

## CUTS, CONSOLIDATIONS, AND SAVINGS

As part of the President's Management Agenda, the Administration will continue to build upon successful efforts to maximize the value of every taxpayer dollar by enhancing productivity and efficiency and achieving cost savings across the Government.

Consistent with the Management Agenda, the Budget continues efforts such as reducing administrative overhead, increasing the use of shared services, increasing strategic sourcing and category management, cutting improper payments, saving on real estate costs, reforming military acquisition, and consolidating data centers.

The Budget also continues efforts to reorganize and consolidate Federal programs to reduce duplication and improve efficiency. The President is renewing his request for the Congress to revive the reorganization authority given to nearly every President from Herbert Hoover to Ronald Reagan. In effect, the President is asking to have the same authority that any business owner has to reorganize or streamline operations to meet changing circumstances and customer demand. The Budget outlines a set of ambitious cross-Government consolidations intended to serve as a blueprint for reorganizing and reforming Government, including consolidating the six primary business and trade agencies into a single agency responsible for fostering economic growth; combining the two largest food-safety related agencies into a single agency responsible for inspections, enforcement, and outbreak prevention; and continuing efforts to streamline science, technology, engineering, and mathematics (STEM) programs across Government.

Further detail on all of these initiatives is provided in the chapter titled A Government of the Future.

The Budget also continues to target unnecessary or lower priority programs for reduction or elimination. In the President's first six Budgets, the Administration identified, on average, more than 150 cuts, consolidations, and savings averaging more than \$23 billion each year. Many of these proposals have now been implemented, and the Budget builds on this success by including 101 cuts, consolidations, and savings proposals projected to save over \$14 billion in 2016. While the Budget proposes increases in discretionary budget caps to make room for a range of domestic and security investments, it still includes discretionary cuts, consolidations, and savings proposals totaling \$3.6 billion to further make room for investments to help move the Nation forward. Savings from mandatory and program integrity proposals total \$10.6 billion in 2016 and \$609 billion over 10 years; about 70 percent of these savings are from health reform proposals. The Budget shows that we can avoid the harmful spending cuts known as sequestration, and instead invest in economic growth, mobility, and national security, while still putting the Nation on a sustainable fiscal path. Overall the Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms in health programs, the tax code, and immigration.

Discretionary and mandatory cuts, consolidations, and savings proposals in this year's Budget are detailed on the following tables. Savings from the Administration's program integrity proposals, totaling \$110 billion through 2025, are detailed in the Budget Process chapter of the *Analytical Perspectives* volume.

### Discretionary Cuts, Consolidations, and Savings

(Budget authority in millions of dollars)

Cuts	2015	2016	2016 Change from 2015
317 Immunization Program, Department of Health and Human Services .....	611	561	-50
Access to Recovery, Department of Health and Human Services .....	38	.....	-38
Area Health Education Centers, Department of Health and Human Services .....	30	.....	-30
Beach Grants, Environmental Protection Agency .....	10	.....	-10
Centers for Disease Control and Prevention, Direct Healthcare Screenings, Department of Health and Human Services .....	263	209	-55
Clean Water and Drinking Water State Revolving Funds (SRFs), Environmental Protection Agency .....	2,356	2,302	-54
Community Development Block Grant - Formula Funds, Department of Housing and Urban Development .....	3,000	2,800	-200
Community Economic Development Program, Department of Health and Human Services <sup>1</sup> .....	30	.....	-30
Diesel Emissions Reduction Grant Program, Environmental Protection Agency <sup>1</sup> .....	30	10	-20
Divestiture of the A-10 Fleet, Department of Defense .....	810	428	-382
Economic Impact Grants, Department of Agriculture <sup>1</sup> .....	10	.....	-10
Education Research Centers and Agricultural Research, Department of Health and Human Services <sup>1</sup> .....	51	.....	-51
Federal Prisoner Detention, Department of Justice <sup>1</sup> .....	1,407	1,384	-23
Foreign Military Financing, Department of State .....	5,881	5,807	-74
Global Fund to Fight AIDS, Tuberculosis, and Malaria, Department of State .....	1,350	1,107	-244
Grants for Abstinence-Only Programs, Department of Health and Human Services .....	5	.....	-5
Grants-In-Aid for Airports, Department of Transportation <sup>1</sup> .....	3,350	2,900	-450
Great Lakes Restoration Initiative, Environmental Protection Agency .....	300	250	-50
Harry S. Truman Scholarship Foundation .....	1	.....	-1
Health Care Services Grant Program, Department of Agriculture <sup>1</sup> .....	3	.....	-3
Health Information Technology Research, Department of Health and Human Services .....	28	23	-5
High Energy Cost Grants, Department of Agriculture <sup>1</sup> .....	10	.....	-10
High Intensity Drug Trafficking Areas, Office of National Drug Control Policy <sup>1</sup> .....	245	193	-52
Impact Aid - Payments for Federal Property, Department of Education <sup>1</sup> .....	67	.....	-67
Innovative Approaches to Literacy (in Funds for the Improvement of Education Programs of National Significance), Department of Education <sup>1</sup> .....	25	.....	-25
International Forestry, Department of Agriculture <sup>1</sup> .....	8	4	-4
International Narcotics Control and Law Enforcement, Department of State .....	1,296	1,194	-102
Joint Standoff Weapon (JSOW), Department of Defense .....	108	21	-87
Low Priority Studies and Construction, Corps of Engineers .....	1,762	1,269	-493
Mutual Self-Help Housing Grants, Department of Agriculture .....	25	10	-15
National Heritage Areas, Department of the Interior <sup>1</sup> .....	20	11	-9
National Wildlife Refuge Fund, Department of the Interior <sup>1</sup> .....	13	.....	-13
Operation and Maintenance Work, Corps of Engineers .....	2,909	2,710	-199
Preventive Health and Health Services Block Grant, Department of Health and Human Services <sup>1</sup> .....	160	.....	-160
PRIME Technical Assistance, Small Business Administration <sup>1</sup> .....	5	.....	-5
REACH, Department of Health and Human Services .....	51	.....	-51
Research, Education and Extension Grants, Department of Agriculture:			
Animal Health (Sec. 1433) <sup>1</sup> .....	4	.....	-4
Capacity Building: Non-Land Grant Colleges <sup>1</sup> .....	5	.....	-5
Farm Business Management and Benchmarking <sup>1</sup> .....	1	.....	-1
Food Animal Residue Avoidance Database <sup>1</sup> .....	1	.....	-1
Methyl Bromide Transition Program <sup>1</sup> .....	2	.....	-2
Potato Breeding Research (Competitive) <sup>1</sup> .....	1	.....	-1
Rural Health and Safety <sup>1</sup> .....	2	.....	-2
Sungrants <sup>1</sup> .....	3	.....	-3
Supplemental and Alternative Crops <sup>1</sup> .....	1	.....	-1
Rural Access to Emergency Devices, Department of Health and Human Services .....	5	.....	-5

