CRITICAL WASTE ISSUES

FOR THE 115TH CONGRESS

CITIZENS AGAINST GOVERNMENT WASTE

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Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build public support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

CAGW has more than 1 million members and supporters nationwide. Since 1984, CAGW and its members have helped save taxpayers more than $1.4 trillion. CAGW publishes special reports, including the *Congressional Pig Book* and *Prime Cuts*, as well as its official newspaper *Government WasteWatch* and the monthly online newsletter *WasteWatcher*, to expose government waste and educate the American people on what they can do to stop the abuse of their hard-earned money. Internet, print, radio, and television news outlets regularly feature CAGW's publications and experts.

1100 Connecticut Avenue, N.W.
Suite 650
Washington, D.C. 20036
(202) 467-5300
www.cagw.org

Introduction

During the 2016 election, politicians clamored to brag about how much they were going to cut spending. With a projected deficit of $443 billion for fiscal year (FY) 2017 and a national debt that is fast approaching $20 trillion, it is time for action, not talk.

Citizens Against Government Waste (CAGW) has been exposing earmarks in the *Congressional Pig Book* since 1991, and publishing a comprehensive database of recommendations to consolidate and terminate wasteful and inefficient programs in *Prime Cuts* since 1993. The publication of *Critical Waste Issues for the 115th Congress* is intended to be a more concentrated list of some of the important proposals that CAGW believes will result in a smaller and more efficient government.

From agricultural subsidies to telecommunications reform, *Critical Waste Issues for the 115th Congress* details 16 policy areas that require immediate attention, including a chapter on the need for greater accountability and transparency. Many of these recommendations have been considered in the past, while others have been completely ignored. But with more concern than ever focused on the size and scope of the federal government, and a new administration that seems to be very interested in reducing wasteful spending, it is now time to have them implemented.

For example, the Government Accountability Office (GAO) has issued annual reports on duplicative and overlapping programs since 2011. In the 2012 annual report, GAO identified 209 science, technology, engineering and math (STEM) programs, and noted that, despite spending $3.1 billion on those programs by 13 different agencies, U.S. students "continue to lag behind students in other highly technological nations in mathematics and science achievement." Even though this problem had not been solved by existing programs (most of which have not been evaluated for effectiveness), Congress and the executive branch continued to create new programs. GAO concluded that this proliferation of programs, one-third of which had been first funded between 2005 and 2010, in and of itself had contributed to inefficiencies in the focus and delivery of STEM programs across the federal government.

The STEM story is emblematic of the proclivity in the nation's capital to create a program in order to "solve" a perceived problem. If something is broken, it doesn't need to be fixed, because Congress can just "buy" something new to perform the same function.

The resulting duplication, overlap, and waste of taxpayer dollars is in large part due to the lack of sufficient congressional oversight to hold federal agencies accountable for results. If members do not take the time to determine which programs are working and which are wasteful, they cannot effectively allocate money. Therefore, while this lazy approach is clearly the wrong solution to governing, it may nonetheless be somewhat understandable that members of Congress take the "easy way" out and just create unaccountable, expensive new programs on top of equivalent programs.

It is now time to repair the damage done by years of runaway spending and government waste. The adoption of the recommendations in the *Critical Waste Issues for the 115th Congress* will help restore effective and efficient government. Excessive government spending results in greater involvement and interference in the economy and less personal freedom. Eliminating government waste would help transfer power from Washington bureaucrats back to the states and the people.

CAGW's mission reflects the interests of taxpayers. All citizens benefit when government programs work cost-effectively, when deficit spending is reduced, and government is transparent and held accountable. Not only will representative government benefit from the pursuit of these interests, but the country will prosper economically because government mismanagement, fiscal profligacy, and chronic deficits soak up private savings and crowd out the private investment necessary for long-term growth.

CAGW's *Critical Waste Issues for the 115th Congress* should be mandatory reading for taxpayers, the media, and all members of Congress as they tackle the biggest issues facing America.

Accountability, Oversight, and Transparency

James Madison wrote the following in an August 2, 1822 letter to W. T. Barry: "A popular Government, without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy; or, perhaps both. Knowledge will forever govern ignorance: And a people who mean to be their own Governors, must arm themselves with the power which knowledge gives." The Founding Fathers were acutely aware that the new republic and its form of limited government would languish without the consent of the governed. And informed consent means the people must have complete and easy access to the workings and work product of all public servants, with very few exceptions. Such transparency and accountability underpins the American political system.

In order to maintain vigilant oversight and keep open the government's black box, taxpayers should start with basic information, such as the number of federal agencies and how many individuals are employed therein or work under contract. But, the first edition of the Administrative Conference of the United States' Source Book for Executive Agencies, published in 2012, stated that "… there is no authoritative list of government agencies." Estimates range from 96 to 268 to 430.

The picture doesn't get any clearer in regard to employees and where they work. According to the Office of Personnel Management, taking in all branches and including the United States Postal Service (USPS), the full-time federal civilian workforce stands at 2.8 million. While the number of federal workers has remained relatively steady over the past several years, and has even dropped when measured per capita against the general population, the number of contractors working for the federal government has risen dramatically.

In a March 11, 2015 letter to House Budget Committee Ranking Member Chris Van Hollen (D-Md.), the Congressional Budget Office (CBO) stated that, "Regrettably, CBO is unaware of any comprehensive information about the size of the federal government's contracted workforce. However, using a database of federal contracts, CBO determined that federal agencies spent over $500 billion for contracted products and services in 2012. Between 2000 and 2012, such spending grew more quickly than inflation and also grew as a percentage of total federal spending."

When the act of counting federal agencies or federal employees and contractors has become impossible for even those charged by law with tracking that information, it is clear that the growth of the federal leviathan has far outrun the taxpayers' resources to oversee and manage it, and outstripped Congress's ability to exercise the kind of rigorous oversight necessary to ensure efficient management.

Ironically, even as the digital information age has ushered in new communications platforms and expanded the government's array of tools for data collection, maintenance, and analysis, the taxpayers' ability to easily access and search these vast stores of information has lagged.

The Freedom of Information Act (FOIA), enacted in 1967 in order to codify Americans' right to request and receive in a timely manner any non-proprietary information that doesn't compromise national security, has become a black hole for both taxpayers and the media. Requests for information disappear, often never to be answered.

In a July 8, 2014 letter to President Obama from the Society of Professional Journalists, 38 news organizations reminded the president that he had "… recently expressed concern that frustration in the country is breeding cynicism about democratic government," before admonishing him that "You need look no further than your own administration for a major source of that frustration – politically driven suppression of news and information about federal agencies." In September, 2014, Associated Press Washington Bureau Chief Sally Buzbee weighed in as well. She listed eight ways that the Obama administration was making it difficult for news organizations to obtain information, noting that the FOIA process was "under siege" and subject to lengthy and expensive delays. As news organizations struggled to extract this information, taxpayers became even more marginalized in the process.

Accountability, Oversight, and Transparency (continued)

The Obama administration promised to be "the most transparent administration in history." Yet, numerous third-party oversight bodies, including whistleblower protection groups, journalists, and independent taxpayer watchdogs have amply documented that the administration and its cabinet heads actively blocked, slow walked, and buried even basic data. Sen. Chuck Grassley (R-Iowa), a long-time champion of government transparency and accountability, said in 2016, "Despite President Obama's pledge on his first full day in office to run the 'most transparent administration in history,' he broke that promise long ago. This administration has reached unprecedented levels of stonewalling."

In 2015, the number of unanswered FOIA requests had reached 200,000, up by 55 percent from 2013. The 115th Congress should resolve the fractured and unresponsive FOIA process.

At the same time information is being obscured, the two largest taxpayer watchdogs, the GAO and the federal agencies' 72 Offices of the Inspector General (OIG), have both seen their budgets remain flat or whittled away over the past several years. CAGW supports significant, smart reductions in federal spending, the elimination of duplication and overlap in hundreds of government programs, the privatization of many government functions, and the agency-wide adoption of word-class management techniques. But these reasonable reforms must not come at the expense of these critical operations, since their mission is to root out waste, fraud, and abuse and deliver tangible monetary returns back to taxpayers.

A June, 2016 Brookings Institution report documented that most federal OIGs consistently report positive returns in investment. The report stated, "The idea of government functioning more like private enterprise is a popular talking point in many political circles. Sequestration and other budget cuts to OIGs and enforcement divisions do something no CEO or board of directors would ever allow—downsizing the most profitable divisions of a company."

The GAO has documented that, "In FY 2015, GAO's work resulted in an unprecedented return of about $134 for every dollar invested in GAO, generating an estimated $74.7 billion in financial benefits."

In some cases, the government pays lip service to the idea of transparency and accountability, but its actions do not match its rhetoric.

Accountability, Oversight, and Transparency (continued)

In 2009, the Department of Health and Human Services (HHS) expanded a pilot program for Medicare recovery audit contractors (RACs) nationwide. RACs are private sector auditors that identify and recover improper payments by Medicare providers. Medicare is the largest source of improper payments, accounting for $41 billion, or 28 percent, of the record $144 billion in such payments in 2016.

The RAC program costs the taxpayers nothing, since auditors are compensated directly from the funds they recover on behalf of the Medicare Trust Fund. RACs were highly successful, recovering $1 billion in improper overpayments each quarter, and they served as both an educational resource for legitimate providers and a deterrent to unscrupulous or sloppy providers submitting error-ridden claims. That is, until large provider groups with high claims error rates lobbied both HHS agency officials and members of Congress to nullify or suspend large segments of the RAC audits, which HHS first implemented in August, 2013.

Unsurprisingly, improper payment rates for Medicare have increased since that time. Restoring the full scope of the RAC program and sufficiently funding GAO and the OIGs would help demonstrate that eradicating waste, fraud, abuse, and mismanagement is being taken seriously in Washington. It would also overcome the institutional bias on Capitol Hill, in particular, that problems can be solved by creating and funding new programs rather than conducting vigorous oversight to determine the effectiveness of existing expenditures.

Members of the 115th Congress must regain the public's trust by rediscovering and recommitting themselves to scrutinizing every corner of the federal budget, reinstating and repairing some of the governments' most powerful waste-fighting tools, and working to open the books to all Americans.

Agricultural Subsidies

In a June 12, 2013 article heralding the Senate's passage of a farm bill, *The Daily Iowan* traced the origin of related legislation to the Great Depression, with the passage of the Agricultural Adjustment Act of 1933. In other words, federal programs intervening in the agricultural market are more than 80 years old, extending long past retirement age.

Not only have numerous agricultural subsidy programs outlived their usefulness, many have severe limitations that lead to increased costs to consumers. These include sugar, dairy, and peanut subsidies. The eradication of these non-market supports, along with the elimination of two other programs within the U.S. Department of Agriculture (USDA), have the potential to save taxpayers billions of dollars.

The U.S. sugar program is an outdated, Soviet-style command-and-control program that uses import quotas, loans, marketing allotments, price supports, and tariffs to artificially inflate the price of sugar. The federal government establishes a minimum price for sugar in the U.S., which averages roughly double the world price. The government also imposes marketing controls, limiting how much sugar processors are allowed to sell. These allotments are enforced and administered by a small cartel of sugar processors.

Consumers are paying about $3 billion more each year in artificially inflated prices for commodities that use sugar, including baked goods, beverages, candy, cereal, dairy products, snack foods, and hundreds of other products. The program has been costly to the economy as well. Between 1997 and 2011, nearly 125,000 jobs were lost in sugar-using industries. For every sugar growing job protected under the program, about three manufacturing jobs are lost.

Few examples exist of more conspicuous public regulation for the benefit of entrenched special interests at the expense of taxpayers than the U.S. sugar program. The sweet deal for sugar leaves a sour taste for consumers and taxpayers. The program should be replaced with market-oriented reforms in order to help consumers, food manufacturers, taxpayers, producers, and the environment. Eliminating the sugar subsidies would result in savings of $1.2 billion per year.

The U.S. dairy market is a complex tangle of subsidies and price supports. Through a series of federal Milk Marketing Orders, which were based historically on the distance from Eau Claire, Wisconsin to where the milk

is processed, the government sets minimum prices that producers must pay for Grade A milk. These vary from region to region, and milk producers are forbidden to sell their product below the government-set minimum prices. The best solution for taxpayers and consumers is for milk markets to be deregulated and made to resemble other competitive industries. By eliminating dairy subsidies, taxpayers could see $234.3 million in savings in the first year, and $11.2 billion in savings over five years.

Programs designed to support the peanut industry have existed in some form since the early 1900s. Originally, peanuts were subsidized with a production quota; only those who owned or leased production quotas from the government were allowed to produce. These valuable quotas drove the cost of peanuts to nearly twice the world price. The 2002 Farm Bill eliminated production quotas, but Congress chose to create a new direct payment program in order to compensate farmers for removing this "resource," costing taxpayers $1.3 billion over five years. The direct payment program created a system of payments and counter-cyclical payments to "historic peanut producers," or those who grew peanuts from 1998-2001. Unbelievably, the farmers were paid regardless of whether they currently produced peanuts.

The 2014 Farm Bill eliminated direct payments, but greatly expanded crop insurance in an effort to make up for the loss. Crop insurance is more market-based than direct payments, but it represents a particularly troubling program for taxpayers, as the program is effectively unlimited in scope. Crop insurance now serves more crops than ever, and agribusinesses are able to insure through the program without limit, regardless of their farm income. Therefore, a farm with an income in the millions is able to insure as much of its operation as it wishes, all with 62 percent of premiums on average covered by the taxpayer.

In addition to expanded crop insurance, producers of covered commodities, including peanuts, are now eligible for support through either the Agriculture Risk Coverage (ARC) program or the Price Loss Coverage (PLC) program. Under the PLC program, payments are made to farmers when the price for a crop dips below its "reference price." The Farm Bill set the reference price for peanuts at $535 per ton. Under the ARC program, USDA makes a payment for a covered crop in any year that "actual crop revenue" for the commodity is less than its "agriculture risk guarantee."

Many economists believe that the cost of these programs will significantly exceed initial estimates, as crop prices are beginning to fall much sooner than projected. On January 26, 2015, CBO released a revised baseline that showed annual payments to farmers could average $4.8 billion over the next decade. This represents a nearly 50 percent increase over CBO's estimate following passage of the 2014 Farm Bill. Eliminating the peanut subsidies would result in savings of $74 million per year.

In addition to eliminating subsidies, Congress should stop funding the Market Access Program (MAP) and the Rural Utilities Service (RUS).

Formerly known as the Market Promotion Program, MAP is one of the federal government's most blatant examples of corporate welfare. Over the past decade, MAP has provided nearly $2 billion in taxpayer money to help agriculture trade associations, farmer cooperatives, and individual companies advertise their products overseas. Previous beneficiaries have included successful companies such as Blue Diamond, Sunkist, Tyson, and Welch Foods. President Obama's FY 2012 budget proposed a 20 percent cut in MAP, but an amendment to achieve even that limited objective was struck down in the Senate.

A June 2012 report on MAP by then-Sen. Tom Coburn (R-Okla.) disclosed that some of the $20 million that was given to the Cotton Council International (CCI) in 2011 was used to create an Indian reality TV show in which designers create clothing made from cotton. The show was intended to promote the use of cotton generally, not necessarily cotton from the U.S. Indeed, India does not have any need for U.S. cotton, as it is a net exporter of the product, producing twice the amount of U.S. cotton growers. MAP provided more than $169 million to CCI over 10 years. Eliminating MAP would save nearly $1 billion over five years.

The Rural Electrification Administration (REA) was established in 1935 to bring electricity to America's rural communities. By 1981, 98.7 percent electrification and 95 percent telephone service coverage was achieved. Rather than declaring victory and shutting down the REA, the agency was transformed into the RUS in 1994 and then expanded to provide loans and grants for other services, including landline telephones for "underserved" areas of the country.

That mission was further expanded under the 2002 Farm Bill to provide broadband services to unserved or underserved rural areas, which are generally defined as communities with populations of less than 20,000. These services are provided in part through the Rural Broadband Access Loan and Loan Guarantee Program (BAP). Some of the BAP's wasteful projects include the $667,120 given in 2009 to Buford Communications of LaGrange, Arkansas (population 122) to build a hybrid fiber coaxial network and a new community center. This equates to $5,468 per resident of LaGrange.

Another RUS program rife with waste is the Water and Waste Disposal System Loans and Grants Program (WWD), which was intended to improve quality of life and create jobs in rural communities. According to a July 2012 USDA OIG report, "as of September 30, 2011, RUS had obligated $3.3 billion in grants and loans to fund 854 WWD projects throughout the United States." Only three of the 22 projects examined by the IG were completed on time, and the majority of the projects were started five to 30 months after the funds were obligated. The RUS created only 415 new jobs through the WWD, which is "less than 20 percent of the actual jobs identified in planning estimates."

CAGW's *2016 Congressional Pig Book* identified a $10 million earmark for high energy cost grants within the RUS. Since FY 2002, members of Congress have added six earmarks for high energy cost grants totaling $113.5 million. Eliminating RUS, including the loans it guarantees, would save $8.8 billion per year.

These examples represent just a few of the federal agriculture programs that are well past their prime and should have been put out to pasture long before now.

When FY 2017 began on October 1, 2016, it marked the 20th anniversary of the last time (FY 1997) members of Congress were able to pass all the appropriations bills that fund the federal government prior to the beginning of the new fiscal year. In each year since, Congress has resorted to passing a continuing resolution (CR), which provides funding similar to the level of the prior year, in order to buy time to complete the appropriations process.

In fact, appropriations bills were passed on time in only four instances over the past 40 years: FYs 1977, 1989, 1995, and 1997. CRs have long been the rule rather than the exception. Over the past 20 years, legislators have enacted an average of 5.6 CRs per year for an average of 137.5 days, or nearly five months. In FYs 2011 and 2013, Congress resorted to full-year CRs.

The continued use of CRs not only exemplifies Congress's abdication of its most basic responsibility, it also undermines the effectiveness of agencies. CRs neutralize a significant advantage of the federal government: buying power. Instead of paying in advance for bulk orders of expensive items, short-term CRs force agencies to purchase in smaller batches, which increases costs. CRs also create delays and raise prices for multi-year projects and disrupt the hiring of new federal employees.

CRs are meant to be temporary (with the two noted exceptions) to allow members of Congress more time after the start of the fiscal year to complete all the appropriations bills. Despite the additional time, members bunch bills together in omnibus appropriations packages rather than passing them individually. This quick enactment of thousands of pages of text is done in a manner that provides minimal time for members of Congress and the public to digest the bills' contents.

Traditionally, members of Congress are supposed to have three days to review legislation before it is considered on the floor of the House. This is very important for appropriations bills, particularly omnibus versions that can include hundreds of billions of dollars in spending for dozens of agencies and programs. On January 5, 2011, the House formally stipulated that legislation must be made available to the public for three days prior to a vote. However, in practice, the "24-hours-and-two-seconds rule" is used. A bill will be posted at 11:59 p.m. on a Tuesday, for example, and voted on just after midnight three calendar days later, at 12:01 a.m. Thursday morning. Needless to say, this is neither a reasonable interpretation of "three days" nor is it enough time to review an omnibus appropriations package consisting of several thousand pages.

In January 2016, Senate Majority Leader Mitch McConnell (R-Ky.) and House Speaker Paul Ryan (R-Wis.) declared their intention to approve the appropriations bills for FY 2017 by October 1. Despite this pledge, the House passed only six of the 12 bills on time, while the Senate approved just two. When the fiscal New Year arrived in the nation's capital, Congress had again missed the mark, ultimately resorting to a CR that will last through April 28, 2017.

On November 30, 2016, House Budget Committee Chairman Tom Price (R-Ga.) released a proposed rewrite of the congressional budget process. The proposal points out that, according to a January 15, 2016, CBO report, $310 billion was spent on unauthorized programs in FY 2016. Funding authorizations for more than half ($160 billion) of these programs expired more than 10 years ago. This is a gross lack of oversight by Congress.

The proposal recommends a reduction in the statutory discretionary spending limits for unauthorized programs that exceed a specific level. If a program is receiving taxpayer dollars, it should be overseen by Congress before receiving funds, rather than automatically receiving millions of dollars every year.

Many reforms offered by Chairman Price are commonsense changes: the application of uniform budget rules and procedures in both chambers of Congress; the elimination of built-in discretionary inflation; the institution of cost estimates before committee mark-ups; and the removal of budget gimmicks. The proposal also recommends matching the budget calendar with the legislative calendar. Reforms such as biennial budgeting, sunset clauses, and zero-based budgeting would further improve the current system.

Twenty years have passed since members of Congress last punctually completed their primary function. The inability to adhere to the requirements of the budget process is one of many reasons for Congress' unpopularity. Clearly, the system is in need of alteration, and Chairman Price's proposal or similar reforms would likely improve the chances of passing the appropriations bills on time once again.

Currency Modernization

Legislators in both the Senate and the House are considering a currency modernization bill that seeks to generate savings from the production of the penny, the nickel, and the dollar. The bill proposes to suspend the production of the penny, change the composition of the nickel, and replace $1 notes with $1 coins. Furthermore, the legislation would eliminate obstacles to these commonsense reforms, including the arcane and short-sighted way that Congress currently accounts for the cost of conversion from notes to coinage.

The proposed changes for the penny, the nickel, and the dollar have been studied extensively. In 2013, former Treasury Deputy Assistant Secretary for Economic Policy Aaron Klein, who is also a past chief economist on the Senate Banking Committee, published "Time for Change: Modernizing to the Dollar Coin Saves Taxpayers Billions." In regard to the dollar bill, he said, "… the budget impact of modernizing to the dollar coin is likely more than $13 billion in savings over 30 years."

Since 2011, the cost of production of the penny has consistently been greater than one cent: 2.4 cents per penny in 2011, 1.83 cents per penny in 2013, and 1.43 cents per penny in 2015. At the same time, the U.S. Mint has increased production of the penny by 51 percent since 2012, even though the GAO reported that almost two-thirds of pennies are out of circulation. According to Klein, "Despite continuing to cut costs for penny production, the Mint has lost over $300 million producing the penny this decade."

By suspending production of the penny for ten years, taxpayers would reap more than $1 billion in savings. Those pennies already in circulation would most likely satisfy any demand. If there is a requirement for pennies after the hiatus, the infrastructure would still be in place to resume production.

While the nickel remains as a more important unit of cash than the penny, it also costs more to produce than it is worth. By the same token, there are costs to vendors to retrofit machines if any currency is changed significantly. Given the fact that vending machines are programmed to perceive certain coin weights and dimensions, any new nickel would need to approximate those characteristics. By transition to a composition of 80 percent nickel and 20 percent alloy, and based on the U.S. Mint's 2015 rate of production, Klein estimates that taxpayers could save more than $90 million over the next decade.

Finally, with regard to the dollar, the advantages of replacing the $1 bill with a $1 coin are obvious and substantial. According to an April 7, 2000 GAO report, that decision would save taxpayers $522.2 million per year. Since that report, GAO has published nine more reports identifying savings from the switch to the dollar coin.

Most cost savings associated with coins come from their comparative durability. The Bureau of Engraving and Printing produces approximately 3.4 billion $1 bills each year, each of which costs 5.5 cents to manufacture. Each bill has a lifespan of approximately 2 to 5 years. By comparison, the $1 coin costs slightly more to produce – 15 to 18 cents – but has a lifespan of 30 to 40 years.

Other benefits include savings on the processing of money by banks and businesses. Coins cost 30 cents per thousand pieces to process at Federal Reserve Banks, compared to 75 cents per thousand for $1 notes. Large-scale, private-sector users reap even more savings. Processing bills costs them more than 500 percent above processing coins. Coins are also much more difficult to counterfeit.

As Klein stated in his 2013 paper, "With both political parties currently focused on efforts to reduce the federal deficit, the dollar coin presents a unique opportunity for Congress to take action and produce billions in budget savings without raising a single tax or cutting a single program."

Switching to coins also provides an environmental benefit, as they are 100 percent recyclable. Old coins too damaged for use can be melted down and reprocessed into new coins. On the other hand, old $1 bills – which cannot be simply recycled, due to the toxicity of the ink used in printing the banknotes – are shredded and mostly placed in landfills.

In part, the slow progress in introducing coins is related to the perception that the public would be resistant. However, a January 2011 poll conducted by the Tarrance Group in collaboration with Hart Research Associates found that public opinion shifts when respondents learn of the cost savings associated with a switch to coins. When informed that the switch to $1 coins would save American taxpayers $522 million each year, 65 percent of participants were in favor.

Currency Modernization (continued)

In addition to acknowledging this public support, the U.S. needs to recognize that it is alone among industrialized countries in having such a low denomination of paper money. In the United Kingdom, the 5-pound note (worth $6.24 US), is the smallest paper currency; the lowest denomination of paper currency in Canada is the 5-dollar note (worth $3.84 US). In Japan, the 1,000-yen note (worth $8.85 US) is smallest. These countries, as well as France, Germany, and Italy (which use the Euro, the smallest denomination of which is the 5-Euro note, worth $5.38 US), along with the U.S., comprise the top industrialized nations of the world, known colloquially as the "Group of Seven" (or G-7).

Although the benefits of the $1 coin are evident, the Federal Reserve System has obstructed the process of introducing larger numbers of $1 coins into circulation. Officials of the Federal Reserve have complained before Congress of the expenses associated with housing $1 coins. However, as of May 31, 2010, the Federal Reserve held 3.3 billion quarters and billions more pennies, nickels, and dimes. Consequently, the protest regarding the cost of holding the $1 coins seems dubious at best. Further, the Federal Reserve requires banks to "special order" $1 coins, unlike other coins or $1 bills. Obviously, this policy obstructs businesses and banks from receiving $1 coins and impedes their circulation.

The U.S. Mint has been circulating the new $1 coins since 2000, but the federal government needs to take more steps now to replace the dollar bill with the dollar coin. Only then can taxpayers and businesses realize the great benefits that come from $1 coins.

Defense

The Department of Defense (DOD) remains the sole federal agency that has not had a clean audit under the Chief Financial Officers Act of 1990. The books are so bad that areas within the DOD have been on the GAO's High Risk List for waste, fraud, abuse, and mismanagement since 1995. In the latest report, released in February 2015, eight sections of the DOD were labeled as high-risk.

In 2013, the Pentagon announced with much fanfare that the Marine Corps became the first military service to attain a clean audit. Unfortunately, this celebration was short-lived. A July 30, 2015, GAO report stated that the DOD OIG "did not perform sufficient procedures, under professional standards, and consequently did not obtain sufficient, appropriate audit evidence to support the audit opinion." The Pentagon (and the Marine Corps) were back to square one.

In 2010, Congress established September 2017 as the deadline for a review by independent financial auditors, which the Pentagon is now likely to miss.

The necessity for an audit is revealed on a regular basis. For example, a July 26, 2016, DOD OIG report noted that the Defense Financing and Accounting Service, which provides payment for military and civilian personnel and retirees, could not adequately document $6.5 trillion in year-end adjustments to general fund transactions and data.

The procurement process is also in dire need of reform. Upon assuming the office of Secretary of Defense in February 2015, Ashton Carter prioritized recruiting private sector technology companies to bid on contracts awarded by the DOD.

Beyond the desire to tap into industry innovation, the secretary ostensibly was seeking to increase competition in contract bidding. According to a 2014 report by the Center for Strategic and International Studies, half of the proposals listed by the DOD receive only one bid. Part of the problem is that the Pentagon is viewed as biased toward traditional contractors, often with good cause.

Of course, the handful of established defense contractors that handle the majority of large acquisition programs are entrenched for a reason: allies at the Pentagon typically make it as hard as possible for other companies to compete. In two high-profile cases, companies took legal action to force access to the defense procurement process.

On October 28, 2016, the U.S. Court of Federal Claims ruled that the Army unfairly blocked the data analysis company Palantir from competing

for a contract to upgrade the service's Distributed Common Ground System (DCGS-A), produced by Raytheon.

DCGS-A, which is meant to supply real-time access to intelligence, surveillance, and reconnaissance (ISR), is deeply flawed and has been a black hole for Pentagon resources. The program has been criticized by the Army Testing and Evaluation Command (ATEC), the GAO, and soldiers in the field.

Despite the widespread criticism of DCGS-A, the Army has historically backed Raytheon. In one example that demonstrates the service's preference for the established contractor, an Army official demanded that an April 2012 ATEC report recommending greater use of the Palantir system be revised to eliminate that proposal.

SpaceX, a relative newcomer to the space launch business, was also forced to sue in April 2014 in order to open up a competitive process. On January 23, 2015, the company dropped its lawsuit against the Air Force when the service allowed SpaceX to bid and provided an expedited certification process. SpaceX was ultimately certified in July 2015.

Prior to the arrival of SpaceX, this sector was controlled by the United Launch Alliance (ULA), a joint venture of aerospace giants Lockheed Martin and Boeing. ULA held a decade-long monopoly, and charged the exorbitant fees typically associated with market domination. According to an October 26, 2016, *Fortune* article, SpaceX launches cost $62 million, compared to $164 million to $350 million for the ULA.

Many of the highest-profile and highest-cost procurement programs are managed by the same handful of entrenched contractors, spread across the services. Lockheed Martin's F-35 Joint Strike Fighter (JSF) is currently $170 billion over budget and six years behind schedule. On November 2, 2016, DOD officials stated the JSF would require a further $530 million to finish development.

Boeing's KC-46 Pegasus tanker has also suffered numerous delays and cost overruns. The company is set to miss its August 2017 delivery deadline, and the tanker is $1.3 billion over budget thus far.

The DOD can clearly rein in costs by providing opportunity for more companies to bid on procurement and relaxing barriers to entry. In order to achieve that objective, the DOD's track record of impeding new entrants and showing clear preference for established contractors will have to be overcome.

Earmarks

Americans might fondly remember 2006: *Pirates of the Caribbean: Dead Man's Chest* was the top grossing movie, *Sexyback* by Justin Timberlake was at the top of the charts, and Bob Barker announced his retirement from *The Price is Right*.

Other events may be less pleasant to recall, particularly the record $29 billion in earmarks that members of Congress stuffed into the FY 2006 appropriations bills. The 9,963 earmarks identified by CAGW included $1 million for the Waterfree Urinal Conservation Initiative; $500,000 for the Sparta Teapot Museum in Sparta, North Carolina; and $250,000 for the National Cattle Congress in Waterloo, Iowa.

It is to these halcyon days that three members of Congress wish to return.

On November 16, 2016, Reps. John Culberson (R-Texas), Mike Rogers (R-Ala.), and Tom Rooney (R-Fla.) offered an amendment to the House Republican Conference that would have modified the earmark moratorium and permitted legislators to add earmarks to a limited group of federal agencies, including the Army Corps of Engineers and the Departments of Defense and Homeland Security. Earmarks for recreation facilities, parks, and other such projects would have been disallowed under the plan. House Speaker Paul Ryan (R-Wis.) managed to delay the vote to the first quarter of 2017.

This amendment was offered only eight days after an election in which voters made it abundantly clear that they desired an end to wasteful spending in Washington and gave Republicans control of both chambers of Congress as well as the executive branch. A vote to resurrect earmarks would have been (and might be still) a shocking repudiation of these results.

These three members either have incredibly short memories, or are trying to lose their party's majority in the next election. They have apparently forgotten that earmarking led to congressional corruption, including the incarceration of legislators (mostly Republicans), staff, and lobbyists who used the process to buy votes. They also seem to have no recall of the loss of the House majority by Republicans in the 2006 elections – the same year as the record $29 billion in pork.

Earmarks (continued)

Although the earmark moratorium that began in FY 2011 has not been perfect (CAGW continues to identify earmarks, including 123 in FY 2016 costing $5.1 billion) and there remains a distinct lack of transparency in the process, appropriations bills in this era have contained far less pork. This has been an undeniably positive step.

One of the most frequently-used arguments in favor of a return to earmarks is that they would help pass certain spending bills. In the past, however, members voted for excessively expensive legislation because they received a few earmarks; thus, the moratorium has helped restrain spending. A return to rampant earmarking would inevitably increase the risk of corruption and the potential for an explosion in expenditures compared to current levels.

Earmarks create a few winners (appropriators, special interests, and lobbyists) and a great many losers (taxpayers). They contribute to the deficit directly, by tacking on extra funding, and indirectly, by attracting votes to costly legislation that might not otherwise pass. Earmarks corrupt democracy by eclipsing more important matters in the minds of legislators and voters.

Repealing the moratorium would inexorably result in a return to the peak years of earmarking. It would also likely mark the return of wasteful expenditures such as the Bridge to Nowhere, studies of Goth culture, and the construction of indoor rain forests.

Since FY 1991, the year of the first *Congressional Pig Book Summary*, CAGW has identified 110,442 earmarks costing $323.1 billion. The vast majority of these occurred prior to the earmark moratorium. The biggest earmark totals in terms of number and cost certainly occurred prior to the moratorium. While the present system is not without its problems, it is a far better alternative than a return to the bad old days of the Wild West of earmarks.

Solar Investment Tax Credits

Investment Tax Credits (ITC) were created under the Energy Policy Act of 2005, including a 30 percent credit for residential and commercial solar energy projects. The ITC was extended for eight years in 2008 under the Emergency Economic Stabilization Act and for five years under the Omnibus Appropriations Act of 2015.

Currently, businesses that install and lease solar systems to homeowners can depreciate a solar facility as a business asset over five years. Depreciation deductions and the federal ITC on the solar facilities are based on fair market value (FMV), which is typically higher than the installed cost. To determine the FMV, the businesses determine the present value of the anticipated stream of net cash flows they are likely to receive over the desired term of the contract signed by the homeowner. Therefore, the higher the contract, the more incentives the business receives from taxpayers.

For example, a 200-kilowatt commercial project at an estimated cost of $1 million, with the 30 percent ITC, would mean a taxpayer subsidy of $300,000. The revenue returned from development, engineering, procurement, and construction would be approximately $677,627.

Rooftop solar is the fastest-growing segment of renewable energy in the U.S. Residential and commercial solar installation has grown by more than 1,600 percent since the ITC was implemented in 2006 – a compound annual growth rate of 76 percent. With such a sunny outlook for the solar industry, it is time to turn off these wasteful and expensive tax credits.

Yucca Mountain

One of the primary responsibilities of the U.S. Department of Energy is to build a location to safely store the nuclear waste produced by America's commercial nuclear plants. The designated nuclear waste disposal site, Yucca Mountain, has cost American utility companies nearly $15 billion to date. However, the federal government has failed to completely develop Yucca Mountain as the official nuclear waste repository, largely due to strong opposition from former Senate Minority Leader Harry Reid (D-Nev.). With his retirement, there may be a light at the end of the tunnel in Yucca Mountain that would allow it to become fully operational in the near future, rather than just a $15 billion hole in the ground.

For every year Yucca Mountain is offline, utility companies charge the government for its failure to honor the agreement to provide a place to store their nuclear waste. By 2020, taxpayers could be on the hook for approximately $50 billion, in addition to the construction costs they have already incurred to partially develop Yucca Mountain.

Keystone Pipeline

The Keystone XL Pipeline is a proposed 1,179-mile pipe that would transport oil from the tar sands in Alberta, Canada, to Steele City, Nebraska. The pipeline could carry 830,000 barrels of oil each day, decreasing U.S. dependency on oil from the Middle East. It would be privately funded, with the cost of construction being shared between TransCanada and other oil shippers utilizing the pipeline.

Overall, the pipeline would provide approximately 20,000 construction jobs; $5.2 billion in additional property taxes over the life of the pipeline; and, the potential to generate approximately $20 billion in additional private sector investment in food, lodging, vehicles, fuel, construction supplies and services.

Even though lower costs and federal incentives have promoted the adoption of renewable energy across the country, it is imperative that energy policies reflect a robust and diverse energy portfolio. In so doing, renewable energy and non-renewable energy customers would have access to safer, more reliable electricity, at prices that are fair and affordable for all electric consumers.

Entitlements

In FY 2016, outlays for mandatory programs, the formal budget designation for entitlement programs, totaled $2.43 trillion, $130 billion more than in 2015. These programs made up 63.1 percent of the $3.85 trillion federal budget and were equal to 13.2 percent of the gross domestic product.

According to the January 2017 CBO report, "Budget and Economic Outlook 2017 to 2027," the largest three entitlement programs, Social Security, Medicare, and Medicaid, respectively, cost $910 billion, $692 billion, and $368 billion (with the states paying an additional $217 billion) in 2016. Together, they amounted to $1.97 trillion, or 81 percent of mandatory spending and 51.1 percent of total federal budget outlays. Numerous reports over many years from CBO, GAO, and the Social Security and Medicare Trustees have shown these programs are unsustainable at current spending rates.

The Trustees stated the following in their "Summary of the 2016 Annual Reports":

> Both Social Security and Medicare face long-term financing shortfalls under currently scheduled benefits and financing. Lawmakers have a broad continuum of policy options that would close or reduce the long-term financing shortfall of both programs. The Trustees recommend that lawmakers take action sooner rather than later to address these shortfalls, so that a broader range of solutions can be considered and more time will be available to phase in changes while giving the public adequate time to prepare. Earlier action will also help elected officials minimize adverse impacts on the vulnerable populations, including low-income workers and people already dependent on program benefits.

While Medicare and Social Security face insolvency, Medicaid is slowly bankrupting the states. An August 2016 report by the Centers for Medicare and Medicaid Services (CMS) showed that Medicaid expansion costs, many of which have been caused by Obamacare, are far higher than anticipated.

Not only are their costs increasing at an unsustainable rate, all three programs are rife with waste, fraud, and abuse that cost taxpayers billions of dollars a year. According to GAO, improper payments totaled $144.4 billion in 2016. The big three entitlement programs totaled $103.9 billion, or 72 percent of the $144.4 billion, as follows: $59.7 billion for Medicare, $36.3 billion for Medicaid, and $7.9 billion for Social Security.

Reform measures need to be implemented immediately in order to stabilize and save these programs for both current and future beneficiaries. On January 1, 2011, 10,000 Baby Boomers turned 65, an event which the Pew Research Center reported would continue "every day for the next 19 years."

Social Security

Created in 1953, Social Security is the largest single program in the federal budget, paying benefits to more than 60 million beneficiaries. According to the American Academy of Actuaries, expenditures have been greater than non-interest income since 2010, and beginning in 2034, trust fund asset reserves are expected to be depleted. When these funds are exhausted, income from the Social Security tax will be able to pay only 79 percent of scheduled benefits.

Reducing the future burdens of Social Security is critical to promoting a sustainable budget and ensuring that earned benefits will be paid. Reforms will entail making sacrifices and tough choices, no matter how politically unpopular, but changes must be made to avoid an even bigger financial crisis.

When the Social Security program was created, average life expectancy at birth was 58 for men and 62 for women. Today, if a man reaches 65, he can be expected to live, on average, to 84; a woman, on average, to age 87. By making some changes in retirement and benefit structures, Social Security can be salvaged for current and future beneficiaries. Currently, the earliest retirement age is 62, but that retiree will receive only 70 to 75 percent of his or her monthly benefit, depending on the date of birth. This percentage is gradually increased until the person reaches 67. But those who retire at age 62 still have close to two decades, or around one-third of their adult lives, left to live.

Because medical science and technology are advancing, the average lifespan will continue to lengthen; thus, Social Security's normal retirement age (NRA) should be raised. The Social Security Office of the Chief Actuary has produced a "Summary of Provisions That Would Change the Social Security Program," which includes raising the NRA to different levels over different periods of time, thus providing varying degrees of savings to extend Social Security's solvency. For example, the most aggressive proposal would increase the NRA three months per year starting for those at age 62 in 2017, until the NRA reaches 70 in 2032. This proposal would eliminate approximately 54 percent of the long-range shortfall.

Congress must also eliminate the indexing of Social Security benefits to wage levels. Under the current system as productivity rises so do wages, thereby increasing benefit levels. A price indexing system would trim Social Security's liabilities, while ensuring that the relative living standard of retirees is not eroded. Progressive Price Indexing (PPI) was discussed in then-Budget Committee Ranking Member Paul Ryan's (R-Wis.) "A Road Map for America's Future." PPI would index initial benefit levels for middle-income and upper-income families to price inflation rather than wage growth, eliminating much of the increased Social Security cost driven by higher benefits.

Social Security Disability Insurance (SSDI) makes up about 16 percent of total Social Security funds disbursed out of the U.S. Treasury, or approximately $144 billion in 2016. It has grown substantially over the past decades and is often cited as a replacement for welfare, mainly due to Congress changing the definition of what it means to be disabled. A 2015 GAO report showed widespread fraud and poor oversight of the SSDI program. From 2005 to 2014, the Social Security Administration overpaid $11 billion in SSDI benefits to beneficiaries. SSDI's Trust Fund is due to be insolvent in 2023. It is clear more federal oversight and substantial reforms are needed to prevent people from gaming the system and ensure funds are available for the truly disabled.

When the "Road Map" was released, CBO estimated that the plan would enable Social Security to be solvent with permanent and growing surpluses by 2069, without requiring general fund transfers. These surpluses may even make it possible to reduce the regressive payroll tax in the future. These ideas are worth considering again in the 115th Congress.

Medicare

Medicare was established in 1965 under Title XVIII of the Social Security Act and provides health insurance to individuals age 65 and older. It has been expanded beyond its original purpose to include people younger than 65 who cannot work because of a medical condition that will last at least a year or result in death, have end-stage renal disease, or suffer from amyotrophic lateral sclerosis (Lou Gehrig's Disease.) Currently, more than 57 million seniors and disabled Americans are enrolled in Medicare. The program is run by CMS, which contracts with private entities to process claims, conduct audits, and oversee quality control.

In 1967, the House Ways and Means Committee predicted the entire Medicare program would cost taxpayers $12 billion in 1990, but its cost that year was $98 billion. The January 2017 CBO Budget and Economic Outlook report predicted that spending for Medicare will double by 2027, reaching $1.4 trillion. If past is prologue, it could be more.

The dynamics making Medicare unstable are a growing elderly population, increasing costs, and an archaic payment system that encourages overuse of medical services and perpetuates mismanagement and fraud. It is time to restructure the entire program and infuse market forces into the system to lower costs and improve care.

For example, premium support would allow beneficiaries to choose from a variety of health plans that would compete for their business, similar to the Federal Employment Health Benefits program for federal employees. The federal government would provide a "defined contribution" to lower a beneficiary's premium. Contributions would increase for low-income beneficiaries or those that become chronically ill.

Speaker Paul Ryan's "A Better Way" provides an appropriate roadmap to restructure and improve all facets of Medicare over a period of time so that current beneficiaries are not affected and future beneficiaries are prepared for the changes.

Medicaid

Currently, Medicaid covers more than 70 million people and is the largest public health program covering low-income individuals and families. Medicaid is a jointly-funded, federal-state health insurance program. When the program was created in 1965, it provided health insurance to low-income children, caretaker relatives, the elderly, the blind, and the disabled. Through the years, other individuals became eligible for Medicaid.

The federal government matches every dollar spent by the states with a calculated amount dependent on per capita income, called the Federal Medical Assistance Percentage (FMAP.) While the FMAP average is 50 percent, and it can be no lower than that amount, some states get much more. For example, Alabama will receive a match rate of approximately 70.2 percent for 2017.

Obamacare incited significant growth in the program by allowing states to expand Medicaid coverage to nearly all low-income people under the age of 65,

including able-bodied adults with incomes at or below 138 percent of the federal poverty level. Medicaid expansion under Obamacare also provides a much larger FMAP payment. Since 2014 and through 2016, the federal government covered 100 percent of Medicaid expansion dollars. Starting in 2017, that amount drops to 95 percent, gradually diminishing to 90 percent in 2020 and beyond.

According to CBO, about 13 million people will have received insurance through Medicaid expansion in 2016, compared to an average of 12 million who obtained private insurance through the Obamacare marketplaces. But several studies cited in a November 26, 2016 *Forbes* article demonstrate that in 2014 approximately 65 percent, or nearly two-thirds, of Medicaid expansion enrollees were eligible for the public health program pre-Obamacare and have been incorrectly categorized. This means their states should not receive the higher FMAP rate, currently 95 percent, but the average 50 percent rate in effect prior to Obamacare.

Medicaid expansion should be phased out over a period of two years and returned to its original pre-Obamacare mission of helping the vulnerable and disabled. States that expanded Medicaid should return to the federal government the funds paid above their usual FMAP rate for every beneficiary eligible for Medicaid prior to Obamacare. These funds could be used to offset any risk pool and/or funding mechanism to assist individuals with pre-existing conditions or help low-income individuals obtain health insurance under an Obamacare replacement plan.

Studies have shown that Medicaid provides substandard care; indeed, prior to Obamacare, almost one-third of physicians did not accept new Medicaid patients, with some states having even higher non-participation. Apparently, this is still the case. A study published on October 20, 2016 in the *New England Journal of Medicine* showed that Medicaid patients' use of expensive emergency room care has surged, contrary to what President Obama promised. This means emergency rooms are crowded with non-urgent cases and that Medicaid patients are likely not getting the specialized care they may need.

The best way to reform and restrain Medicaid spending while introducing more innovation, oversight, and providing better care to beneficiaries, is by utilizing federal block grants or per-capita allotments while turning over full control of the program to the states. Governors and state legislatures better understand what their citizens need than Washington bureaucrats and politicians. This provision and others found in Speaker Paul Ryan's "A Better Way" will help bring Medicaid into the twenty-first century.

Federal Land Management

Ironically, in the so-called "land of the free," the federal government still controls more than 50 percent of all land west of Kansas. The ongoing ownership of such a large part of the Western states, which is primarily administered by the Bureau of Land Management (BLM) and the U.S. Forest Service (USFS), has been disastrous to the environment and the economy. The mismanagement of federal lands has resulted in record-setting wildfires that have burned millions of acres, emitted pollutants into the air, and destroyed habitats and watersheds. Public lands should be transferred to willing states, which have more accountable and efficient land management policies.

A small percentage of the 250 million acres controlled by BLM consists of parks and wilderness; the rest is best suited for grazing and mineral production. Nearly 200 million acres of forest controlled by USFS are ideal for well-managed timber production. Transferring this multiple-use federal land back to the Western states would still retain full BLM and USFS control over national parks, military bases, Indian reservations, and congressionally-designated wilderness areas.

A March 2015 study by the Property and Environment Research Center shows the staggering disparity between productivity on state and federal public lands throughout the Western states. The federal government loses $0.27 for every dollar it spends on land management, amounting to approximately $2 billion per year. At the same time, states generate $14.51 on average for every dollar spent managing public lands. The report stated, "By nearly all accounts, our federal lands are in trouble, both in terms of fiscal performance and environmental stewardship."

Even though the federal government's management of public lands has been substandard, there is still hope. Ranchers, loggers, farmers, and miners, working with state agencies, can provide the appropriate stewardship to preserve and protect public lands financially and environmentally. It is past time for politicians in Washington, D.C. to transfer the appropriate sections of federally-controlled public lands back to the Western states.

Intellectual Property Rights

The protection and promotion of intellectual property (IP) is the only property right included in the Constitution, found in the General Welfare Clause, Article 1, Section 8:

> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The Copyright Act of 1790 was among the first laws enacted by Congress, establishing both the U.S. Copyright Office and the U.S. Patent and Trademark Office (PTO). These agencies are tasked with cataloguing, analyzing, and protecting IP rights.

Americans are likely to be more aware of the monetary value of private property than IP, since most people do not realize that nearly every product they use is the result of someone's idea, or IP. They are also not likely to know the value of IP to the economy.

In their September 2016 report, the U.S. Department of Commerce Economics and Statistics Administration and the PTO found that direct employment in the most IP-intensive industries in the U.S. accounted for 27.9 million jobs in 2014. Indirect activities associated with those industries provided an additional 17.1 million jobs for a total of 45 million, or 30 percent of all jobs in the economy.

Legislative Action

During the 114th Congress, the House Judiciary Committee held a series of hearings, meetings, and listening sessions to determine the path forward for modernizing and protecting IP rights.

One result of these sessions was the December 8, 2016, announcement by Committee Chairman Bob Goodlatte (R-Va.) and Ranking Member John Conyers (D-Mich.) of a proposal to modernize the U.S. Copyright Office. The plan includes technology modernizations, as well as making the Copyright Office more autonomous rather than being administered by the Library of Congress. This is a good first step toward streamlining the Copyright Office and making it more accountable to its users.

While copyrighted IP is among the most visible IP rights, other rights also need continued protection, including patents, trademarks, and trade secrets. IP rights also must be protected in trade agreements. A more in-depth discussion of these issues can be found in CAGW's 2014 book, *Intellectual Property: Making It Personal*, and CAGW's 2015 Issue Brief, "The Trans-Pacific Partnership Trade Agreement and Intellectual Property."

Promoting IP in Trade Agreements

The protection of IP should be a key consideration in all trade negotiations. Although the U.S. has a strong history of IP protection, other countries do not value IP protection as highly.

On February 8, 2017, the U.S. Chamber of Commerce released its fifth annual IP index, *The Roots of Innovation*, which reviews and rates IP rights and protections around the world. The U.S. received the highest score of the 45 countries that were reviewed, followed by the United Kingdom, Germany, Japan, and Sweden. Venezuela was at the bottom of the rankings, with Pakistan, India, Algeria, and Egypt receiving slightly higher marks.

When the Trump administration enters into negotiations with U.S. trading partners and Congress reviews final agreements, every nation's track record on IP must be considered to ensure that America's creativity, innovation, and technology is protected.

Songwriters

Very few of the hundreds of millions of people around the country who download songs or otherwise listen to music are aware that 75 percent of a songwriter's income is subject to federal government price controls. The only royalty negotiated with songwriters directly is for the public performance of a musical work, such as its use in a movie.

The licensing and distribution of musical compositions are subject to rules established in 1908, when the Supreme Court found in White Smith v. Apollo Music that piano rolls were not copies of musical compositions but components of a player piano machine. In 1909, Congress granted copyright holders (songwriters) the right to control the "mechanical" reproduction of their work, subject to a compulsory licensing process. Manufacturers of piano rolls could reproduce a musical work in exchange for a non-negotiated

royalty fee payment set by the government, which at that time was $0.02 per mechanical reproduction. These same rules were later applied to records, CDs, and downloaded digital or on-demand streaming music. Based on the rate of inflation, the royalty rate for mechanical reproductions should be $0.50; however, it is only $0.09.

In 1941, Congress further crippled the marketplace for songwriters by forcing the two largest performing rights organizations, BMI and ASCAP, to negotiate blanket licenses, collect royalties, and enforce rights on behalf of songwriters when their songs are performed on AM/FM radio, or in bars, restaurants, and stadiums. The Department of Justice governs these consent decrees, which have not been updated for BMI since 1994 and ASCAP since 2001, to provide songwriters compensation for public performance royalties.

It is time for the government to remove itself from the songwriter's business process and let the free market determine the value of these artistic creations, as occurs with other forms of "entertainment" intellectual property such as movies, books, video games, magazines, and television shows.

The Battle Against Piracy

The Digital Millennium Copyright Act of 1998 gave copyright owners the ability to remove infringing content from the internet by sending a takedown notice to online providers. Unfortunately, these takedown notices have not functioned as intended, due to problems with illicit digital files being posted as fast as they are taken down from online sites.

The growth in the number of takedown notices is astounding. In 2013, the six member companies of the Motion Picture Association of America issued a combined 25.3 million takedown notices to search engines and site operators. In 2014, the Recording Industry of America announced that it had issued its 100 millionth takedown notice to Google. By the end of 2014, it was reported that Google alone handled 345 million copyright takedowns, a 75 percent increase over the previous year. In 2015, that number increased by 62 percent to 558 million takedown notices.

When content is widely distributed without the consent of, or compensation to the creator, intellectual property is being stolen. Until it is reined in, this industrial-scale theft will continue to rob the U.S. economy and consumers of jobs, investment, innovation, and creativity.

IP rights have been paramount since the Republic was established. As James Madison noted in *Federalist Paper* No. 43, referring to the authority to promote science and the arts by providing exclusive rights to authors' and inventors' writings and discoveries (which became Article 1, Section 8 of the Constitution):

> The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged in Great Britain to be a right of common law. The right to useful inventions seems with equal reason to belong to inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provision for either of the cases, and most of them have anticipated the decision of this point by laws passed at the instance of Congress.

Everyone benefits from IP. If the Founding Fathers had not recognized its importance, the light bulb, the telephone, the cell phone, and the microchip might never have been invented. Strong IP protection is fundamental to keeping the engine of ingenuity on track for generations to come.

Labor Law and Pension Reform

In the CR that will fund the government until April 26, 2017, a provision was included to provide $45 million for the United Mine Workers of America (UMWA) pension fund, which has promised $5.6 billion more than it can afford to distribute. While the expenditure represents a drop in the bucket of federal spending, the provision exposes a larger problem across the country.

Multi-employer (union) pension plans have collectively over-promised at least $600 billion more than they are able to pay to their beneficiaries. The Pension Benefit Guaranty Corporation (PBGC), which was created to partially insure all private sector pension plans, including unions, will be insolvent by 2025. While the PBGC is not taxpayer-financed now, if it fails taxpayers will end up funding one of the largest bailouts in history.

In the 114th Congress, pension issues were largely focused on whether to circumvent the PBGC and bailout the UMWA pension plan, and perhaps others. Sen. Joe Manchin (D-W.Va.) threatened to block the CR and shut down the government, claiming that the $45 million was not enough.

One of the reasons multi-employer plans are facing insolvency is that the PBGC allows them to operate with higher assumed rates of return on investment (ROI), low contributions, and generous benefit packages. These plans have been allowed to use ROI assumptions as high as 7 percent, while single-employer plans assume more realistic rates of return of 2 to 3 percent. Single-employer plans also have stricter guidelines and, as a result, are more capable of fulfilling their financial obligations.

Another ill-conceived sop to labor, the Davis-Bacon Act, requires that federal contractors pay their employees "the prevailing wage" on federal projects exceeding $2,000. Enacted in 1931, this legislation was passed to keep non-union, minority workers of equal skill out of the workforce and give more jobs to unionized white workers. Today, Davis-Bacon still accomplishes this objective by keeping new entrants and small businesses, often minority-owned and operated, from bidding on federal projects because they lack the resources to manage the Davis-Bacon bureaucracy created by the Department of Labor (DOL).

Courtesy of the DOL's Wage and Hour Division, the prevailing wage mirrors the highest local union contract wages, instead of the area's true prevailing wage, which the Bureau of Labor Statistics calculates independently. As a

result, small or new companies cannot afford to bid on federal projects, and taxpayers pay wages that are much higher than average. The wages can be so onerous for projects that Davis-Bacon has been suspended in the aftermath of natural disasters to provide faster and more efficient reconstruction. A 2013 CBO analysis found that the repeal of Davis-Bacon would save taxpayers $13 billion between 2015 and 2023.

Privatization

President Ronald Reagan was known to use the "Yellow Pages Test" when it came to federal programs: If it could be found in the Yellow Pages (today, yellowpages.com), the private sector should provide the service instead of the government. Unfortunately, federal agencies provide far too many services under the guise of increasing revenue or the belief that they can do so with superior quality and efficiency (neither of which are ever the case).

According to downsizinggovernment.org editor Chris Edwards, privatization promotes market efficiency, increases labor productivity, improves capital investment, expands competition and transparency, ensures true pricing, enhances customer service, and benefits the federal budget (without hurting taxpayers). President Reagan privatized the Consumer Cooperative Bank and Conrail; President Clinton privatized the Alaska Power Administration, the U.S. Enrichment Corporation, and the Elk Hills Naval Petroleum Reserve.

Federal entities that should be privatized include the USPS, National Railroad Passenger Corporation (Amtrak), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), Transportation Security Administration (TSA), the air traffic control system (ATC), and Power Marketing Administrations (PMAs), among others.

Despite an $18 billion tax advantage and a monopoly on first-class mail, the USPS has lost more than $50 billion since 2007. It has $45 billion in unfunded liabilities and an estimated $46 billion in pension and retiree health benefits. Rather than finding ways to lower its expenses, the USPS is seeking to raise revenue by branching into financial services, payday loans, and bill-paying. However, private delivery companies have been successful by simply sticking to their core business model. Privatization of the postal service, a model many western industrialized countries have followed, would level the playing field in mail and package delivery and eliminate the risk of a USPS bailout.

Fannie Mae and Freddie Mac enjoy special benefits not granted to other players in the mortgage market, including an implicit guarantee that the federal government will bail them out when things go south. Following the 2007-2008 mortgage crisis, Fannie Mae and Freddie Mac received a $187 billion bailout when their risky investments lost 90 percent of their value.

Privatization (continued)

Following 9/11, President George W. Bush nationalized airline security and created the TSA, which currently operates at around 450 airports and has been a costly mistake. Undercover tests in 2015 showed that fake bombs and guns slipped past TSA agents at a rate of 95 percent. The agency continues to use appropriated funds for security programs that have shown little to no evidence of success. Further, private screeners at San Francisco International Airport have greatly outperformed their TSA counterparts at the Los Angeles International Airport.

After 9/11, Canada established an oversight agency for aviation security but allowed private businesses to perform the screenings. In Europe, more than 80 percent of airports use private screeners, including the United Kingdom, France, and Germany.

Amtrak was established in 1970 after several major railroads when bankrupt due to a flurry of burdensome regulations, union demands, and the rise of airlines. The federal government took over the railroad and set it up to function like an independent business, claiming it would turn a profit, which has never occurred. Amtrak has received more than $40 billion in federal subsidies to keep the trains running (albeit, late), but has failed to shrink services, reduce the workforce (average salaries are $105,000 annually), or eliminate money-losing routes.

The Department of Energy owns and operates four PMAs, consisting of 130 hydroelectric plants in 33 states. PMAs sell energy at low, subsidized rates, but the low rates are not targeted to low-income or disadvantaged consumers. A 2009 CBO report stated that communities that receive PMA service "are similar to neighboring communities that do not." The DOE should privatize the PMAs, just as the Alaska Power Administration was privatized in 1996 by President Clinton after President Reagan made such a proposal in his 1986 budget.

The ATC, currently administered by the Federal Aviation Administration (FAA), is tasked with directing aircraft on the ground and in the air. In a January 16, 2016 report, the FAA OIG found that the FAA is not performing the tasks given to it by Congress, the most critical being the NextGen project to build a twenty-first century air traffic control network, despite being provided with a budget that doubled between 1996 and 2012. In the 114th Congress, House Transportation and Infrastructure Committee Chairman Bill

Privatization (continued)

Shuster (R-Pa.) offered legislation that would create a "federally chartered, fully independent, not-for-profit corporation to operate and modernize the ATC system." Chairman Shuster's reforms would help make much-needed changes in the network.

The federal government could also save money by increasing public-private partnerships. These partnerships have saved millions of dollars annually through collaboration on long-term projects. Moreover, federal barriers for state and local governments to privatize or take advantage of public-private partnerships should be removed.

The federal government could also increase revenue and reduce spending by selling its surplus real property and stockpile of crude oil in the Strategic Petroleum Reserve (SPR). The SPR contains about 700 million barrels of crude oil, valued about $40 a barrel. The sale of this oil would bring in about $28 billion in revenue and save more than $200 million annually from operating costs.

The federal government owns or leases 275,000 buildings, many of which are in prime locations but remain empty and unused, costing $30 billion annually to operate. Since 2003, the GAO has listed federal real property on its High Risk List.

Privatization would spur economic growth and expand competition. The private sector responds to market needs more effectively and efficiently than the bureaucracy-laden federal government. For example, private industry can deliver mail faster, and get people where they need to go more safely. A reform-minded Congress can now get the federal bureaucracy out of the way of accomplishing these objectives.

Reining In Regulations

While the promulgation of regulations by the executive branch is essential to implementing laws enacted by Congress, without appropriate oversight, they can be used subvert or pervert statutory authority.

Federal regulations have a significant impact on taxpayers and the economy. Each year, between 2,500 and 4,500 final rules are published in the *Federal Register*. From 2010 through 2015, federal agencies adopted 486 final major regulations, which are defined as having an impact on the economy or at least $100 million.

The Competitive Enterprise Institute publishes an annual compilation of federal regulations. In 2015, the total cost of regulations reached $1.885 trillion. While 114 laws were enacted by Congress in 2015, federal agencies had issued 3,410 rules.

In the final year of an administration, and particularly during the time between Election Day and the inauguration of a new president, federal agencies issue "midnight rules" in a last-ditch effort to implement the policies of the outgoing president. According to the American Action Forum (AAF), "regulators published $210 billion in total regulatory costs (proposed and final), with $164 billion from final rules alone" in 2016. The AAF reported that the GAO had tracked 90 major rules in the Obama administration's final year.

Currently, federal regulations take effect without congressional approval. Congress only has the authority to overturn them under the 1996 Congressional Review Act (CRA) through a joint resolution of disapproval. Prior to the 115th Congress, the CRA was only once utilized successfully.

Missed opportunities to use the CRA, which occurred when Congress was split between Republicans in the House and Democrats in the Senate, include the following: The Environmental Protection Agency rule (effective January 1, 2010) establishing a mandatory greenhouse gas emissions reporting program for sources with emissions that exceed 25,000 tons per year; the Federal Communications Commission (FCC)'s heavy-handed Open Internet Order (OIO) (effective June 12, 2015), imposing stiff reporting burdens and bizarre privacy mandates on internet service providers, mobile phone operators, and others; and, the Patient Protection and Affordable Care Act (effective March 23, 2010), which had at least 40 provisions that required federal rulemaking.

Reining In Regulations (continued)

Now that there is a Republican President and Congress, the CRA is being used far more frequently than in the past. Within the first two weeks of the new Congress, the House passed several bills to repeal regulations that were adopted during the last six months of the Obama administration and sent them on to the Senate.

Congress has also taken steps to reform the regulatory process. On January 5, 2017, the House passed H.R. 26, the Regulations from the Executive in Need of Scrutiny Act of 2017 (REINS Act), which passed the House by a vote of 237-187. With the exception of resolutions establishing House rules and condemning the UN Security Council Vote against Israel, H.R. 26 was the second piece of legislation, following H.R. 21, the Midnight Relief Act of 2017, to pass the House in the 115th Congress.

The REINS Act would require Congress to approve every major rule proposed by the executive branch before it can be imposed on Americans. Once a major rule is drafted, it must be voted on by both the House and Senate and signed by the President. Agencies will be required to clearly classify rules as either major or non-major and justify their classification in terms of statutory definition of the rule. Such a process will proactively help safeguard taxpayers from unnecessary and onerous regulations and ensure that federal agencies do not overstep their bounds, rather than waiting until after they have been promulgated and can be overturned under the CRA.

On January 11, 2017, the House approved H.R. 5, the Regulatory Accountability Act of 2017, by a vote of 238-183. The bill reforms the process by which federal agencies analyze and formulate new regulations and guidance documents, clarifies the nature of judicial review of agency interpretations of law, and ensures a complete analysis of the potential impact of rules on small entities.

The quick passage of two significant regulatory reform bills is a good sign that Congress is taking steps to relieve taxpayers and businesses from unnecessary regulatory burdens. More can and should be done to increase oversight of regulations, and ensure a high standard of quality and accountability in the nation's rulemaking process.

Repeal Obamacare

"If you like your doctor, you will be able to keep your doctor … period. If you like your healthcare plan, you'll be able to keep your healthcare plan … period." These words, spoken by President Barack Obama during the healthcare debate, have already gone down in history as Politifact's "2013 Lie of the Year," and they will likely be the most remembered of his presidency.

Signed into law in March 2010, the Patient Protection and Affordable Care Act (ACA), better known as Obamacare, has been expensive and unpopular. A *RealClear Politics* tracking poll showed the law's top approval rating was 43 percent. President-elect Trump made repealing the healthcare reform law one of his top issues, as did Republican senators running for re-election. According to a CBS/New York Times October 28 to November 1, 2016 poll, healthcare was the third top concern with voters, with the economy/jobs ranked first and national security/terrorism second.

One of the primary reasons for ACA's unpopularity is its failure to "lower premiums by up to $2,500 for a typical family per year," as promised by President Obama. Instead, individuals and families have seen their premiums and deductibles rise. For 2016, the average increase in the ACA reference plan (the second-lowest cost Silver Plan) was 7.5 percent and, for 2017, the average increase is 25 percent. Many individuals will experience much higher premiums and fewer choices in 2017, such as an average rate hike of 30 to 39 percent in Alabama, Pennsylvania, Nebraska, and Texas, and 50 percent or more in Arizona, Oklahoma, Minnesota, and Tennessee.

Although the law does provide health insurance to 20 million previously uninsured individuals, more than half of these (12 to 13 million) participate through the expansion of Medicaid, a poorly-run and expensive program that is breaking states' budgets. Thirty million Americans still remain uninsured, even though the primary goal of Obamacare was to expand coverage. A March 21, 2016 *Investor's Business Daily* editorial noted that Obamacare has wasted more than $55 billion since it was signed into law, including:

- $5 billion in planning and establishment grants provided to the states to create marketplace exchanges. Some states spent more than $10 million in planning grants, but never created an exchange. Only 12 of the original 17 state-based exchanges remain.

