

## United States Senate

WASHINGTON, DC 20510

March 10, 2016

Dear Chairman Enzi and Ranking Member Sanders:

As Chairman of the Federal Spending Oversight subcommittee of the Senate Homeland Security and Governmental Affairs Committee I am charged with examining all federal expenditures and protecting taxpayers from waste. In that capacity and pursuant to Section 301 (d) of the Congressional Budget and Impoundment Act of 1974, this letter sets forth my views and estimates of the current fiscal situation of the United States and I ask for your consideration and inclusion in the FY 2018 budget.

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The Federal Government has racked up over \$20 trillion in federal debt, more than 100 percent of our nation's Gross Domestic Product. That comes out to over \$60,000 per person alive today. Some believe we never have to pay this, that we can simply outlive and inflate away our debt burden. I do not share that view, but even if this rosy scenario were true, inflation cannot mitigate our debt if that debt keeps growing each year. In short, it does not matter how much the deficit is reduced in any given year, it matters that it exists year-after-year.

Moreover, the Congressional Budget Office's January Baseline projects next year's net interest payments will be \$295 billion. That is almost \$1,000 per person (including children) that must be paid this year and for which the federal government does not pay one salary or buy one paperclip. We must pay interest, but if we had not accumulated our grotesque debt, we could be putting that money toward thirteen major agencies, Congress, and the Judicial Branch, combined. This is simply unsustainable and unfair to the American people. We must balance our budget and begin paying down our debt. Our problems are real and cannot be ignored or glossed over.

During my time in the Senate, I've proposed several budgets that balance within 5 years. Most recently I proposed a budget that simply freezes (does not cut) on-budget spending, and still reaches balance in slightly more than five years. As you know, Social Security is "off-budget," which means we are not allowed to touch it this program to balance the budget. My budget did just that, balanced without making any change to Social Security.

Simply spend what we did last year and do not touch Social Security –when phrased like this, reaching balance does not appear that hard. I think most Americans would find this course very reasonable, particularly when continuing on our current course will certainly lead to an unsolvable budget imbalance which will ultimately reduce the quality of life for all Americans.

While achieving balance through a topline spending freeze is one of the easiest courses to balance, I recognize that the budget baseline automatically assumes increases in spending. That means that even through a spending freeze, your budget will have to reflect some reductions relative to this inflated baseline.

This highlights a clear problem in our budget processes and procedure, the assumption that if a program simply existed last year, it clearly must have been working well, targeting resources to the right places, and is in need of more money this year. After more than two years of examining government spending at the FSO subcommittee, let me assure you that assumption is wrong.

Last year I advised you of over \$1 billion of government waste; with what I have found this year, I'm raising that total to nearly \$6 billion. Eliminating all of this waste, alone is not enough to balance the budget. However this is not even close to all the waste in the federal government, and any program that has money to waste clearly had more money than it needed.

As I noted last year, former Budget Committee Chairman Patty Murray often said a budget is more than numbers, that it is really a statement of our priorities as a nation. I agree. So I had my staff estimate how many Americans needed to pay taxes in one year to fund all the waste I've found. The conclusion was that it would take more than 700,000 average American's full 1-year tax liabilities to fund the projects I've identified as wasteful. That's more than the entire population of either Wyoming or Vermont. When the government wastes money, it is says to hard working Americans who paid those tax dollars that they are not a priority. I'm asking you to make them a priority in the FY 2018 budget.

As part of this letter, I am including all of my waste reports; both those I sent to you last year and new ones since. For your convenience I have arranged them by budget function. I recognize the budget resolution cannot proscribe specific policies but rather sets overall functional totals and committee allocations. I recommend you incorporate a reduction in spending equal to these items of waste as you make your policy assumptions for each functional total and reflect those savings in the 302(a) committee allocations. In instances where a spending reduction is inappropriate, I recommend you include spending neutral cap adjustments and other budgetary tools at your disposal to facilitate greater oversight and program integrity activities.

Additionally, I recommend you incorporate to the extent possible, several process reforms. In the 114th Congress, I introduced the Legislative Performance Review Act of 2016, which aims at dealing with the over \$300 billion in appropriations made each year to programs whose authorizations have expired. I recognize that not all of this spending is wasteful, but when programs have not been reviewed for over 30 years in some cases, it is hard to believe they are still as effective as when they were created, if they ever were.

More troubling, unauthorized appropriations create significant peril in the budget process; the 1974 Budget Act requires you display functional totals which include both Budget Authority and Outlays, but how can properly allocate dollars among functions when the underlying spending is unauthorized? It means you must either assume no appropriations will be made unless authorized, or that spending will occur for particular activities despite lacking the proper authorization of appropriations. In either case, it creates



distortions in the budget by treating all discretionary spending the same. We know this not to be the case given the different outlay rates of different programs. Moreover, given that in 1974 two-thirds of the budget was what would be considered discretionary today, it is not credible to believe the authors of the '74 Act intended its application to treat all discretionary spending as being the same, yet that is exactly how it is treated in the current budget process.

For this reason, I believe it is appropriate and wholly within the jurisdiction of the Senate Budget Committee and the parameters of the Congressional Budget Act of 1974 (particularly Title VII) to include in your budget resolution a point of order to strike from appropriations acts spending that is not made pursuant to a current authorization.

Further, I want to draw your attention to end-of-year spending. Research has shown that spending the last week of the fiscal year is as much as five times higher than the average of the preceding 51 weeks. More troubling is that the last day of the fiscal year, and only that day, spending significantly moves to the Pacific Time Zone to allow three more hours to obligate funds. The only possible reason for this is to expend funds before they expire – this is clearly wasteful. I will again introduce legislation, the Bonuses for Cost-Cutters Act to help combat this clear source of government waste. I ask that you make a policy assumption in Function 920 that reflects some level of saving that result from the adoption of this legislation.

I also want to draw your attention to the difficulty in transferring land between the federal government and other governmental entities caused by scoring conventions. As you know, the federal government incurs costs to maintain and oversee property for which it has little or no use; however we have seen instances where such land is desired by state, municipal and tribal governments. In the real world it would be a net benefit to both parties for the federal government to transfer the land to the local government. Unfortunately, scoring conventions often deem such transfers as costs because maintenance, though ongoing and real comes from discretionary accounts. Whereas the property has some value (no matter how minimal) and even though it would never be sold on the open market, the transfer thereof without remittance is counted as a loss to the federal government.

These kind of cookie-cutter scoring rules, particularly in land transfers, ignore reality and in a real sense result in a higher cost to the taxpayers. In one instance we've seen where these scoring conventions prevented the transfer of unused federal property to a university. The university wished to expand and thus wanted federal land adjacent to their campus. The property itself had originally been owned by the university and gifted to the federal government a century earlier for uses no longer needed. However, myopic scoring conventions stood in the way of the school from getting property it would use, and caused the federal government to continue to incur costs to maintain property for which it had no use.

This just makes no sense. Only in Washington could something that actually saves money be deemed a cost because of regimented, bureaucratic accounting rules. The House has recognized this problem and adopted in its rules for the 115<sup>th</sup> Congress a provision that treats land transfers between the federal government and local governments as having no budgetary effect. I encourage you to do the same by

including similar language in your FY 2018 budget resolution and have included a sample in the documents accompanying this letter.

Finally, each year the Government Accountability Office issues a report on duplicative spending within the federal government. It is clearly wasteful to have multiple programs, each with their own overhead, working to combat the same problems. I ask that you assume some reduction in spending related to consolidation of duplicative spending. Just as important, is that Congress not create new duplication. Therefore, I ask that you include in your resolution a direction to the Congressional Budget Office that each cost estimate they publish include some assessment of the extent to which such legislation creates new duplication in the Federal Government.

I believe, with over \$20 trillion in federal debt, we can no longer proceed with budgeting as usual. These cuts and reforms will not balance the budget, although that is in fact what we must do. The recommendations in this letter are just a few modest, but critical steps toward that end. We must go line-by-line to root out waste and we must be creative in how we budget. I hope you give these recommendations the seriousness of thought that I have given them and include them in your budget.

Sincerely,

A handwritten signature in blue ink that reads "Rand Paul". The signature is fluid and cursive, with the first name "Rand" and last name "Paul" clearly distinguishable.

Senator Rand Paul, M.D.

Chairman-Federal Spending Oversight Subcommittee

Homeland Security and Governmental Affairs Committee

**Suggested Provision for The FY 2018 Budget Resolution**  
**Pertaining to the Budgetary Treatment of Land Transfers**

TREATMENT OF CONVEYANCES OF FEDERAL LAND.—

(1) IN GENERAL.— for all purposes in the Senate, a provision in a bill or joint resolution, or in an amendment thereto or a conference report thereon, requiring of authorizing a conveyance of Federal land to a State, local government, or tribal entity shall not be considered as providing new budget authority, decreasing revenues, increasing mandatory spending, or increasing outlays.

(2) DEFINITIONS.—In this subsection: (A) The term “conveyance” means any method, including sale, donation, or exchange, by which all or any portion of the right, title, and interest of the United States in and to Federal land is transferred to another entity. (B) The term “Federal land” means any land owned by the United States, including the surface estate, the subsurface estate, or any improvements thereon. (C) The term “State” means any of the several States, the District of Columbia, or a territory (including a possession) of the United States.



### **Function 050 National Defense**

**\$6,000,000 to renovate a base dinging facility that already more than met the criteria for underutilization and was closed permanently 6 months later – August 1, 2016**

Ft. Belvoir, VA – Department of Defense

**\$99,000 to study why a fox was dying out on an eight square mile island it is not indigenous to and is not endangered elsewhere – June 18, 2016**

Shemya, AK – Department of Defense

**\$8,100,000\* for study of people's email response habits – February 1, 2016**

**Note: actual funding unknown funding cobbled together from multiple questionably related grants**

University of Southern California (Los Angeles) – Department of Defense

**\$29,000,000 of lost heavy equipment purchased for Afghan Army Corps of Engineers – January 28, 2016**

Afghanistan – Department of Defense

**\$40,000 on a model of Fairchild AFB for historic preservation purposes – January 25, 2016**

Fairchild Air Force Base (Spokane, WA) – Airforce

**\$43,000,000 for a Compressed Natural Gas station in Afghanistan- November 12<sup>th</sup>, 2015 (Special Report)**

Afghanistan- Task Force for Business and Stability Operations (Department of Defense)

**\$218,000 to Investigate Mitigation of Invasive Burros – Sep 21<sup>st</sup>, 2015**

Ft. Irwin, CA; Los Cruses, NM (New Mexico State University)- Department of Defense

### **Function 150 International Affairs**

**\$3,000,000,000 for a collection of international waste identified in FSO's Worldwide Waste report – Winter, 2017**

Worldwide - U.S. Agency for International Development, Department of State, and the Inter-American Foundation

**\$60,000 to train television camera operators for Estonia's 3<sup>rd</sup> public television channel – July 25, 2016**

Estonia – Department of State

**\$24,700,000 for NGOs to "create your own project" to help the Philippines adapt to sea-level rise –June 6, 2016**

Philippines – U.S. Agency for International Development

**\$21,000,000 for the East-West Center to continue its 1960s model of fostering understanding between the U.S. and Asian countries – May 16, 2016**

Honolulu, HI & Washington, DC – East-West Center

**\$1,000,000 for an Afghan Variety Show – May 2, 2016**

Kabul, Afghanistan – Department of State

**\$5,000,000 to send film makers (mostly documentarians) around the world to screen their films – April 18, 2016**

University of Southern California & Worldwide – Department of State

**\$500,000 to register people involved in making Moldovan Wine (including peasant farmers) – January 19, 2016**

Moldova – U.S. Agency for International Development

**\$90,000 to foster a better relationship with the U.K, one of our closest allies and with whom we have a "special relationship" – March 14, 2016**

U.S. Embassy- London, London, United Kingdom – Department of State

**\$50,000 spent helping El Salvadorian deportees start businesses back home – January 4, 2016**  
El Salvador- Inter-American Foundation

**\$400,000 spent to combat over regulations in Armenia, while the U.S. adds 81 new major regulations (those costing the economy \$100 million) each year. December 7, 2015**  
Armenia- U.S. Agency for International Development

**\$6,000,000 to promote Albanian tourism – November 2<sup>nd</sup>, 2015**  
Albania – U.S. Agency for International Development  
Note: the U.S. spends \$100 million to promote U.S. Tourism.

**\$15,070,000 to pay for foreign kids (including from India) to come to America for 1 year of community college, while also promoting community college in India with a picture show – October 26<sup>th</sup>, 2015**  
Worldwide – Department of State

**\$50,000 to finance a Jazz Band's Performance in Turkey - Aug 24<sup>th</sup>, 2015**  
Istanbul, Turkey- Department of State

**\$250,000 for Pakistani Kids to attend Space Camp – Aug 10<sup>th</sup>, 2015**  
Islamabad, Pakistan; Huntsville, AL; Pigeon Forge, TN- Department of State

**\$850,000 for a Professional Afghan Cricket League – June 8<sup>th</sup>, 2015**  
Afghanistan- Department of State

### **Function 250 General Science and Technology**

**\$500,000 to study if taking a selfie (particularly while smiling) makes a person happy – October 25, 2016**  
University of California (Irvine) – National Science Foundation

**\$700,000 to study if Neil Armstrong used the preposition “A” when he landed on the moon – October 4, 2016**  
University of Oregon, Michigan State University, Ohio State University, and George Mason University – National Science Foundation

**\$70,000 to study the gender makeup of Wikipedia contributors – May 9, 2016**  
New York University – National Science Foundation

**\$375,000 to study if federal funding produces better studies – June 13, 2016**  
University of California (San Diego) – National Science Foundation

**\$30,000 to study the gambling habits of small business owners in Uganda – February 16, 2016**  
University of California (Berkeley) and Uganda – National Science Foundation

**\$2,500,000\* for a study of the best practices on a first date – February 8, 2016**  
Note: actual funding unknown funding cobbled together from multiple questionably related grants  
Sanford University- National Science Foundation

**\$150,000 Studying if poor students sabotage their own academic success in college – January 11, 2016**  
Northwestern University- National Science Foundation

**\$450,000 on a Climate Change Video Game for High Schools- November 30, 2015**  
Note: the game is set 110 years in the future and intended to combat HS kids not buying into the climate catastrophe narrative the Administration wants them to.  
Tampa Bay, FL; University of South Florida- National Science Foundation



**\$380,000 to study how friends contribute to weight-gain of college freshman (the Freshman 15) October 19<sup>th</sup>, 2015**

Tempe, AZ (Arizona State University) - National Institutes of Health

**\$15,000,000 to Finance Private Research in Space, Including Golf Club Development – Oct 5<sup>th</sup>, 2015**

Melbourne, FL; International Space Station, Low Earth Orbit- National Aeronautics and Space Administration

**\$350,000 to study Athletes in the “Zone” – Sep 8<sup>th</sup>, 2015**

West Lafayette, IN (Perdue University)- National Science Foundation

**\$175,950 for study of Feelings and Decision Making – July 14<sup>th</sup>, 2015**

Irvine, CA- National Science Foundation

**\$188,000 for a Study of the History of Measurement – June 22<sup>nd</sup>, 2015**

Georgia- National Science Foundation

**\$850,000 for Winemaking classes at Community Colleges – June 16<sup>th</sup>, 2015**

Washington- National Science Foundation

### **Function 270 Energy**

**\$50,000 for Cadillac of Treadmills – May 11<sup>th</sup>, 2015**

Oakridge, TN- Department of Energy

### **Function 300 Natural Resources and Environment**

**\$135,000 in for unused mass transit passes – October 12, 2016**

King County, WA – Environmental Protection Agency

**\$2,200,000 to subsidize Washington, DC area concerts – August 8, 2016**

National Capitol Region – National Park Service & Congress

Note: this is a Congressional earmark which the Park Service has ask be discontinued

**\$1,400,000 for early retirement buy-outs that did not result in reduced or less costly staff – May 31, 2016**

Nationwide – Environmental Protection Agency

**\$150,000 Studied people’s experiences with sea monsters, invisible birds, and other supernatural activity – March 28, 2016**

Alaska – National Park Service

**\$25,000 spent on the Smokey Bear laundromat – December 14, 2015**

Lincoln National Forest (Ruidoso, NM)- National Forest Service

**\$100,000 to finance a “Flower Show” – Sep 28<sup>th</sup>, 2015**

Philadelphia, PA- National Park Service

**\$760,000 for Unneeded Sewer Upgrades in Small Town – July 20<sup>th</sup>, 2015**

Ray, ND – Environmental Protection Agency



### **Function 350 Agriculture**

**\$72,500,000 in Specialty Crop Marketing Grants- November 21, 2015**

**Note: USDA list 300 specialty crops, like apples and blueberries, and only 32 non-qualified crops.**  
Nationwide- United States Department of Agriculture

**\$158,000,000 for School Lunch Money Spent on Lawn Sprinklers – Aug 8<sup>th</sup>, 2015**

Los Angeles, CA- Department of Agriculture/Los Angeles Unified School District

**\$370,000,000 for Crop Flood Insurance in seasonal wetlands - June 29<sup>th</sup>, 2015**

Dakotas & Minnesota- Department of Agriculture

### **Function 370 Commerce and Housing Credit**

**\$4,300,000 in defaulted disaster loans to person who did not qualify for them in the first place – August 30, 2016**

Hurricane Sandy Recovery Area – Small Business Administration

**\$500,000 to make a documentary about a metal cylinder – August 15, 2016**

Washington, DC and Paris, France – Department of Commerce

**\$40,000 to provide Satellite TV onboard a NOAA Ship – Aug 31<sup>st</sup>, 2015**

Pacific Ocean- National Oceanic and Atmospheric Administration (Commerce)

### **Function 400 Transportation**

**\$1,600,000 to help study the expansion of the Washington D.C. Streetcar, after refusing requests for funding of the initial phase because the project was deemed too wasteful –February 29, 2016**

Washington, D.C. – Department of Transportation

**\$1,200,000 for “Medical” Vacations - May 5<sup>th</sup>, 2015**

Alaska (Tourist Destination including Vail, CO and Orlando, FL)- Coast Guard

### **Function 450 Community and Regional Development**

**\$2,900,000 to build a private school in an upscale housing development based on unsupported claims – October 19, 2016**

Gulfport, MS – Federal Emergency Management Agency

**Note: the “rebuilding” resulted in the school being more than doubled in size, purchasing property from the schoolboard chairman, and relocated approximately 15 miles to a more affluent area.**

**\$10,000,000 to buy an apartment complex that was unneeded as a justification to receive more funding – September 26, 2016**

Honolulu, HI – Department of Housing and Urban Development (CDBG program)

**\$50,000,000 to Pay for Disaster Damages also Covered by Insurance – Aug 17<sup>th</sup>, 2015**

Nationally- Federal Emergency Management Agency

### **Function 500 Education, Training, Employment, and Social Services**

**\$25,000 for a Hollywood Movie Museum – July 6<sup>th</sup>, 2015**  
Los Angeles, CA- National Endowment for the Arts

**\$7,700 for 3-day Email Class – May 18<sup>th</sup>, 2015**  
Washington, D.C.- Department of Education

### **Function 550 Health**

**\$500,000 to study people's tolerance of spicy foods – June 20, 2016**  
Pennsylvania State University, State College, PA – National Institutes of Health

**\$15,000 on a Balding Conference- November 16, 2015**  
Miami, FL – National Institute of Health-Institute of Arthritis, Musculoskeletal, and Skin Diseases

### **Function 570 Medicare**

**\$175,000,000 on Medicare overpayments for Sleep Apnea Studies- November 9<sup>th</sup>, 2015**  
Orlando, FL & Nation Wide- Center for Medicare Services (HHS)

### **Function 600 Income Security**

**\$104,000,000 for Non-poor People to live in Public Housing – July 27<sup>th</sup>, 2015**  
Nationally- Department of Housing and Urban Development  
Note: this includes millionaires and person who own other homes

### **Function 700 Veterans Benefits**

**\$300,000 to buy TVs that have sat in storage for over three years – September 20, 2016**  
Detroit VA Medical Center, Detroit, MI – Veterans Health Administration  
Note: the TV's warranties expired while they sat in storage.

**\$217,000 to lease medical while it sat in storage for 6 months – April 11, 2016**  
Southern Arizona VA Health Care System, Tucson, AZ – Veterans Health Administration

**\$8,000,000 for Unused Solar Panels – June 1<sup>st</sup>, 2015**  
Little Rock, AR- Veterans Affairs  
Note: these were never used because shortly after completion they were torn down to build a parking garage.

### **Function 750 Administration of Justice**

**\$54,000,000 in Extended Temporary Duty compensation for persons on assignment more than a year. – February 22, 2016**  
Nationwide- Department of Justice



**Function 920 Allowances**

**\$171,300,000 for union actives, including nearly 500 full time union employees – August 23, 2016**  
Across Government

**\$678,000,000 for duplicative climate modeling among 13 agencies – April 25, 2016**  
Various- Thirteen Federal Agencies

**\$150,000 for Yoga Classes for Federal Employees – Sep 14<sup>th</sup>, 2015**  
Nationally- Various Agencies including State, Energy, & Railroad Retirement Board