**Discretionary Cuts, Consolidations, and Savings—Continued**  
(Budget authority in millions of dollars)

	2015	2016	2016 Change from 2015
Rural Community Facilities, Department of Health and Human Services <sup>1</sup> .....	7	.....	-7
Rural Hospital Flexibility Grant Programs, Department of Health and Human Services .....	42	26	-16
Rural Multifamily Housing Preservation Grants, Department of Agriculture <sup>1</sup> .....	4	.....	-4
State Criminal Alien Assistance Program, Department of Justice .....	185	.....	-185
State Indoor Radon Grant Program, Environmental Protection Agency .....	9	.....	-9
Targeted Airshed Grants, Environmental Protection Agency .....	10	.....	-10
Urban and Wastewater and Community Facilities Loan Guarantees, Department of Agriculture .....	28	24	-4
Water and Wastewater and Community Facilities Loan Guarantees, Department of Agriculture <sup>1</sup> .....	4	.....	-4
Water Quality Research and Support Grants, Environmental Protection Agency <sup>1</sup> .....	17	.....	-17
Women in Apprenticeship in Non-Traditional Occupations, Department of Labor <sup>1</sup> .....	1	.....	-1
<b>Total, Discretionary Cuts</b> .....	<b>26,600</b>	<b>23,242</b>	<b>-3,358</b>
<b>Consolidations</b>			
National Preparedness Grant Program (NPGP), Department of Homeland Security .....	1,266	1,043	-223
Science, Technology, Engineering, and Mathematics (STEM) Reorganization, Multi-Agency Consolidated and Eliminated Programs Total - 20 Programs			
<i>Department of Agriculture - 4 Programs</i> .....	[11]	.....	
<i>Department of Commerce - 6 Programs</i> .....	[14]	.....	
<i>Department of Defense - 1 Program</i> .....	[25]	.....	
<i>Department of Energy - 2 Programs</i> .....	[5]	.....	
<i>Department of Health and Human Services - 2 Programs</i> .....	[15]	.....	
<i>Environmental Protection Agency - 2 Programs</i> .....	[11]	.....	
<i>National Science Foundation - 1 Program</i> .....	[6]	.....	
<i>Nuclear Regulatory Commission - 2 Programs</i> .....	[15]	.....	
Section 4 and Rural Capacity Building, Department of Housing and Urban Development .....	40	20	-20
Teacher and Principal Pathways, Department of Education .....	.....	[139]	
<i>Transition to Teaching</i> .....	[14]	.....	
<i>School Leadership</i> .....	[16]	.....	
<i>Teacher Quality Partnerships</i> .....	[41]	.....	
<b>Total, Discretionary Consolidations</b> .....	<b>1,306</b>	<b>1,063</b>	<b>-243</b>
<b>Savings</b>			
Office of National Drug Control Policy, Executive Office of the President .....	23	20	-3
Senate Campaign Finance Reports Electronic Submission, Federal Election Commission .....	.....	.....	
<b>Total, Discretionary Savings</b> .....	<b>23</b>	<b>20</b>	<b>-3</b>
<b>Total, Discretionary Cuts, Consolidations, and Savings</b> .....	<b>27,929</b>	<b>24,325</b>	<b>-3,604</b>

<sup>1</sup> This cut has been identified as a lower priority program activity for purposes of the GPRA Modernization Act, at 31 U.S.C. 1115(b)(10). Additional information regarding this proposed cut is included in the respective agency's Congressional Justification submission, where applicable.

### Mandatory Cuts and Savings

(Outlays and receipts in millions of dollars)

	2016	2017	2018	2019	2020	2016–2020	2016–2025
<b>Cuts</b>							
Coal Tax Preferences, Department of Energy							
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels <sup>1</sup> .....	-45	-48	-50	-53	-54	-250	-561
Expensing of Exploration and Development Costs <sup>1</sup> .....	-40	-68	-70	-74	-77	-329	-694
Percent Depletion for Hard Mineral Fossil Fuels <sup>1</sup> .....	-183	-299	-288	-278	-266	-1,314	-2,450
Royalty Taxation <sup>1</sup> .....	-27	-54	-53	-54	-55	-243	-547
Crop Insurance Program, Department of Agriculture .....	-1,129	-1,374	-1,560	-1,614	-1,650	-7,327	-15,999
Geothermal Payments to Counties, