation Terminations				74	---	---

Environmental Protection Agency

*Department of the Interior, Environment, and Related Agencies
Appropriations Act:*

* Unrequested Projects	Y	Y	Y	489	---	319
Water Quality Cooperative Agreements	N	N	N	17	---	---
Total, EPA Terminations				506	---	319

National Aeronautics and Space Administration

*Science, State, Justice, Commerce, and Related Agencies
Appropriations Act:*

Hubble Space Telescope Robotic Servicing Mission	N	N	N	291	---	---
Total, NASA Terminations				291	---	---

Other Agencies

*Science, State, Justice, Commerce, and Related Agencies
Appropriations Act:*

National Veterans Business Development Corporation	N	N	N	2	---	2
* SBA: Microloan Program	N	N	N	15	---	14
SBA: Small Business Investment Company (SBIC) Participating Securities Program	N	N	N	---	---	---
Total, Other Agency Terminations				17	---	16

TOTAL, Terminations				4,837	-123	2,176
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List of Major Reductions Accepted in Whole or in Part

* Proposed reduction partially accepted by Congress	Has the reduction been proposed before?			2005	2006	2006
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Enacted</u>	<u>Request</u>	<u>Enacted</u>
Budget authority in millions of dollars						
<u>Department of Agriculture</u>						
<i>Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act:</i>						
Mandatory Reductions Providing						
Discretionary Offsets:						
	N	N	Y	-NA-	-90	-90
	N	N	N	-NA-	-2	-2
	N	N	Y	-NA-	-50	-80
	N	N	N	-NA-	-40	-55
*	N	Y	Y	-NA-	-200	-183
	N	Y	Y	-NA-	-16	-26
	Y	Y	Y	-NA-	-300	-300
	N	Y	Y	-NA-	-23	-23
	N	N	N	-NA-	-89	-89
	N	Y	Y	-NA-	-40	-40
	N	N	N	-NA-	-100	-100
	N	Y	Y	-NA-	-120	-120
	N	Y	Y	-NA-	-210	-210
	N	Y	Y	-NA-	-25	-42
<i>Reductions are proposed to various mandatory programs authorized by the FY 2005 Farm Bill to create discretionary savings.</i>						
<i>Department of the Interior, Environment, and Related Agencies Appropriations Act:</i>						
	N	N	N	515	381	439
*	N	N	N	2,097	1,444	1,771
*	Y	Y	Y	548	450	530
				[1,526]	[1,456]	[1,536]
				3,160	970	1,380
Total, Agriculture Major Reductions						
<u>Department of Education</u>						
<i>Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act:</i>						
	N	N	N	198	100	100
				198	100	100
Total, Education Major Reductions						
<u>Department of Energy</u>						
<i>Energy and Water Development Appropriations Act:</i>						
*	N	N	N	7,054	6,505	6,657
				7,054	6,505	6,657
Total, Energy Major Reductions						

Health and Human Services

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act:

* HRSA Health Professions	Y	Y	Y	450	161	298
* SAMHSA Programs of Regional and National Significance	N	N	N	792	687	760
* State, Local & Hospital Bioterrorism Preparedness Grants	N	N	N	1,406	1,280	1,311
Total, HHS Major Reductions				2,648	2,128	2,369

Department of Housing and Urban Development

Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act:

* Public Housing Capital Fund	N	N	N	2,579	2,327	2,464
Total, HUD Reductions				2,579	2,327	2,464

Department of the Interior

Department of the Interior, Environment, and Related Agencies Appropriations Act:

* Bureau of Indian Affairs School Construction	N	N	N	263	174	209
Total, Interior Reductions				263	174	209

Department of Justice

Science, State, Justice, Commerce, and Related Agencies Appropriations Act:

* Federal Bureau of Prisons Construction Program	N	N	Y	189	-144	---
* Juvenile Justice Law Enforcement Assistance Programs	N	N	Y	321	198	292
Total, Justice Major Reductions				510	54	292

Department of Labor

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act:

* International Labor Affairs Bureau	Y	Y	Y	93	12	73
Office of Disability Employment Policy	N	N	N	47	28	28
Workforce Investment Act Pilots and Demonstrations	Y	Y	Y	85	30	30
Total, Labor Reductions				225	70	131

Department of State

Foreign Operations, Export Financing, and Related Programs Appropriations Act:

* Assistance for the Independent States of the Former Soviet Union	N	N	N	556	482	514
Total, State Major Reductions				556	482	514

Department of Transportation

Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act:

FRA - Next Generation High Speed Rail	N	N	N	19	---	---
Total, Transportation Major Reductions				19	---	---

Department of the Treasury

Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act:

Internal Revenue Service - Taxpayer Service	N	N	N	3,606	3,567	3,568
Total, Treasury Reductions				3,606	3,567	3,568

Environmental Protection Agency

Department of the Interior, Environment, and Related Agencies Appropriations Act:

* Alaska Native Villages	N	N	N	45	15	35
* Clean Water State Revolving Fund	N	N	N	1,091	730	896
Total, EPA Major Reductions				1,136	745	931

National Aeronautics and Space Administration

Science, State, Justice, Commerce, and Related Agencies Appropriations Act:

* Aeronautics: Vehicle Systems Program	N	N	N	569	459	507
Jupiter Icy Moons Orbiter	N	N	N	402	280	120
Total, NASA Major Reductions				971	739	627

Other Agencies

Science, State, Justice, Commerce, and Related Agencies Appropriations Act:

U.S. Institute of Peace, Construction of New Building	N	N	N	99	---	---
Total, Other Agency Reductions				99	---	---

TOTAL, Major Reductions				23,024	17,861	19,242
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Background on Proposed Terminations Enacted in FY2006 Appropriations Process

Department of Agriculture: Discretionary Proposal AMS Biotechnology Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	4	---	---

Background

The Agricultural Marketing Service’s (AMS) biotechnology program was initiated in 2002 to develop the agency’s capacity to test non-grain commodities for bio-engineered traits. Since 2002, AMS has received annual appropriations in support of its biotechnology program and has used these funds to upgrade its laboratory testing facilities. As initially justified, a core component of the AMS biotechnology program was the establishment of a fee-for-service accreditation and testing program to allow private sector labs to perform biotechnology tests on non-grain commodities. After several years of funding, the agency has yet to establish an accreditation program due to a lack of demand for these services among the private sector.

Administration Action

The 2006 Budget proposed to terminate the AMS biotechnology program, a reduction of \$4 million from the 2005 enacted level due to a lack of demand for these services among the private sector. If demand for these services becomes apparent, AMS will work with the affected industries to determine alternative mechanisms to facilitate the movement of agricultural commodities. This reduction will not adversely affect the Department’s overall biotechnology initiative, as grain varieties account for the majority of all genetically modified commodities and are regulated and tested by the Grain Inspection, Packers and Stockyard Administration.

Department of Agriculture: Discretionary Proposal High Cost Energy Grants

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	28	---	26

Background

The High Cost Energy Grant program, which provides grants for areas where the cost to deliver energy is significantly higher than the average, was first funded in 2001. Only Alaska, Hawaii and a few isolated areas within the United States qualify for these grants. These same areas are eligible for low cost electric loans through the Rural Utilities Service.

Administration Action

The Budget proposed no new funding for High Cost Energy Grants. This program is duplicative. Funds are available through the Rural Utilities Service's electric loan program which can be used to support the provision of electric service in high cost areas. Also, using loans to provide support is more efficient than grants by allowing for more support (loan level) with fewer appropriated dollars.

Department of Agriculture: Discretionary Proposal Forest Service Economic Action Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	19	---	10

Background

The Economic Action Program provides technical and financial assistance to forest-dependent communities and local groups to enhance rural economies through the utilization of forest and related natural resources. The program was established in the 1990 Farm Bill, and is heavily earmarked by the Congress each year.

The Administration proposed termination of this program in the 2005 Budget, citing its duplication of other rural development programs.

Administration Action

The 2006 Budget proposed to eliminate funding for the program. This program is duplicative of other USDA Rural Development programs that address priority needs in rural areas including several programs that can assist forest-based industries. These other programs include Business and Industry guaranteed loans; Intermediary Re-lending Program; and Cooperative Development Grants. In addition, the significant increases in stewardship contracting proposed by the President and enacted by the Congress will benefit local businesses by allowing private companies, communities and others to retain forest and rangeland products in exchange for the service of thinning trees and brush and removing dead wood. Stewardship contracting fosters a public/private partnership to restore forest and rangeland health by giving those who undertake the contract the ability to invest in equipment and infrastructure.

Department of Commerce: Discretionary Proposal Advanced Technology Program (ATP)

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	136	---	80

Background

The Advanced Technology Program (ATP) supports industry-led research and development projects in areas of emerging technology. The Administration believes that grants to industry for such projects are not necessary, particularly given the growth in available sources of private funding, such as venture capital firms and corporate research labs. As an alternative to direct spending on R&D, the Administration supports permanent extension of the broadly available research and experimentation tax credit. The PART for this program noted that large shares of ATP funding have gone to major corporations, which may not be an appropriate use of Federal resources, and that past GAO studies found projects often have been similar to those conducted by firms not receiving such subsidies.

Administration Action

The Budget terminated ATP, providing no funding for new or prior year awards. The 2005 appropriated level does not provide for new awards, so the program is already effectively on a path to termination.

The Administration believes the program is no longer warranted in today's research and development environment. To address the highest priority needs of the U.S. science and technology base, the Budget provided \$485 million for the National Institute of Standards and Technology.

Department of Education: Discretionary Proposal Comprehensive School Reform

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	205	---	8

Background

The Comprehensive School Reform (CSR) program supports research-based reform models that address multiple aspects of schools and instruction, in particular in low-performing schools. In 2004, the Administration used the PART to analyze the program and found it to be duplicative of several aspects of Title I Grants to Local Educational Agencies, the largest No Child Left Behind (NCLB) program. For example, NCLB allows significantly more schools than under the prior law to use Title I funds to carry out the types of whole-school reforms supported by the CSR program. As a result, nearly 26,000 of the highest poverty Title I schools already operate schoolwide projects and thus enjoy the opportunity to conduct comprehensive reform efforts. In addition, within Title I funding, there is a set-aside of about \$520 million specifically for improvement activities in low-performing schools, the same as the highest priority grant recipients in the CSR program. School districts may use these funds to implement comprehensive reforms when they determine those reforms are the most effective route toward improving academic achievement.

Data indicate that CSR is unnecessary as a catalyst for change. The National Longitudinal Survey of Schools during the 2000-2001 school year found that a significant number of Title I schools were implementing research-based reform models, the focus of CSR, absent CSR funds. About 30,000 schools were implementing research-based school reform models, yet fewer than 10 percent were using CSR funds to do so.

In 2004 and 2005, the Administration proposed to eliminate CSR. Congress cut the program for the first time in 2005 (-\$29 million), from \$234 million to \$205 million.

Administration Action

The 2006 Budget proposed to eliminate the Comprehensive School Reform program and redirect funds toward Title I. The program duplicates Title I, and it is unnecessary, as the vast majority of schools that have adopted research-based models have done so without receiving CSR funding.

Department of Education: Discretionary Proposal Educational Technology State Grants

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	496	---	275

Background

The Educational Technology State Grants program supports funding for States and local school districts to utilize technology to improve instruction and student learning. It was created in the No Child Left Behind Act of 2001 as a consolidation of disparate educational technology programs. Program funding to States is locally distributed -- half by formula and half by a competitive process to eligible school districts. Funding supports teacher training in educational technology, technology deployment, and a host of other activities designed to utilize educational technology to improve student achievement.

While the program was created to better focus educational technology investments on student achievement, it is not clear that Educational Technology State Grants has been successful in accomplishing this mission. There is no performance information available to indicate whether the program is enhancing student learning.

Administration Action

The 2006 Budget proposed to terminate the Educational Technology State Grants program and redirect its funding to higher priority programs that are more closely focused on student achievement and have a more rigorous accountability structure in place. Schools today offer a greater level of technology infrastructure than just a few years ago, and there is no longer a significant need for a program limited to improving technology in schools. States can continue to support similar activities through other, larger Department of Education programs such as Title I Grants to Local Educational Agencies (\$13.3 billion) and Teacher Quality State Grants (\$2.9 billion).

Department of Education: Discretionary Proposal Even Start

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	225	---	100

Background

Launched as a small demonstration program in 1988, Even Start combines early childhood education, adult education, and parenting classes into “family literacy” programs for low-income children and their parents. Three national evaluations of the program, including two with rigorous random control trial designs, show that Even Start is not effective. The children and adults who participate in the program do not make greater literacy gains than non-participants. The most recent evaluation concluded that, while Even Start participants made small gains, they did not perform better than the comparison group that did not receive Even Start services. In addition, the scores of Even Start participants after one year of participation in the program were very low. For example, Even Start children scored at the 6th percentile when tested at the end of the program on a measure of vocabulary knowledge and Even Start parents scored at the 3rd grade level when tested at the end of the program on a measure of reading comprehension. Even Start received an Ineffective rating on the PART in 2004.

In 2004, the Administration proposed to fund only continuation awards, based on PART findings and the evaluations, to begin phasing out the program. In 2005, the Administration proposed termination. Congress provided the first funding cut for the program in 2005 (-\$22 million), reducing it from \$247 million to \$225 million.

Administration Action

The Budget proposed to eliminate the Even Start program and redirect funds to programs that are likely to be more effective at improving early childhood education including Title I. Even Start’s Ineffective PART rating and its poor results on national evaluations provides strong justification for terminating the program.

Department of Education: Discretionary Proposal Vocational Education National Activities

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	12	---	9

Background

Vocational Education National Activities provides national-level assessment, evaluation, dissemination, and technical assistance related to vocational and technical education. In its Final Report to Congress in June 2004, the National Assessment of Vocational Education found no evidence that high school vocational courses themselves contribute to academic achievement or college enrollment. Last year the Administration proposed a “Blueprint” for a reformed Vocational Education program that funds projects that demonstrate positive academic and work-related outcomes. Neither the House nor Senate reauthorization bills adopted significant reforms last year; no action was completed.

Administration Action

The 2006 Budget proposed to consolidate funding from Vocational Education National Activities and to redirect it to the President’s new High School Initiative. While this program was intended to support promising educational approaches, it lacks strong accountability mechanisms and has failed to demonstrate measurable results despite decades of investment.

**Department of Education: Discretionary Proposal
Safe and Drug-Free Schools State Grants**

Funding Summary
(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	437	---	350

Background

The Safe and Drug-Free Schools (SDFS) State Grants program provides formula grants to States and school districts for an array of activities intended to reduce youth crime and drug-abuse. Even though the State grant program is nearly 20 years old, it cannot demonstrate it has had a positive impact on reducing drug use and violence. A 2001 RAND study determined that the structure of the program is fundamentally flawed. It concluded that SDFS State Grants, which distributes funds according to a formula, are spread too thinly to support quality interventions. The PART rated this program as Ineffective in 2004. This program received its first significant reduction (-\$28 million) in 2004.

Administration proposal

The Budget proposed to terminate the Safe and Drug-Free Schools (SDFS) State Grants program, and redirect a portion of the funds to SDFS National Programs. As a result, funding for SDFS National Programs would increase by \$83 million to support projects with measurable outcomes and strong accountability mechanisms to help ensure that Federal funding in the area produces positive results. This includes an increase of \$15 million for the school-based Drug Testing initiative.

Department of Education: Discretionary Proposal Small Elementary and Secondary Education Programs

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	93	---	76

Background

The following five small elementary and secondary education grant programs are narrow-purpose and have no demonstrated results. Many of the activities supported by these programs can be supported under large formula grants if localities determine the need to be pressing. Others support activities that do not fill an appropriate Federal role. While most of these programs are intended to support laudable purposes, their design has not allowed them to meet their goals. Many of them lack performance objectives and measures and none have rigorous evaluations, preventing the Department of Education from assessing program effectiveness and identifying successful intervention strategies that could have broad national impact. Further, most of these programs lack administrative mechanisms for holding grantees accountable for achieving results, and several earmark funds for specific service providers rather than running true competitions (these are identified with an asterisk). These programs differ from many other programs authorized under the No Child Left Behind (NCLB) Act, such as Title I and Reading First, which have a strong accountability framework and encourage the use of scientifically based interventions, improving the prospects for participants to achieve positive and measurable outcomes.

Javits Gifted and Talented Education (2005 budget authority: \$11 million) supports activities to help high schools meet the special educational needs of gifted and talented students. Two-thirds of these program funds support research and demonstration grants; this function can be carried out under the Department's Institute of Education Sciences research.

Parental Information and Resource Centers (2005 budget authority: \$41.9 million) support grants to States and localities for increasing parental education and family involvement. Parent education and support activities are required and funded under other NCLB programs such as Title I.

Ready to Teach (2005 budget authority: \$14.3 million) supports competitive grants to nonprofit telecommunications entities to carry out programs to improve teaching in core curriculum areas, and to develop and distribute innovative educational and instructional video programming. These activities may be supported by the Teacher Quality State Grants program.

Community Technology Centers (2005 budget authority: \$5 million) support centers that offer residents of economically distressed areas access to computers and training. The Grants to State

Library Agencies program supports similar purposes by providing community access to computers and the internet.

Star Schools (2005 budget authority: \$20.8 million) supports a variety of distance education projects. An evaluation was initiated in 1999 but yielded no reliable findings of program effectiveness and was never completed. These activities may be supported by State Grant for Innovative Programs and Teacher Quality State Grants.

Administration Action

The President's Budget proposed to terminate these programs. Termination of these narrow-purpose programs does not mean that Federal support is no longer available for these activities. States and school districts that view these issues as a high priority can support them with funds provided under broad-purpose Federal education programs such as Title I, Teacher Quality State Grants, and State Grants for Innovative Programs.

**Department of Education: Discretionary Proposal
Interest Subsidy Grants**

Funding Summary
(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	1.5	---	---

Background

Interest Subsidy Grants finance the interest subsidy costs of a portfolio of higher education facilities loans guaranteed under Federal agreements with participating institutions of higher education. Balances from prior year appropriations are sufficient to cover all remaining obligations; no new funds are necessary.

Administration Action

The Administration proposed to terminate funding in 2006 because this higher education grant program has achieved its purpose and is no longer necessary.

Department of Education: Discretionary Proposal Small Job Training and Adult Education Programs

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	19	---	---

Background

The following programs provide job training or adult education to a limited population and lack a strong accountability mechanism to ensure positive results.

Occupational and Employment Information (2005 budget authority: \$9.3 million) supports State career guidance and academic counseling programs for youth and adults. Under the Administration's PART, this program received a Results Not Demonstrated rating because the impacts of this program are not known and no national evaluation exists.

Tech Prep Demonstration (2005 budget authority: \$4.9 million) supports demonstration projects to support consortia that establish secondary technical education programs on community college campuses. The Department has no data on the performance of this program.

Literacy Programs for Prisoners (2005 budget authority: \$5 million) funds competitive grants to State and local correctional institutions and correctional education agencies to support programs intended to reduce recidivism through the improvement of "life skills." The Department has almost no performance information for this program.

Administration Action

The Budget proposed to terminate these three small job training and adult education programs that are narrow purpose and have no demonstrated results. While these programs are intended to support laudable purposes, they lack clear performance objectives, measures, and evaluations, and do not have strong administrative mechanisms for holding grantees accountable for outcomes. The Administration's proposed Workforce Investment Act reforms will ensure continued strong Federal support for needed job training.

**Department of Education: Discretionary Proposal
Small Vocational Rehabilitation Programs**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	59	---	50

Background

Projects with Industry (PWI) (2005 budget authority: \$21.6 million) help individuals with disabilities obtain employment and advance their career in the competitive labor market. PWI is duplicative, as the VR State Grants program provides the same services to the same target populations.

Supported Employment (2005 budget authority: \$37.4 million) was created in 1986 to encourage VR agencies to provide supported employment services to individuals with significant disabilities. At the time, supported employment was a new practice to employ individuals who traditionally would not be employed in integrated settings. Today, supported employment is recognized as an effective strategy to help individuals with significant disabilities obtain jobs. In fact, since 1996 more individuals received supported employment services through VR State Grant funding than through the separate Supported Employment funding. The Supported Employment program has achieved its original purpose.

Administration Action

The Administration proposed to terminate these two programs, since the populations served and services provided under these programs are served under VR State Grants.

Department of Education: Discretionary Proposal Teacher Quality Enhancement Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	68	---	60

Background

The Teacher Quality Enhancement program, first funded in 1998, provides support for multiple types of activities, including Recruitment and Partnership Grants that support collaboration between schools of education and local school districts to recruit and train teachers to serve in high-need schools, and Grants to States for reforming their teacher preparation and accreditation systems.

In 2004, the Administration completed a PART assessment of this program and gave it a rating of Results Not Demonstrated, due to its lack of performance information and program management deficiencies. The assessment concluded that the Recruitment and Partnership grant components of this program are redundant of other Department of Education programs which have greater promise for success, particularly the \$2.9 billion Teacher Quality State Grants program. In addition, the State grants portion of the program does not have a demonstrated track record of results, with some States even declining to apply for these grants.

Administration Action

Because the Teacher Quality Enhancement program has failed to show results and many of its activities can be supported under the Teacher Quality State Grants program, the Administration proposed to eliminate funding for it in 2006. As part of its effort to support the most promising teacher quality activities, the Administration proposed to redirect funding to other programs with a greater likelihood of success, including the President's new Teacher Incentive Fund.

Department of Energy: Discretionary Proposal Hydropower Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	5	---	---

Background

The program funds research and development (R&D) and testing of hydropower turbine designs that are intended to increase the efficiency of electricity generation and improve environmental performance, such as fish survivability. In the early 1990s, the program was funded at about \$1 million annually and focused on conducting regulatory reviews to help hydropower operators navigate complex re-licensing processes. Later, the program conducted hydropower resource assessments and began developing prototype turbines that could improve efficiency and fish survivability. The program ended work on its prototype turbine in 2003 when it could not find a private partner willing to cost-share in full-scale testing. The program's focus then switched to R&D on existing commercial designs with the potential for efficiency gains. This work is within industry's financial capability and in industry's financial interest. Therefore, it is not appropriate for Federal funding under the Administration's R&D Investment Criteria.

Administration Action

The 2006 Budget proposed to terminate the program because hydropower technology R&D has advanced to the point that it can now be conducted by industry. The Budget included \$500,000 for the program to closeout current projects and transfer results to industry.

Department of Energy: Discretionary Proposal Nuclear Energy Plant Optimization (NEPO)

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	2	---	---

Background

The NEPO program was started by the Department of Energy in 2000 to address the technical issues that may prevent existing nuclear power plants from continuing to operate. These technical issues include mitigating plant aging and improving plant reliability, availability, and productivity. The Administration's Research and Development (R&D) Investment Criteria, jointly issued by the Office of Management and Budget and the Office of Science and Technology Policy, require R&D for technologies that address industry needs to demonstrate public benefits and justify that there is a market failure such that there is no motivation for private-sector investment. This program does not meet these criteria.

Administration Action

Consistent with the R&D Investment Criteria, the 2006 Budget proposed to terminate this program because of the limited public benefits and industry's ability and financial interest in undertaking this R&D. The benefits of the program accrue primarily to private utilities. The 2006 Budget allocated funds previously provided for this program to other nuclear energy research and development efforts that support innovative ideas that benefit the public interest and would otherwise not be pursued by the private sector (such as deriving hydrogen from nuclear power and next generation (Generation IV) nuclear power technologies).

Department of Energy: Discretionary Proposal Nuclear Energy Research Initiative (NERI)

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	2	---	---

Background

Initiated in 1999, the NERI program funds research and development (R&D) on next-generation nuclear energy technologies and fundamental areas of nuclear science. Starting in 2004, the Department began incorporating NERI activities directly into its main nuclear R&D programs (e.g., Generation IV R&D, the Advanced Fuel Cycle Initiative, and the Nuclear Hydrogen Initiative). Housing NERI within the core R&D programs allows for more targeted and coordinated research. This should lead to improved results for the Department of Energy's nuclear R&D efforts and should achieve greater participation of the Nation's university research community in these activities. The 2006 Budget completes this transition.

Administration Action

The 2006 Budget proposed to eliminate funding for NERI as a separate program and to integrate these funds into the Department's main nuclear R&D programs. These funds will continue to be devoted entirely to nuclear energy research conducted at universities and colleges throughout the United States. The programs retain the independent peer review critical to ensuring the pursuit of leading-edge technologies.

Department of Energy: Discretionary Proposal Oil and Gas Programs

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	79	20	65

Background

The Oil and Gas research and development (R&D) programs develop technologies that reduce the cost of exploration and production of petroleum and natural gas reserves. The programs' activities often duplicate private-sector R&D efforts, and do not meet the Administration's performance results or R&D Investment Criteria. The Oil and Gas R&D programs were rated "Ineffective" in the PART analysis of program performance, based largely on their inability to demonstrate clear results of the research efforts.

Administration Action

The 2006 Budget provided for the orderly termination of the Oil and Gas R&D programs. These R&D activities are more appropriate for the private-sector oil and gas industry to perform. The industry has the financial incentive and resources to develop new ways to extract oil and gas from the ground more cheaply and safely. The \$20 million of budget authority proposed in the Budget will be used to fulfill environmental remediation, contract termination, and other legal obligations incurred by ending the program. Prior-year funds will be used to support ongoing projects. The orderly termination of the programs will be structured to avoid disruption to the Federal workforce and minimize contractual obligations in 2006.

**Department of Health and Human Services: Discretionary Proposal
ACF Community Service Programs
(not consolidated into the Economic and Community Development Programs)**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	30	---	5

Background

The *National Youth Sports* program is an annual grant that provides a developmental and instructional sports program to low-income youth. For over 30 years the same grantee has received this funding creating, in effect, a noncompetitive program (2005 budget authority: \$18 million).

The *Community Food and Nutrition* program provides grants to public and private entities to coordinate food assistance, identify sponsors for child nutrition programs, and test approaches to meet the nutrition needs of low-income people. States currently receive similar assistance through programs administered by the Department of Agriculture’s Food and Nutrition Service (2005 budget authority: \$7 million).

The *Job Opportunities for Low-Income Individuals (JOLI)* program provides grants to non-profits to create new employment and business opportunities for low-income individuals. Local communities may provide similar services targeted to low-income individuals with funding from the economic development grant in the Commerce Department (2005 budget authority: \$5 million).

These programs have no performance standards to assess their effect.

Administration Action

No funds were requested for National Youth Sports, Community Food and Nutrition, and JOLI for 2006. These programs are too narrowly focused to have a major benefit and either duplicate other Federal programs or are essentially noncompetitive. The 2006 Budget focused resources on other, higher priority programs.

**Department of Health and Human Services: Discretionary Proposal
ACF Early Learning Opportunities Program**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	35	---	---

Background

The Early Learning Opportunities Program was created in 2001 to provide grants supporting local community efforts that help parents, caregivers, educators, and childcare providers increase their capacity to facilitate child development. Grants may also be used to improve access to existing learning programs by expanding the hours centers are open or the number of children served. In 2004, the Administration for Children and Families awarded about 40 grants, ranging from \$268,000 to \$1 million, to local community councils.

The program duplicates the Department of Education’s Early Reading First program (2006 budget authority: \$104 million), and the Early Childhood Education Professional Development Grant program (2006 budget authority: \$15 million) funds activities similar to this program.

Administration Action

No funds were requested for the Early Learning Opportunities Program in 2006. This is consistent with the Administration’s requests for fiscal years 2002-2005. The Early Reading First and the Early Childhood Education Professional Development grants will support local community efforts in a more comprehensive manner.

Department of Health and Human Services: Discretionary Proposal CDC Congressional Earmarks

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	60	---	---

Background

The Congress earmarked \$60 million for specific projects at nearly 200 universities, community organizations and other entities through the Centers for Disease Control and Prevention (CDC) in 2005. The Congress has directed over \$250 million of the Federal investments made through CDC to individual awardees since 2001. Examples of earmarks funded by the Congress through CDC in 2005 include an award to a local YMCA for fitness equipment and an award for the International Species Information System. These earmarks are not awarded competitively by CDC and do not go through CDC's merit-based awards process.

Administration Action

The 2006 Budget requested no funding for project earmarks funded by the Congress at the Centers for Disease Control and Prevention. The Administration believes that these earmarks do not represent an effective use of Federal dollars. Competitive grants that are peer reviewed and can be targeted toward high priority National needs are a more effective use of Federal funding.

Department of Health and Human Services: Discretionary Proposal CDC Preventive Health and Health Services Block Grant

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	119	---	100

Background

The main uses of the Preventive Health and Health Services Block Grant (PHHSBG) are chronic disease prevention (40%), public health infrastructure (16%), access to healthcare (13%), injury reduction (7%), prevention and services for sex offenses (6%), immunizations and infectious diseases (6%), and other activities (12%). In 2004, the average award to States was approximately \$2 million. The PHHSBG has been funded at about the same level for each of the past six years.

The PHHSBG was created in 1981 through the consolidation of multiple categorical programs. Since that time, categorical programs have reemerged. In the main areas covered by the block grant, CDC categorical programs have grown to more than \$750 million a year. The block grant lacks national level performance outcome information and overlaps with categorical funding.

Administration Action

The 2006 Budget proposed no funding for the Preventive Health and Health Services Block Grant (PHHSBG) at the Centers for Disease Control and Prevention (CDC). The 2006 Budget instead invested in categorical grants at CDC where there is greater accountability and evidence of impact. The 2006 Budget also continued to make significant investments in the public health system through State and local bioterrorism preparedness grants through the Public Health and Social Services Emergency Fund.

Department of Health and Human Services: Discretionary Proposal CDC Youth Media Campaign

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	59	---	---

Background

The CDC Youth Media Campaign is a paid media campaign to encourage young people aged 9-13 to be more physically active. The campaign was first funded in 2001 at \$125 million. The Administration requested no funding in 2002 and 2003 and \$5 million each year in 2004 and 2005. The Youth Media campaign has developed lessons and materials over the past four years that can also be used for public service announcements and by the private sector. Some owners of children's programming have recently created programs intended to get children to be more physically active, including Nickelodeon, the Disney Channel and PBS Kids. The establishment of these programs, which support the same objectives as the Youth Media Campaign, illustrates that there is no longer a need for this Federal program.

Administration Action

The 2006 Budget proposed no funding for the Youth Media Campaign at the Centers for Disease Control and Prevention (CDC). Instead, the 2006 Budget invested in competitive grants in school health, nutrition, and physical activity to help States and local communities improve the health of the Nation's youth.

Department of Health and Human Services: Discretionary Proposal Direct Service Worker Grants

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	3	---	---

Background

The Direct Service Worker grants were proposed as a time-limited demonstration in the 2003 and 2004 Budgets, and then extended in the 2005 Budget. These workforce demonstration grants test the effectiveness of various strategies to recruit and retain direct care services workers that support disabled individuals who want to stay in the community.

Administration Action

The 2006 Budget did not include the Direct Service Worker grants, which are a three year, time-limited demonstration. These grants expire after 2005.

The 2006 Budget included approximately \$3 billion over ten years (\$385 million in budget authority in 2006) in other mandatory demonstrations and programs in support of the President's New Freedom initiative for individuals with disabilities, including the Money Follows the Person demonstration.

Department of Health and Human Services: Discretionary Proposal HRSA Health Facilities Construction Congressional Earmarks

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	483	---	---

Background

In 2005, the Congress directed almost half a billion dollars in earmarks through the Health Resources and Services Administration (HRSA). The Congress provided \$486 million to over 900 hospitals, universities, and other entities. The earmarks are awarded to specific projects and locations and do not go through HRSA’s merit-based awards process. Many of these projects have received continuous funding for years. The Congress has directed more than \$1.7 billion through this program to individual awardees since 2001. Examples of earmarks funded by the Congress through HRSA in 2005 include an award to a policy institute for developing internet-based educational materials for integrative medicine and an award to a health department for medical resident stipends.

Administration Action

In the 2006 Budget, the Administration again proposed the elimination of funding for HRSA awards earmarked to specific projects and locations. The Administration believes that these earmarks do not represent an effective use of Federal dollars. Competitive grants that are peer reviewed and can be targeted toward high priority National needs are a more effective use of Federal funding.

Department of Health and Human Services: Discretionary Proposal HRSA Healthy Community Access Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	83	---	---

Background

The Healthy Community Access Program (HCAP) at the Health Resources and Services Administration (HRSA) was first funded in 2000. Past Budget requests have reduced or eliminated the program.

The program provides small grants to consortia of healthcare providers to build networks and support coordination. HCAP consortia include health departments, federally qualified health centers, public hospitals, and businesses. Funds can be used for a broad range of activities, such as buying computers, developing disease management protocols, and developing referral arrangements. The program lacks concrete goals and does not have a demonstrated impact on expanding access to health care.

Administration Action

The 2006 Budget proposed to terminate the Healthy Community Access Program. As of 2005, the Federal government has invested \$525 million in HCAP without knowing what return has been received.

Department of Health and Human Services: Discretionary Proposal HRSA State Planning Grant Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	11	---	---

Background

The State Planning Grant Program at the Health Resources and Services Administration (HRSA) was first funded in 2000. Past Budget requests have reduced or eliminated the program. The program provides grants to States to conduct health insurance surveys and develop plans for expanding access to insurance. The program lacks concrete goals and does not have an impact on expanding access to health insurance or reducing the number of uninsured.

Administration Action

The 2006 Budget proposed no funding for the State Planning Grant Program. As of 2005, the Federal government has invested \$87 million in the program without knowing what return has been received.

The Budget invested generously in programs that provide access to health care. The President has requested \$2.0 billion for Health Centers, a \$304 million increase over the 2005 level, to provide access to care for more than 16.3 million low-income individuals, regardless of ability to pay. The Budget also included \$1 billion in grants over two years for Cover the Kids, a new campaign to enroll millions more low-income children in Medicaid and SCHIP. The Budget also included tax policies that will facilitate individuals' purchase of health insurance, including:

- \$74 billion over 10 years for health-insurance tax credits for low-income families that will ultimately help 15 million families purchase affordable health insurance.
- \$4 billion in grants to States to establish health insurance purchasing pools, through which people who qualify for the tax credit can obtain coverage.
- \$28.5 billion over 10 years for tax deductions premiums for major medical insurance, which will ultimately help 6 million Americans save for their health care costs in tax-free accounts.
- \$19.2 billion over 10 years for tax rebates for small businesses that contribute to their employees' HSAs, encouraging more small employers to offer health benefits.

Department of Health and Human Services: Discretionary Proposal HRSA Trauma Care

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	3	---	---

Background

The Trauma Care Program was first funded in 2001. The program was developed to assist States in stabilizing the infrastructure of the Trauma/Emergency Medical Services (EMS) systems. Funds for this program have also been used to provide State-by-State Trauma/EMS assessments.

Administration Action

The 2006 Budget proposed no funding for the Trauma Care Program at the Health Resources and Services Administration (HRSA). This program's activities can be continued under the much larger National Hospital Preparedness Program.

Department of Health and Human Services: Discretionary Proposal Real Choice Systems Change Grants

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	40	---	25

Background

The Centers for Medicare and Medicaid Services Real Choice Systems Change grants have been funded since 2001. These grants were established to help States develop improvements to provide community-based supports for individuals with disabilities.

Administration Action

The 2006 Budget did not continue this transition grant. The Real Choice Systems Change grants encourage States to develop the infrastructure to move more disabled individuals from institutions into home and community-based care. After five years, these grants have helped States develop a better understanding of how to improve their home and community-based supports and provide these services more effectively.

The 2006 Budget included approximately \$3 billion over ten years (\$385 million in budget authority in 2006) in other mandatory demonstrations and programs in support of the President's New Freedom initiative for individuals with disabilities, including the Money Follows the Person demonstration. These mandatory proposals fund several demonstrations that are similar to those funded under the Systems Change grants.

Department of Housing and Urban Development: Discretionary Proposal HOPE VI

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	143	-143	100

Background

In 1992, Congress established the Revitalization of Severely Distressed Public Housing (HOPE VI) program to address 100,000 of the most severely distressed public housing units in the Nation’s urban neighborhoods by 2003. Through competitive grants, HOPE VI has awarded local public housing authorities over \$6 billion to demolish, rehabilitate, and replace obsolete public housing with mixed-income communities as well as provide social services to residents.

The program was originally designed to address a discrete problem – demolish 100,000 dangerous and dilapidated public housing units by the end of 2003. Today, that goal has been exceeded. Through 2004, 117,000 units have been demolished and HUD has approved and funded the future demolition of almost 50,000 more. In addition, the 2005 PART analysis found the program to be more costly than other alternatives. GAO found the housing-related costs of a HOPE VI unit were 27 percent higher than a housing voucher and 47 percent higher when non-housing costs were included. And finally, the program has also been slow to produce results. Typically at least five years pass between the time a HOPE VI award is made and when a new unit is occupied. In contrast, the HOME block grant program produces new rental units within about 2 years.

Given the program has exceeded its primary objective, has higher per-unit costs than other alternatives, and has extensive delays, HOPE IV is not the most productive way to address capital needs in public housing. Therefore, the Administration continues to recommend terminating the program.

Administration proposal

The 2006 Budget proposed to terminate the HOPE VI program. The program has surpassed its primary goal to demolish 100,000 severely distressed public housing units by 2003. While the program has achieved success in removing dangerous public housing, the 2005 PART analysis showed the program to be slow at completing construction and more costly than other programs that serve the same population. The Budget proposed to cancel 2005 funding for this program (and requests no further funding in 2006) and to redirect the dollars to more cost-effective alternatives such as Section 8 Tenant-based Rental Assistance.

Department of the Interior: Discretionary Proposal BLM Jobs-in-the-Woods Program

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	6	---	---

Background

The Bureau of Land Management's (BLM) Jobs-in-the-Woods program began in the early 1990s as a temporary program to assist timber workers in the Northwest displaced as a result of reduced timber harvests on Federal lands, primarily related to litigation over the endangered Northern Spotted Owl and retooling in the wood-products industry. The program employed workers to conduct a variety of ecosystem restoration activities. Since then, many displaced workers have moved on to find other work.

More recently, timber volume offered on Federal lands has increased, and the Administration is requesting additional funding for timber management on Federal lands in 2006. A similar program in the Fish and Wildlife Service was terminated in 2005.

Administration Action

The 2006 Budget proposed to terminate the BLM's Jobs-in-the-Woods program. The program was a temporary measure and is no longer necessary. It was initiated in the early 1990s to provide temporary employment for timber workers affected by decreased harvesting allowed on Federal lands. The programmatic effects of this change will be partially offset by funding increases for other ecosystem restoration activities, including increased thinning of late successional forests to improve their old-growth characteristics.

Department of the Interior: Discretionary Proposal LWCF State Recreation Grants

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	90	---	28

Background

Land and Water Conservation Fund (LWCF) State recreation grants were first authorized under the 1965 LWCF Act, which sought to “conserve, develop, and utilize [outdoor recreation] resources for the benefit and enjoyment of the American people.” Until the mid-1990’s, LWCF funds were only used for Federal land acquisition and State recreation grants. Since then, the Congress and the Administration have broadened the use of LWCF funds to support a variety of conservation and partnership programs. The 2006 Budget continues to propose LWCF funds for these programs, which generally help fulfill Federal goals and needs.

A 2003 PART review of the LWCF State recreation grants program gave it a low score (25% out of 100%) because the program lacked performance measures and could not demonstrate results.

Administration Action

The 2006 Budget terminated LWCF State recreation grants. These grants support improvements to State and local parks that are more appropriately funded through State revenues or bonds. In fact, State bonds have raised billions of dollars for State and local parks and recreation programs in recent years. Federal funding for these local purposes is not a responsibility for Federal taxpayers. Further, a PART review found the current program could not measure performance or demonstrate results.

Department of the Interior: Discretionary Proposal NPS Statutory Aid

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	11	---	7

Background

The National Park Service (NPS) statutory aid includes a variety of small earmarks to different groups that have some connection to conservation, historic preservation, or outdoor recreation. The Executive Branch historically has sought to limit the number of these grants, because they are not subject to a competitive merit-based process and generally do not fund national priorities. Starting with the 2005 Budget, the Administration has proposed to completely eliminate these grants in order to concentrate resources on higher Federal priorities, such as maintaining national parks.

Administration Action

The President's Budget terminated NPS grants to various non-Federal entities conducting historical or recreational activities. These activities are secondary to the NPS mission and are not a Federal responsibility. They also have no performance requirements and have not demonstrated results.

Department of Justice: Discretionary Proposal Byrne Justice Assistance Grants

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	626	---	331

Background

The Byrne Justice Assistance Grant (JAG) Program was first funded by the Congress in 2005. The JAG is a formula grant program created from the merger of the Byrne Formula Grant and the Local Law Enforcement Block Grant. The JAG program is intended to help State and local law enforcement control violent and drug-related crime, as well as improve operations and coordination. These grants can be used for multiple purposes, including hiring, equipment, and training.

The crime rate has declined during this Administration to a 30-year low. Also, despite spending more than \$4 billion since 2001, the JAG grants and its predecessors have not been able to demonstrate an impact on crime. Much of the justification for such assistance has diminished in comparison to other priority needs, such as increasing Federal counterterrorism efforts and reducing the Federal deficit.

Administration Action

The 2006 Budget proposed to terminate the JAG grants. With the crime rate at an historic low and with no demonstrable impact on crime, there is little justification for continued funding in comparison to other priority needs. The Budget proposed to cancel funding for this program and to redirect the dollars to other higher priority programs.

Department of Justice: Discretionary Proposal COPS Hiring Grants

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	10	---	---

Background

The Community Oriented Policing Services (COPS) Hiring Grants, administered by the Office of Community Oriented Policing, provide temporary, 3-year grants to local police departments for the hiring of police officers, after which the local agencies absorb the full costs of retaining the officers. The program has met the previous Administration's goal for the hiring of 100,000 officers; funding has been provided for the hiring of over 118,000 police officers.

Evaluations of the COPS Hiring Grants have raised questions about the effectiveness of such grants in producing a measurable impact on crime. A 2004 PART assessment showed that the program could not demonstrate results. In addition to the PART assessment, the Heritage Foundation's Center for Data Analysis has found the grants ineffective in reducing violent crime.

The crime rate has declined during this Administration. Today, the crime rate is at a 30-year low and much of the justification for such assistance has diminished in comparison to other priority needs, such as increasing Federal counterterrorism efforts and reducing the Federal deficit.

Administration Action

The 2006 Budget proposed to terminate the COPS Hiring Grant program as have previous Administration budgets. The program has accomplished its goals. The lack of demonstrated results as well as a crime rate at an historic low call into question continued funding for the program. The Budget proposed to cancel funding for this program and to redirect the dollars to other higher priority programs.

Department of Justice: Discretionary Proposal COPS Interoperable Communications Technology Grants

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	99	---	10

Background

Administered by the Office of Community Oriented Policing Services, the COPS Interoperable Communications Technology Grant Program was initiated in 2003 to provide grants to State/local law enforcement agencies to upgrade communications equipment and promote interoperability among emergency response agencies.

As in preceding years, the 2006 Budget proposed consolidating such assistance through the Department of Homeland Security (DHS) to ensure that priority needs for interoperable communications are met at the State and local level. (In 2004, DHS grantees allocated over \$800 million for this purpose.) The 2006 Budget proposed almost \$3.6 billion in grants within DHS for homeland security grants, of which State and local law enforcement would be eligible for \$2.5 billion. Addressing interoperable communications needs of first responders, including law enforcement, is a top priority for this DHS funding. As a result, a separate program within the Department of Justice is not needed.

Administration Action

The 2006 Budget proposed to terminate the COPS Interoperable Communications Technology Grant Program because it is duplicative of DHS grants. The interoperable communications technology needs of first responders, including State and local law enforcement, are addressed by DHS grants.

**Department of Justice: Discretionary Proposal
Juvenile Accountability Block Grants**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	54	---	50

Background

The Juvenile Accountability Block Grants (JABG) Program dates to 1998. It is intended to help States and localities improve their juvenile justice systems by implementing accountability-based reforms. Overly broad categories of assistance (the program has 16 general purpose areas) have limited the Department’s ability to target funding to priority juvenile justice needs and ensure that funds are spent wisely.

Much of the justification for this assistance has diminished in comparison to other priority needs, such as increasing Federal counterterrorism efforts and reducing the Federal deficit. The program was assessed and found ineffective using the PART process for the 2004 Budget. Other than anecdotal information, there is little evidence that the program reduces juvenile crime. Today, the crime rate is at a 30-year low. Juvenile crime has fallen as well – the juvenile arrest rate for violent crime fell by 48 percent over the last decade and the arrest rate for property crime has fallen to its lowest level in three decades.

Administration Action

The 2006 Budget proposed to terminate the JABG Program. With crime at an historic low, juvenile arrests falling, and the program found ineffective, there is little justification for continued funding. The Budget proposed to cancel funding for this program and to redirect the dollars to other higher priority law enforcement programs.

**Department of Justice: Discretionary Proposal
Other State/Local Law Enforcement Assistance Program Terminations**

Funding Summary
(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	94	---	76

Background

The Office of Justice Programs manages a number of small assistance programs that are intended to assist State and local law enforcement. In the 2006 Budget requested no funding for the Crime Information Technology Assistance (CITA) Program (-\$28 million) or the Coverdell Forensic Science Grants (-\$15 million) because the Administration prioritized Federal assistance to DNA funding for crime labs through the Administration’s DNA Initiative, consistent with prior budgets, funded at \$236 million in the 2006 Budget. Police Corps (-\$15 million) has not proven cost-effective at approximately \$180,000 per officer trained. In addition, funding was not requested for: Victims of Trafficking Grants (-\$10 million), the White Collar Crime Information Center (-\$9 million), the Automated Victim Notification Program (-\$8 million), COPS Safe Schools (-\$4 million), Law Enforcement Family Support (-\$2 million), Elderly Telemarketing Fraud (-\$2 million), and the Alzheimer Patient Safe Return Program (-\$1 million). Most of these programs are too narrow and fragmented to have a nationwide impact on crime. Hate Crime Technical Assistance and Training (-\$1 million) was a one-time request for 2005.

For forensic sciences and laboratory improvement grants, the 2006 Budget focused on improvements that support uses of DNA to solve crimes and protect the innocent, rather than the general improvements that have been funded through the Crime Information Technology and Coverdell programs. Most of the programs above cannot demonstrate results.

Administration Action

The 2006 Budget proposed to terminate several State and local law enforcement assistance programs. In some cases (CITA and Coverdell grants), the Budget proposed to address needs through the DNA Initiative, funded at \$236 million in the 2006 Budget. In other cases the programs have not demonstrated results and are too fragmented to have a nationwide impact on crime. The Budget proposed to cancel funding for these programs and to redirect the dollars to other higher priority law enforcement programs.

Department of Transportation: Discretionary Proposal
Maritime Administration
National Defense Tank Vessel Construction Program

Funding Summary
(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	74	---	---

Background

The National Defense Tank Vessel Construction Program was established in FY 2005 to provide financial assistance to the private sector for the construction of new product tank vessels (e.g. specialized oil tankers). \$74 million was appropriated for this program in the Consolidated Appropriations Act of 2005. While these vessels may be made available for the military when needed, the primary purpose will be for commercial service.

Administration Action

The President’s Budget proposed to terminate the National Defense Tank Vessel construction program. The program is similar to a costly and ineffective ship construction program that was terminated in 1981.

The proposal to terminate this program was aimed at reducing unwarranted corporate subsidies. The Administration believes that the commercial shipbuilding industry should rely on private sector financial investment based on market demand.

Environmental Protection Agency: Discretionary Proposal Unrequested Projects

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	489	---	319

Background

Unrequested or earmarked projects often serve local interests and do not fulfill national priorities or Federal responsibilities. Earmarks are not subject to competitive or merit-based processes that typically assure higher priorities are funded first. A vast majority of these earmarks are targeted for wastewater or drinking water infrastructure projects, while others are for specific research projects. These earmarks require even more oversight and technical assistance from EPA than standard grants since many recipients are unprepared to spend or manage the funds. These projects generally take several years to complete, requiring EPA resources for an extended period of time. Earmarks have increased in number and/or dollars in recent years.

Administration Action

The 2006 Budget proposed savings from not continuing funding for earmarked projects in three EPA accounts. These projects divert funding from other higher priority programs, circumvent competitive processes, and divert people and associated financial resources from the Agency's core mission activities. While funding for such projects decreased from 2004 to 2005, the number of projects increased to a record 863 in 2005. As the number of grants increase, EPA must devote more resources to oversight, regardless of funding levels.

Environmental Protection Agency: Discretionary Proposal Water Quality Cooperative Agreements

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	17	---	---

Background

The Water Quality Cooperative Agreements program provides grants to States, municipalities, and other entities to promote the prevention, reduction and elimination of water pollution. Activities eligible for funding through the Water Quality Cooperative Agreements program include research, investigations, experiments, training, environmental technology demonstrations, surveys, and studies. However, the program’s utility to applicants is limited, as funds cannot be used for ongoing programs.

Administration Action

The Budget redirected funding for Water Quality Cooperative Agreements to EPA Water Pollution Control grants. Unlike the Water Quality Cooperative Agreements, which cannot fund ongoing programs, Water Pollution Control grants help States establish and implement ongoing clean water programs. States have the primary responsibility for developing and implementing programs to comply with the Clean Water Act, and are facing challenges in meeting the Act’s requirements. These additional funds will provide States with resources for long-term critical activities such as water quality permitting and monitoring.

National Aeronautics and Space Administration: Discretionary Proposal Hubble Space Telescope Robotic Servicing Mission

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	291	---	---

Background

The Hubble Space Telescope was deployed in 1990 and had a planned 15-year lifetime. The telescope was designed to be upgraded and maintained every few years using Space Shuttle flights. Due to astronaut safety concerns, NASA cancelled the next Shuttle-based servicing mission, prompting the agency to refocus its attention on developing a mission to service Hubble via robotic means.

Recent evaluations conducted by a number of independent groups have concluded that a robotic servicing mission may cost upwards of \$2 billion and that there is a high probability that the mission will fail due to the use of unproven technology and the compressed schedule required to reach Hubble before the telescope's systems fail beyond repair.

Administration Action

The 2006 Budget proposed to terminate the mission to robotically service the Hubble Space Telescope. Given the high cost and low chance of success associated with a Hubble robotic servicing mission, it is more appropriate to allocate limited resources to the development of the next-generation of space telescopes that will replace the Hubble. Hubble's science operations will continue to be funded as long as the telescope remains operable, and NASA will continue to aggressively work on further extending Hubble's useful life, developing techniques to conduct scientific investigations even as the telescope's pointing system ages and becomes less stable. NASA will continue developing a device to de-orbit Hubble for public safety reasons as planned at the end of its useful life. The 2006 Budget supported the development of several telescopes expected to be launched within the next decade that will surpass Hubble's scientific capability.

**National Veterans Business Development Corporation:
Discretionary Proposal**

Funding Summary
(In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	2	---	2

Background

The National Veterans Business Development Corporation (NVBDC) was created under the Veterans Entrepreneurship and Small Business Development Act of 1999 with the mandate of helping the nation’s veterans access technical assistance and develop small businesses. Funding for NVBDC was originally authorized through 2003 and the organization was mandated to become financially self-sufficient thereafter. Because the organization encountered delays in establishing a reasonable business plan for financial independence, appropriations were subsequently provided in 2004 and 2005.

Administration Action

The Administration requested no funding for the NVBDC and proposed that the organization become financially self-sufficient, consistent with its authorization language.

Small Business Administration: Discretionary Proposal Microloan Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	15	---	14

Background

The Small Business Administration (SBA) Microloan program provides small loans to start-up and growing small businesses through intermediaries, that also receive technical assistance. Under this program, SBA makes funds available to nonprofit community-based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$35,000.

Administration Action

The Budget proposed termination of the Microloan program because it is not cost effective. The program costs taxpayers nearly \$1 for each \$1 lent. The small businesses currently served by the Microloan program can be served by other SBA programs, including 7(a) Community Express, as well as other government and non-government programs.

Small Business Administration: Discretionary Proposal Small Business Investment Company Participating Securities Program

Funding Summary (In millions of dollars)

	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Proposed</u>	<u>2006</u> <u>Enacted</u>
Budget Authority*	---	---	---

*Program was funded in 2004 through borrower fees rather than subsidy appropriations.

Background

The Small Business Investment Company (SBIC) Participating Securities program was created in 1994 as an equity-based complement to SBA’s debt-based venture-capital program, SBIC Debentures. Over the past ten years, the SBIC Participating Securities program has sustained losses to the taxpayer – as evidenced by cumulative net upward credit-subsidy reestimates – of \$2.2 billion (excluding \$0.5 billion in interest on the reestimates) on slightly more than \$6 billion in disbursements. These losses are indicative of a structurally flawed program.

Moreover, the private venture capital industry has grown substantially over the past decade; SBIC Participating Securities represent only about 3 percent of industry activity over the period 1994 – 2004.

Participating Securities ceased making new guaranteed commitments on October 1, 2004, because sufficient borrower fees were not enacted to cover the program’s costs.

Administration Action

The 2006 Budget did not support new guaranteed investments for the SBIC Participating Securities program. Rather than make new investments through this program, SBA will continue to improve efforts to measure and mitigate risk in approximately \$9 billion in commitments in the program’s portfolio.

In addition, the 2006 Budget supported \$3 billion in guaranteed venture capital investments for small businesses through the related SBIC Debentures program.

Background on Proposed
Reductions Enacted in FY2006
Appropriations Process

Department of Agriculture: Discretionary Proposal Mandatory Reductions Providing Discretionary Offsets

Background

The 2002 Farm Bill contained funding for numerous mandatory programs. During the appropriations process over the last several years, the Congress has routinely blocked, rather than cancelled, funding for these mandatory programs to offset increased discretionary spending. For example, the Congress approved mandatory reductions totaling \$360 million in 2002, \$443 million in 2003, and \$377 million in 2004.

Administration Action

The 2006 Budget proposed to cancel funding for lower-priority and duplicative programs authorized by the 2002 Farm Bill which will allow the Administration to provide additional discretionary resources in support of higher-priority programs. The proposed mandatory funding cancellations would affect the following programs. In the past the Administration has proposed and the Congress has adopted similar savings except where indicated by an asterisk (*). In many cases programs were supported elsewhere in the Budget through tax proposals or discretionary programs.

- *Bioenergy Program* – This program compensates agricultural producers for increased production of biodiesel and ethanol. The Budget proposed to cancel \$90 million out of \$150 million available in 2006. The Administration provided significant support for alternative fuels through tax proposals and other domestic programs.
- *Biomass Research* * – This program’s primary goal is to coordinate and accelerate Federal biobased products and bioenergy research and development. The Budget proposed to cancel \$2 million out of \$14 million available in 2006.
- *Broadband* – This program provides loans to improve telecommunications services in rural areas. The proposal would eliminate a mandatory loan program designed to finance the installation of broadband transmission capacity to rural communities but instead proposes \$10 million for a discretionary program that will support an additional \$359 million in loans. This program is part of the President’s commitment to make broadband available to everyone by 2007. The Budget proposed to cancel \$50 million comprised of both new mandatory authority and mandatory funding made available in prior years.
- *Conservation Security Program* – The program provides financial and technical assistance to producers who have already performed high levels of conservation in order to reward and maintain their model stewardship. The program also pays qualified producers to do further environmental enhancements on their operations. The Budget proposed to cancel \$40 million out of \$314 million available in 2006.
- *Environmental Quality Incentives Program* – This program provides financial and technical assistance to farmers and ranchers to install conservation measures on working lands to address a variety of natural resource concerns, including air, soil, and water

quality. The Budget proposed to cancel \$200 million out of \$1.2 billion available in 2006.

- *Farm and Ranch Land Protection Program* – The program provides matching funds to State, Tribal, and local governments and to non-governmental organizations to help purchase development rights to keep productive farm and ranch land in agricultural uses. The Budget proposed to cancel \$16 million out of \$100 million available in 2006.
- *Initiative for Future Agriculture Food Systems* – This program provides funding for competitive research grants. The Budget proposed to cancel \$300 million comprised of both new authority and funding made available in prior years.
- *Renewable Energy* – This program provides loans and grants to farmers, ranchers and small rural businesses to purchase renewable energy systems. The Budget proposed to cancel the \$23 million made available in 2006.
- *Rural Business Investment Program* – The purpose of this program is to promote economic development in rural areas through loans and grants to rural businesses. The Budget proposed to cancel all available program resources (\$89 million) in 2006.
- *Rural Firefighter Grants* – This program provides grants to local communities for firefighter training and is duplicative of other grant programs. The Budget proposed to cancel \$40 million comprised of both new authority and funding made available in prior years.
- *Rural Strategic Investment Program* – This program provides rural communities with resources to develop strategic planning and economic development strategies. The Budget proposed to cancel all program funds (\$100 million) in 2006.
- *Value-added Grants* – This program provides marketing assistance grants to local communities. The Budget proposed to cancel \$120 million comprised of both new authority and funding made available in prior years.
- *Watershed Rehabilitation* – This program provides funding to communities to assist in the construction of flood prevention infrastructure. The Budget proposed to cancel \$210 million comprised of both new authority and funding made available in prior years.
- *Wildlife Habitat Incentives Program* – This program provides financial and technical assistance to landowners to develop habitat for upland and wetland wildlife. The Budget proposed to cancel \$25 million out of \$85 million available in 2006.

Department of Agriculture: Discretionary Proposal Forest Service Capital Improvement and Maintenance

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	515	381	439

Background

The Capital Improvement and Maintenance program provides funding to improve and maintain facilities, roads, and trails infrastructure for recreation, fire, administrative, and other uses of the National Forest System and infrastructure for forest research programs. Other Federal agencies typically have a working capital fund to fund these needs. Working capital funds charge the cost of various services back to the federal program that benefits from the service. However, the Forest Service lacks authority for such a working capital fund. In addition, the Forest Service has closed a large number of old or functionally obsolete facilities. The Forest Service currently has pilot authority to sell these facilities and retain the proceeds to reduce maintenance costs, but it lacks a permanent disposal authority to aid its ability in addressing its maintenance backlog.

Administration Action

The Administration proposed the establishment of a working capital fund for facilities management to which Forest Service programs that use facilities will for the first time pay a share of the cost to maintain those facilities. In addition, the proposal establishes authority for the Forest Service to retain the proceeds from sales of unneeded facilities, with proceeds to be used to address the agency's deferred maintenance needs. The funds generated reducing the need for the current appropriated level for the program. The Forest Service expects receipts of \$50 million in 2006 from the sale of excess facilities. Finally, the Budget proposed savings from not continuing \$29 million in 2005 Congressionally earmarked projects.

Department of Agriculture: Discretionary Proposal Forest Service Wildland Fire Management

Funding Summary

(In millions of dollars)

	<u>2005</u> <u>Enacted*</u>	<u>2006</u> <u>Proposed**</u>	<u>2006</u> <u>Enacted</u>
Budget Authority	2,097	1,444	1,771

*Includes \$394 million in unrequested supplemental funding and \$263 million in hazardous fuels.

**Reflects transfer of \$281 million in hazardous fuels funding to National Forest Systems account.

Background

The Wildland Fire Management Program protects life, property, and natural resources from wildland fire on 192 million acres of National Forest System lands and adjacent lands under agreements with State and local governments. The program includes planning, prevention, detection, training, equipment and supply purchase and replacement, fire suppression, and other actions. Because wildfire suppression costs can vary greatly from year to year, the Administration's policy is to budget for the cost of fire suppression using the 10-year average. This level reduces the need for supplemental appropriations or Forest Service redirecting resource management funds to fight fires. A 2004 PART evaluation noted weaknesses in incentives for controlling suppression costs and in the process for allocating preparedness resources effectively. In 2005, the Congress appropriated \$394 million in unrequested one-time supplemental funds for suppression.

Administration Action

The Budget provided the ten-year average for wildfire suppression costs while maintaining fire readiness funding at the 2005 Budget level. The Administration's proposal includes Forest Service implementation of key recommendations of the PART review to improve accountability for fire costs and improved performance measurement. The proposal does not continue \$394 million in one-time supplemental fire suppression funding provided in the 2005 appropriation, which only becomes available if suppression costs in 2005 exceed the ten-year average.

Department of Agriculture: Discretionary Proposal Water and Wastewater Grants & Loans

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	548	450	530
Program Level.....	1,526	1,456	1,536

Background

For over 60 years, USDA has provided financing to rural communities for water and wastewater treatment facilities. Specifically, these funds are available to low-income rural communities of 10,000 or fewer people. The program finances drinking water, sewer, solid waste disposal, and storm drainage facilities through direct or guaranteed loans and grants. Priority is given to loans serving smaller communities that have greater financial need, based on their median household income, poverty levels, and size of service population.

Administration Action

Funding for the Water and Wastewater Grants and Loans was recommended at a reduced level from what was provided in 2005. The Administration's proposal funds the program at approximately the same level that it has been requested for the last three years. Because of the relatively low interest rate on loans, more rural communities are able to afford to repay loans so that the program can operate at a higher loan to grant ratio than it has over previous years when rates were higher. At the requested level, an estimated 570,000 rural households will experience new or improved service facilities.

Department of Education: Discretionary Proposal State Grants for Innovative Programs

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	198	100	100

Background

State Grants for Innovative Programs support formula grants to State and local educational agencies (LEAs) for projects designed to support the reform of elementary and secondary education. A wide array of activities can be carried out with program funds including: professional development and class-size reduction activities; charter schools; community service programs; consumer, economic and personal finance education; public school choice; programs to hire and support school nurses, and school-based mental health services.

This program is not well targeted to districts and schools with the greatest need, does not have strong accountability mechanisms to ensure funds are helping to improve student achievement, and does not have a demonstrated track record of measurable results.

Administration Action

The President's budget proposed to reduce the amount of funding for State Grants for Innovative Programs. This request is consistent with the Administration's policy of increasing resources for targeted, high-priority programs that hold the greatest promise for helping States and school districts close the achievement gap. School districts may use funds provided under other Federal programs, such as Improving Teacher Quality State Grants (\$2.9 billion in 2006) and Title I Grants to LEAs (\$13.3 billion in 2006), to support many of the activities authorized under State Grants for Innovative Programs. The request level continues the recent trend in reduced appropriations for this block grant program, as Congress reduced its funding by 35 percent in 2005.

Department of Energy: Discretionary Proposal Environmental Management

Funding Summary

(In millions of dollars)

	<u>2005 Enacted*</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	7,054	6,505	6,657

*For comparability, the 2005 Enacted numbers have been adjusted to remove the costs of activities proposed in the 2006 Budget to be transferred to the National Nuclear Security Administration (NNSA).

Background

More than five decades of nuclear weapons production and energy research have left significant quantities of radioactive and hazardous contamination and waste at Federal facilities, which must be cleaned up. Established in 1989, this program is responsible for cleaning up 107 of the Department of Energy's (DOE) sites, subject to oversight by State and Federal regulators. In February 2002, DOE completed an extensive review of the program and began implementing recommendations to accelerate cleanups. In addition, the 2003 Budget proposed to provide significant additional resources (more than \$4.5 billion over five years for all sites) to sites that agreed with the regulators to implement revised cleanup strategies.

Administration Action

The Budget proposed to reduce program funding due to the success of program reforms, which have significantly reduced environmental, safety, and health risks. For instance, the cleanup of Rocky Flats will be completed in 2006 after nearly 15 years of work. The 2006 Budget continued these cleanup reforms, which are expected to accelerate cleanup at remaining sites by 35 years and save over \$50 billion, reducing the estimated total lifecycle costs from \$196 billion to \$142 billion, including NNSA sites. The peak year of funding for this initiative was 2005.

Department of Health and Human Services: Discretionary Proposal HRSA Health Professions

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	450	161	298

Background

Health Professions training grants at the Health Resources and Services Administration (HRSA) finances 40 different grants and cooperative agreements to roughly 1,700 institutions. Eighteen of the last nineteen Budgets have reduced funding for Health Professions.

The Health Professions programs were created forty years ago, partially in response to an anticipated national shortage of physicians. That shortage does not exist. Between 1991 and 2001, the U.S. physician population increased by 26 percent, twice the rate of growth of the total population. Evaluations have not linked the Health Professions programs to changes in supply, distribution, and minority representation of physicians and other health professionals. The Health Professions program has received an Ineffective PART rating.

Administration Action

The 2006 Budget requested \$161 million for Health Professions training grants. Continuing these subsidies to persuade people to enter well-paid medical careers is not the best use of Federal funds, particularly when there is no national shortage of physicians. There are regions and pockets of the county that face critical shortages, but eight of every ten providers who benefit from the program's long-term training support do not enter shortage areas. For those graduates who do enter service in shortage areas, there are no data on how long they continue to serve.

In contrast to physicians, the Nation does face a nursing shortage. The Budget invested in the education of nurses, including scholarships and loan repayments tied to a service commitment in an underserved community.

The Budget improves access to health care by focusing investments on programs with a demonstrated impact on placing health professionals in underserved areas.

**Department of Health and Human Services: Discretionary Proposal
SAMHSA Programs of Regional and National Significance**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	792	687	760

Background

The Substance Abuse and Mental Health Services Administration’s (SAMHSA’s) three Programs of Regional and National Significance (PRNS) programs—Mental Health, Substance Abuse Prevention, and Substance Abuse Treatment—include two components. The Best Practices component supports grants and contracts to identify and disseminate information on effective strategies for treatment and prevention of mental illness and substance abuse. The Targeted Capacity Expansion component supports competitive grants and contracts to provide direct services and programs to treat and prevent mental illness and substance abuse.

The PART analysis of Substance Abuse Treatment PRNS rated the program as Adequate, but recommended shifting funding from Best Practices to Targeted Capacity Expansion component to focus resources on expanding access to treatment for those who need it.

Administration Action

The 2006 Budget proposed to reduce funding for Best Practices in PRNS. The Administration’s proposal focuses SAMHSA’s funding on grants for service and program delivery, while continuing to support research of effective treatment and prevention strategies conducted by the National Institutes on Drug Abuse (NIDA), Alcohol Abuse and Alcoholism (NIAAA), and Mental Health (NIMH). The 2006 combined budgets of NIDA, NIAAA, and NIMH to conduct research on the prevention and treatment of drug and alcohol abuse and mental illness total \$2.9 billion.

Department of Health and Human Services: Discretionary Proposal State, Local and Hospital Bioterrorism Preparedness Grants

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	1,406	1,280	1,311

Background

State, Local and Hospital Bioterrorism Preparedness Grants are provided directly to the States to support improvements to public health and hospital systems that will increase preparedness against a bioterrorist attack or other public health emergency. In 2001 this program was funded at \$67 million, growing to more than \$1.5 billion by 2003. That growth was based on the need to improve preparedness following the events of September 11, 2001, and the anthrax attacks of that fall, rather than a strong scientific rationale behind a specific funding level.

Based on those factors and the need to make more directed Federal investments to address emerging priorities such as biosurveillance for early attack warning, the 2005 Budget proposed a reduction to these grants (-\$145 million) for the first time. The proposed reduction was not enacted.

Administration Action

The 2006 Budget continues to invest heavily in assistance for State, local and hospital bioterrorism preparedness, requesting \$1.28 billion for 2006.

Department of Housing and Urban Development: Discretionary Proposal Public Housing Capital Fund

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	2,579	2,327	2,464

Background

Since the 1930s, the Federal Government has supported the provision of housing assistance to low-income households through the construction and operation of public housing. Although the housing is owned by local public housing authorities, Federal funds are provided to pay a substantial portion of operating costs as well as capital improvements. This arrangement often requires assisted households to live in less desirable locations and units in order to benefit from this form of housing subsidy. In contrast, other alternatives, such as Section 8 Tenant-based Rental Assistance, allow families to select housing in neighborhoods with lower poverty and crime rates as well as better schools.

The Public Housing Capital Fund currently pays for the annual and long-term modernization needs of over 1.2 million public housing units. Public housing capital needs are estimated to accrue at a rate of \$2.2 billion a year.

The condition of public housing units has improved in most cases through modernization and, in other cases, demolition of units in the worst condition, as evidenced by the fact that 85 percent of public housing units meet HUD's physical standards today as opposed to 82 percent in 2001. To pay for more comprehensive capital improvements, public housing authorities have been exercising new authority to use their Capital Fund dollars to leverage additional private bond or mortgage financing. The use of such authority has grown to over \$1.8 billion in private financing since its enactment in 1998.

Administration Action

The Budget proposed to reduce funding for public housing modernization and renovation by 10 percent in 2006. The amount provided continues to cover the \$2.2 billion annual rate of accrual of new capital needs, but public housing authorities are able to fund backlog capital needs by leveraging private investment dollars with their Capital Fund allocations. The Budget proposed to redirect program savings to other higher priority programs that more effectively deliver housing assistance to low-income households, such as Section 8 Tenant-based Rental Assistance.

**Department of the Interior: Discretionary Proposal
Bureau of Indian Affairs School Construction**

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	263	174	209

Background

The Bureau of Indian Affairs (BIA) serves approximately 48,000 students and resident-only boarders (about seven percent of all Native American children) in 184 elementary and secondary schools and dormitories located in 23 states. In 2001, only 35 percent of these schools were in good or fair condition. The President committed to spend nearly \$1 billion to repair and build Indian schools starting in 2002. This funding commitment has been met.

A 2006 PART of the program showed that BIA is making progress to address deficiencies identified in the initial 2004 PART. For example, BIA no longer finalizes construction cost estimates before the design is completed, and now limits the amount of funds obligated for construction projects prior to completion of planning and design. However, the 2006 PART and recent Inspector General audits have noted that problems remain in the program. For example, new schools are being designed larger than necessary due to inflated student enrollment levels. In addition, BIA has had difficulty absorbing funding increases during the last five years, and has carried over large unobligated balances each year, including approximately \$200 million into 2005.

Administration Action

The 2006 Budget proposed to reduce funding for the BIA school construction program, reflecting successful completion of the President’s repair and building commitment and a slowdown in construction to allow planning and design to catch up with construction awards. With the 2006 budget, funding will have been secured for replacement and major improvement projects for approximately 40 percent of the entire inventory of BIA schools. When these projects are completed, more than 65 percent of the schools will be in good or fair condition, nearly double the number that were in that condition in 2001.

Department of Justice: Discretionary Proposal Federal Bureau of Prisons Construction Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	189	-144	---

Background

The Federal Bureau of Prisons (BOP) construction program was established 75 years ago to meet prisoner bedspace capacity requirements through the construction of new prisons, the expansion of existing prisons and the acquisition and conversion of military and other properties to house Federal prisoners. In addition, the construction program provides for the modernization and repair of Federal prisons. Currently, there are 116 federally owned and operated prisons nationwide housing over 160,000 inmates. Although current prison crowding is at its lowest level in several years, new prison activations and additional contract bedspace will allow BOP to further reduce system-wide crowding.

As part of the 2007 Budget review process, BOP will compare its prison construction program with those of the private sector and State and local governments to determine whether it is using the most cost effective methods to meet Federal inmate bedspace capacity requirements. BOP will also complete a review of existing prisons for upgrade and modification to house higher security inmates and review the availability of private sector and State and local jail space to help meet its capacity requirements for low security inmates. In addition, BOP will determine the degree to which inmate crowding is acceptable relative to security levels.

Administration Action

The 2006 Budget proposed a moratorium on new prison construction pending the outcome of reviews to determine the best manner and methods to meet prisoner capacity requirements. In addition, the Budget proposed to rescind \$314 million associated with the construction of two prisons – one in the Mid-Atlantic States and the other in New England. These funds are assigned to medium security prison construction projects which are not scheduled to complete construction and receive prisoners until 2009 – or beyond. As of the end of 2005, there were over \$400 million of unobligated prison construction balances.

Department of Justice: Discretionary Proposal Juvenile Justice Law Enforcement Assistance Programs

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	321	198	292

Background

The Department of Justice (DOJ) administers a number of programs to provide juvenile justice law enforcement assistance to States and localities that are unable to demonstrate results. For example, the Title II Part E Demonstration Grants Program, authorized in 2002, is intended to fund promising initiatives and programs for the prevention, control, or reduction of juvenile delinquency. Yet, in recent years, a lengthy, prescribed list of projects has been funded in this program, making it virtually impossible for DOJ to target resources to the highest priority juvenile justice needs.

Today, the crime rate is at a 30-year low. Juvenile crime has fallen, as well. Between 1994 and 2003 (most recent data published), the juvenile arrest rate for violent crime fell 48 percent. In 2003, the juvenile arrest rate for property crime was at its lowest level in three decades.

Administration Action

The 2006 Budget proposed to reduce juvenile justice law enforcement assistance programs. These reductions are principally focused on the Title II Part E Demonstration Grants and the Gang Resistance Education and Training Program programs. Without the ability to target resources or demonstrate results, these programs are no longer cost-effective – especially at a time when juvenile crime has fallen. The Budget proposed to redirect these dollars, in part to a more promising approach to countering gang activity that includes faith-based and community organizations.

In addition, the Administration is proposing a three-year \$150 million Anti-Gang Initiative to help youth at risk of gang influence and involvement. The aim is to provide grants to faith-based and community organizations for programs that will assist youth ages 8-17 who are at risk of gang involvement. These programs will help the at-risk youth make healthy decisions and will assist communities that are most in need.

Department of Labor: Discretionary Proposal International Labor Affairs Bureau

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	93	12	73

Background

The International Labor Affairs Bureau (ILAB) is charged with supporting the Secretary of Labor and the President's international labor agenda by undertaking a policy, research, analysis, and advocacy role. However, ILAB's mission has been redefined over the years to accommodate additional functions delegated from Congress and the Executive Branch. Between 1996 and 2002, ILAB's funding rose by 1,500 percent, when the agency assumed expanded grant making responsibilities designed to combat international child labor, develop and disseminate AIDS prevention information in the international workplace, support core labor standards development, and provide bilateral technical assistance.

Administration Action

Consistent with Administration policy, the 2006 Budget eliminates funding for the ILAB's grant-making activities and restores the agency to its original mission of research and advocacy. The Administration believes that other international agencies, not the Department of Labor, should carry out grant-making activities that affect other countries. The Administration created the Millennium Challenge Account (MCA) to provide targeted, accountable international development assistance to poor countries with a demonstrated commitment to ruling justly, investing in people, and encouraging economic growth. The 2006 Budget requests \$3.0 billion to continue the MCA's international assistance activities in developing countries.

**Department of Labor: Discretionary Proposal
Office of Disability Employment Policy**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	47	28	28

Background

In the Consolidated Appropriations Act of 2001, Congress created the Office of Disability Employment Policy (ODEP) to provide policy analysis, technical assistance, and dissemination of effective practices in order to increase the employment opportunities for people with disabilities within the Department of Labor’s (DOL) programs. ODEP succeeded the expiring President’s Task Force on Employment of Adults with Disabilities, which was created through an Executive Order and terminated in 2002 after submitting its final report. Since 2001, ODEP has assumed a wide range of grant-making responsibilities that have blurred its original mission. Its diverse portfolio includes grants that serve youth and adults with disabilities, and focus on emergency preparedness, homelessness, and veterans issues.

Administration Action

The 2006 Budget proposed to reduce funds for grant activities and return ODEP closer to its core mission. In 2006, the Budget request of \$28 million will support research on disability employment, efforts to improve access by the disabled population to DOL’s programs, and a targeted grant program to support the President’s New Freedom Initiative.

**Department of Labor: Discretionary Proposal
Workforce Investment Act Pilots and Demonstrations**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	85	30	30

Background

Section 171(b) of the Workforce Investment Act of 1998 (WIA) authorizes the Secretary of Labor to carry out pilot and demonstration projects for the purpose of developing and implementing approaches and demonstrating the effectiveness of special methods in addressing employment and training needs. WIA stipulates that grants or contracts awarded for carrying out such projects should be awarded primarily on a competitive basis.

Administration Action

The 2006 Budget eliminates earmarked funding for nearly 200 narrow-purpose demonstration projects that were added by Congress in the 2005 Consolidated Appropriations Act. These earmarks support noncompetitive grants that often duplicate programs that are supported through the WIA State grant programs. The 2006 Budget returns this activity to the 2005 request level, which is sufficient to support a national pilot and demonstration effort, as authorized in the WIA.

**Department of State: Discretionary Proposal
Assistance for the Independent States of the Former Soviet Union**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	556	482	514

Background

Assistance for the Independent States of the Former Soviet Union (FSA) provides funds for programs supporting economic and democratic transitions. These programs are designed to consolidate the process of political and economic transition to market democracies, and to help address major socioeconomic dislocations where they occur during these transitions. This account was first authorized in 1992 and first funded in 1993. The programs and funding are managed by the office of the Assistance Coordinator for Europe and Eurasia at the State Department. The economic and democratic transitions supported by these programs are progressing in several of the formerly Soviet countries.

Administration Action

The 2006 Budget request for FSA includes a reduction of almost 50 percent in the amount of assistance to Russia and 25 percent reductions to both Armenia and Georgia from the 2005 request. These countries have made considerable progress toward the goals of the program.

Russia is an upper middle income country, running a federal budget surplus and experiencing increasing real disposable income and decreasing inflation. Russia also has the economic stature to be a member of the G-8. The U.S. will continue to support \$48 million for programs in Russia focused on democracy and civil society, health, and social sector reform programs. Armenia and Georgia are both eligible for funding by the Millennium Challenge Account (MCA). The MCA is a multi-billion dollar innovative program that allows countries with good governance and sound economic policies to target and redirect aid efforts to reduce poverty and create sustained economic growth. MCA was planned for countries which graduated from traditional development assistances. As MCA assistance compacts are agreed to with these countries a gradual phase out of traditional aid was expected.

**Department Transportation: Discretionary Proposal
Federal Railroad Administration – Next Generation High Speed Rail**

Funding Summary
(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	19	---	---

Background

The Next Generation High Speed Rail program, which was established in 1991, funds research, development, and technology demonstration programs that support future high-speed rail infrastructure.

The National Academy of Science’s Transportation Research Board has questioned the focus of the program’s research, development, and demonstration efforts. The Administration recommends that passenger high speed rail technology development be pursued through the Federal Railroad Administration’s existing Research and Development Program and compete for resources with other rail research areas.

Administration Action

The 2006 Budget proposed to terminate funding for the Next Generation High Speed Rail program.

The Administration believes research should be consolidated within the Federal Railroad Administration’s existing research and development program and compete for resources based on project merit. The Administration is also concerned that the research funded under this program has been extensively designated for specific projects, thereby undermining the selection of projects based on merit.

**Department of the Treasury: Discretionary Proposal
Internal Revenue Service – Taxpayer Service**

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	3,606	3,567	3,568

Background

The taxpayer service program provides the public with assistance on tax law and account issues and processes tax returns. The program makes tax filing easier and more accurate. In 2004, the Internal Revenue Service (IRS) processed more than 130 million individual tax returns, answered 69 million calls, served 7.7 million taxpayers in walk-in offices, and had 739 million downloads from its web site. Recent program assessments have found significant improvements in taxpayer service over the past few years. IRS is answering a higher percentage of calls and electronic filing is growing steadily. IRS has used new technology – particularly the internet and electronic filing – to improve service and productivity. These assessments also identified an opportunity to shift towards greater use of telephone and internet options rather than walk-in service.

Administration Action

The Budget includes \$134 million in program reductions to taxpayer service programs made possible by ongoing productivity improvements. (\$96 million of these savings will be reinvested in the IRS to meet increased costs of salaries, rents, and administration.) These program reductions are possible as a result of an increasingly efficient IRS taxpayer service program.

The IRS expects management improvements, such as increased use of pay-for-performance incentives, to continue to improve productivity. In addition, electronic filing growth will continue because of IRS program improvements such as the Modernized E-File technology program. Increases in electronic filing are also expected with enactment of the Administration’s legislative proposals to extend the April 15 filing date to April 30 for electronically filed tax returns and to provide IRS additional authority to require electronic filing. Further savings will be achieved as a result of two recent competitions between IRS staff and private contractors in which IRS employees were able to find better, cheaper ways to run tax form distribution and technology support services. Finally, savings will be achieved by decreasing dependence on walk-in taxpayer service centers and increasing reliance on more efficient telephone and internet service options.

Environmental Protection Agency: Discretionary Proposal Alaska Native Villages

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	45	15	35

Background

The Alaska Native Villages program provides grants to the State of Alaska for the development and construction of public water systems and wastewater systems in rural and Native villages. Many rural and Native Alaska communities lack basic sanitation infrastructure – specifically, flush toilets and running water. In these communities rudimentary sewage collection and disposal poses a threat to the health and environment of villagers. The Environmental Protection Agency (EPA) has provided \$323 million in funding for this program over the last 11 years.

A PART evaluation revealed serious programmatic and financial weaknesses in this program that prevent citizens from fully benefiting from the program. The program lacks sufficient oversight at both the Federal and State level, as evidenced by the findings of waste and abuse in a State of Alaska legislative audit. The audit found many unexplainable purchases of services and equipment, and poor project management that led to cost overruns and other wasteful spending. The EPA Office of Inspector General recently released a report with similar conclusions.

Administration Action

The Budget provided \$15 million for the Alaska Native Villages program, a \$30 million reduction from 2005. The Administration also recommended that EPA develop regulations that improve accountability and address the program’s systemic financial and programmatic deficiencies. The funding reduction will be reconsidered once the program can demonstrate that funding is likely to effectively and efficiently help villagers. The Administration will continue to work to address the remaining unserved villages.

Environmental Protection Agency: Discretionary Proposal Clean Water State Revolving Fund

Funding Summary

(In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	1,091	730	896

Background

The Clean Water State Revolving Fund (SRF) provides grants to States to capitalize their municipal wastewater State revolving funds. States provide matching funds and then make loans to communities at below-market rates for wastewater infrastructure projects such as sewer rehabilitation and treatment plant expansion. Loan repayments and interest are recycled back into the program, allowing it to “revolve.” The revolving level is the amount of loans available annually over the long term after Federal capitalization ends.

The 2004 Budget committed to providing the Clean Water SRF a total of \$6.8 billion (\$850 million annually) between 2004 and 2011, resulting in a long-term \$3.4 billion annual revolving level. This new policy represented six additional years of funding beyond the previous Administration’s commitment, and an increase from the previous revolving level target of \$2 billion.

Administration Action

The Budget funded the Clean Water SRF at \$730 million. In 2004 and 2005, the Congress provided significantly more for the program than requested (+\$492 million and +\$291 million, respectively). Because of these increases, the program needs less funding than in previous years to meet the Administration’s Federal capitalization target of \$6.8 billion and long-term annual revolving level target of \$3.4 billion.

National Aeronautics and Space Administration: Discretionary Proposal Aeronautics: Vehicle Systems Program

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	569	459	507

Background

In existence since 1915, the National Aeronautics and Space Administration’s (NASA) Vehicle Systems program conducts long-range research on aeronautics and develops and transfers to industry and other Government agencies technologies that create a safer, more secure, environmentally friendly and efficient air transportation system. The program also conducts research to support Earth and space science missions.

Some of NASA’s aeronautics work focuses on the development of technologies that can be commercialized in the near-term. Such development should be funded by the private sector and are not consistent with the guidance provided by the Administration’s R&D Investment Criteria. In addition, the National Research Council (NRC) recently reviewed the program and recommended that NASA reduce the number of projects in its research portfolio and focus on more high-risk, high-payoff aeronautics technologies. The NRC also recommended the disposal of underutilized assets and facilities. Over the years, the program has built up excess capacity.

Administration Action

The Budget reduces funding for program activities in which the government role is no longer justified and emphasizes higher risk NASA research programs where the private sector will not invest the necessary funds due to the risk of inadequate financial returns. In order to align the program’s workforce/skill sets with NASA’s priorities, NASA will reduce the number of civil servants, contractors, and facilities affiliated with the program. In addition, NASA will emphasize more extensive use of peer review.

NASA will use an aggressive strategy to improve the program by focusing the remaining funding on the highest priority areas of research that still require government involvement and that will continue to improve the air transportation system, consistent with recommendations of the National Research Council.

National Aeronautics and Space Administration: Discretionary Proposal Jupiter Icy Moons Orbiter

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	402	280	120

Background

The Jupiter Icy Moons Orbiter (JIMO), a multi-billion dollar space nuclear power demonstration mission to Jupiter’s moons, was proposed as a new initiative in the February 2003 Budget. The heart of JIMO was to be a nuclear reactor that would power the spacecraft’s instruments as well as its electric propulsion system. The reactor would provide JIMO with hundreds of times more power than is available on current interplanetary spacecraft. This would shorten travel times and enable the gathering of vast amounts of scientific data. JIMO’s launch was tentatively planned for the middle of the next decade.

In January 2004, the President announced his vision for space exploration, a sustained and affordable human and robotic program to explore the solar system and beyond. Although space nuclear power may have an important role in the space exploration vision, the particular type of reactor and propulsion system proposed for JIMO was not necessarily optimal for supporting the human and robotic explorers that will carry out the vision. In addition, early cost estimates for JIMO suggested that the mission would be very costly (on the order of \$10 billion or more) due to its high level of technical complexity.

Administration Action

The 2006 Budget indefinitely defers the JIMO mission due to concerns over costs, technical complexity, and the applicability of JIMO’s technologies to the new vision for space exploration. The Budget provides continued funding for space nuclear power research and development, as well as for a future space nuclear demonstration mission that will establish a foundation for potential applications of nuclear technology for human and robotic exploration of the Solar System and beyond. The Budget does not rule out the possibility that a future science mission to Jupiter’s moons could be selected through NASA’s competitive science programs.

U.S. Institute of Peace: Discretionary Proposal Construction of New Building

Funding Summary (In millions of dollars)

	<u>2005 Enacted</u>	<u>2006 Proposed</u>	<u>2006 Enacted</u>
Budget Authority	99	---	---

Background

The U.S. Institute of Peace's (USIP) mission is to promote the prevention, management, and peaceful resolution of international conflicts. USIP plans to construct a new headquarters building which is to serve as a national center for research, education, training, and policy and program development on issues of international conflict prevention, management, and resolution. The two-and-a-half-acre site for the building is located at Constitution Avenue and 23rd Street NW in Washington, D.C. The land was made available to the Institute by act of Congress in 1996 and the U.S. Navy. The original intention was to fund the construction of the building from private support.

Administration Action

The 2005 Consolidated Appropriations Act included \$100 million for the construction of a permanent headquarters facility for USIP. The 2006 Budget does not include additional funding for this program, as this was intended to be a one-time appropriation. Between the 2005 appropriation and private contributions, there will be sufficient funds available to complete this project on schedule. USIP has raised \$3.2 million thus far from the private sector. These funds supported initial planning for the project.