- $2.4 billion in loans to create 23 Consumer Operated and Oriented Plans (CO-OP). After six years only five remain, and it is unlikely taxpayers will ever see the $1.9 billion in loan repayments from the 18 CO-OPs that disintegrated.
- $2 billion to create Healthcare.gov, which collapsed the first day of open season in October 2013. President Obama requested another $535 million to keep the site running in 2017.
- Additional costs include "illegal" insurance bailouts of $3.5 billion; $881 million for the Internal Revenue Service to handle the tax aspects of Obamacare; $750 million in improper subsidies given to people who could not prove their citizenship; and, the 165 million man-hours, at a cost of $45 billion to businesses and individuals, to comply with the law's 106 new regulations.

Obamacare cannot be "fixed." Within the first 100 days of the Trump administration, Congress must repeal as much of the ACA as possible. Using H.R. 3762, the Restoring American's Healthcare Freedom Reconciliation Act of 2015, as a starting template, this process would:

- Remove the tax penalties for individuals and businesses that do not purchase health insurance;
- Remove the medical device and "Cadillac" taxes;
- Phase out Medicaid expansion over two years; and,
- Slowly jettison the federal subsidies provided to insurers that lowered premiums and cost-sharing provided through the exchanges.

The Trump administration must play its role in ridding the nation of the law's harmful effects, such as revoking the 43 presidential proclamations that illegally changed the law and nullifying thousands of pages of burdensome regulations.

Healthcare coverage is never free and citizens will always pay for its costs. In a single-payer or government-run health plan, the cost is paid through their taxes, but bureaucrats and politicians make decisions on the care people receive. Employer-based plans are a tax-free benefit to employees, who essentially pay by accepting a lower salary. In these plans, employers generally make decisions on the type of coverage to be provided.

Repeal Obamacare (continued)

Any replacement plan must establish individual purchasing power, so Americans can obtain health insurance plans that fit their needs and be portable, such as:

- Utilizing refundable tax credits and encouraging the use and expansion of Health Savings Accounts;
- Removing the 10 “essential” benefits, leaving it to purchasers to decide what they want and need in an insurance plan;
- Returning all insurance regulation to the states; and,
- Creating robust risk-pools, with some federal grants, to help those with pre-existing conditions obtain insurance.

The 115th Congress and President Trump will be acting on an ambitious agenda. Repealing and replacing Obamacare must be at the top of the list.

Technology Modernization

The federal government spends more than $80 billion each year on information technology (IT), including hardware, software, programming, and development. According to a May 25, 2016 GAO report, 75 percent of this funding is spent on operations and maintenance of existing legacy systems.

In 51 federal agencies, the IT systems are so old that in FY 2015, more than 90 percent of IT expenditures supported operations and maintenance. Ancient taxpayer-supported legacy systems include two 56-year-old Department of Treasury Master File systems; a 51-year-old Department of Veterans Affairs (VA) system used to track veterans' benefits; and, a 53-year-old DOD system used to coordinate the operation function of the nuclear forces, which runs on an IBM Series/1 computer and uses 8-inch floppy disks for storage.

Some of the older systems are written in assembly language code, which is difficult to write and maintain, and still operate on an IBM mainframe. Antiquated systems at the Department of Justice and the Social Security Administration still use COBOL, a programming language developed in the 1950s and 60s, which is fast becoming obsolete in the business world. Programmers for both assembly language code and COBOL are becoming increasingly scarce.

Migrating federal IT systems to newer, more agile systems is critical to the continued operation of government. On December 26, 2013, the Federal Information Technology Acquisition Reform Act (FITARA) was signed into law as part of the National Defense Authorization Act for 2015 (P.L. 113-66). This was followed on July 29, 2016, by the Making Electronic Government Accountable By Yielding Tangible Efficiencies Act of 2016 (MEGABYTE Act) (P.L. 114-210). These laws provided the tools necessary to streamline federal IT purchases, increase data center consolidation, provide additional incentives to move toward cloud services, give agencies a centralized budgeting authority for IT acquisitions managed by a chief information officer, and ensure that software assets are inventoried to avoid costly duplication of software and equipment.

The IT systems used by federal agencies are too important to remain outdated. Savings achieved through implementation of FITARA and the MEGABYTE Act should be used to modernize and strengthen federal IT systems. In

addition, federal agencies should be mindful of avoiding duplication and mismanagement of IT services and infrastructure while implementing new and innovative methods of deploying IT across their departments, including the use of agile software development, cross-agency collaborations, and leveraging private sector practices to reduce costs while streamlining services.

Another option available to agency chief information officers is to utilize functions and program solutions already proven successful in other agencies, rather than creating an entirely new process or technology to perform the same task. A prime example of this is the VA's financial software system. The VA tried and failed twice to develop its own financial software system. On October 5, 2016, the department announced it would be utilizing the financial management IT shared services developed by the USDA to replace its existing financial management system. As the federal government increases the use of cloud technology solutions, similar IT sharing initiatives can be used rather than wasting taxpayer dollars duplicating systems that already exist in other agencies.

Finally, Congress should direct annual IT funding appropriations to modernization projects that will enhance and improve the taxpayer's experience, while providing much-needed, effective security against cyber threats. Following up with appropriate oversight will ensure that the budgets are being properly managed and allocated for the best possible solutions.

Telecommunications Reform

The FCC was established by the Communications Act of 1934. The act has been amended through the Cable Act of 1992, the Telecommunications Act of 1996, and most recently the Satellite Television and Localism Act Reauthorization Act of 2014. Congress needs to do much more to clarify and update telecommunications laws and make them more applicable to both current and future technology and innovations.

In the 113th Congress, the House Energy and Commerce Committee began an effort to modernize telecommunications law, engaging stakeholders through a series of white papers and meetings to discuss the parameters for change. Topics included competition policies, interconnection, internet regulations, universal service fund reforms, and video transmission issues.

The new Congress is already taking small steps to help bring clarity to the laws governing telecommunications. On January 10, 2017, the House of Representatives passed H.R. 288, the Small Business Broadband Deployment act, which would protect small Internet Service Providers (ISPs) from onerous reporting requirements mandated by the Open Internet Order (OIO). On January 23, 2017, the House passed seven bills to reform and refine telecommunications law: H.R. 290, the Federal Communications Commission Process Reform Act of 2017; H.R. 423, the Anti-Spoofing Act of 2017; H.R. 460, the Improving Rural Call Quality and Reliability Act of 2017; H.R. 555, the Amateur Radio Parity Act of 2017; H.R. 582, Kari's Law Act of 2017; H.R. 588, the Securing Access to Networks in Disaster Act; and H.R. 599, the Federal Communications Consolidated Reporting Act of 2017. Similar legislation had been passed by the House during the 114th Congress, but was not considered by the Senate.

On January 3, 2017, Senate Commerce, Science, and Transportation Committee Chairman John Thune (R-S.D.) introduced S. 19, the MOBILE NOW Act, which would codify the 2010 Presidential Memorandum directing federal agencies to make available 500 MHz of spectrum for wireless broadband use by 2020, and reduce obstacles to building networks in preparation for the next-gen 5G wireless networks. This legislation, along with bills similar to the eight passed by the House, is expected to be considered in the Senate in the near future. However, none of these bills could be called a "comprehensive" revision and update of the major telecommunications laws.

Telecommunications Reform (continued)

One of the most important items that must be addressed to bring clarity to telecommunications law would be the reversal of the OIO either directly or as part of a complete overhaul. On February 26, 2015, the FCC approved the OIO, which imposed draconian Title II common carriage restrictions on the internet. Prior to the vote on the OIO, Sen. Thune and House Energy and Commerce Committee Chairman Fred Upton (R-Mich.) proposed draft legislation that would have restructured and clarified the FCC's authority over the internet, while maintaining the principles of an open internet. The proposal would have banned blocking, throttling, and paid prioritization; required increased transparency; applied rules to wireline and wireless providers; allowed for "reasonable network management" and specialized services; and, protected consumer choice, all of which would have met the stated goals of net neutrality without regulatory fiat by the FCC.

These efforts were ignored by the agency. The reclassification left the door open for future onerous regulations on the internet, including rate regulation and free data freezes, among other common carrier restrictions, and created problems for privacy protection on the internet. The FCC attempted to address the privacy issues with new rules aimed at protecting consumer data from internet providers. Rather than harmonizing privacy regulations with the Federal Trade Commission (FTC), which previously oversaw privacy regulations on the internet, the FCC developed stringent regulations that have created a confusing mix of opt-in/opt-out options and uncertainty for both providers and consumers. The OIO and the privacy rules should both be rescinded.

Other areas that should also be addressed in the 115th Congress include reducing the wireless tax burden for consumers using mobile services, creating a standard method for taxation of digital goods, and, ensuring that free market competition be allowed to flourish without additional regulatory burdens.

Notes

Notes

Authors and Contributors:

Tom Schatz, *President*
Leslie Paige, *V.P. of Policy and Communications*
William Christian, *Director of Government Affairs*
Deborah Collier, *Director of Technology & Telecommunications Policy*
Sean Kennedy, *Research Director*
Elizabeth Wright, *Director of Health and Science Division*
Rachel Cole, *Policy and Government Affairs Associate*
Andrew Nehring, *State Policy Manager*

CITIZENS AGAINST GOVERNMENT WASTE

1100 Connecticut Avenue, N.W.
Suite 650
Washington, D.C. 20036

(202) 467-5300

www.cagw.org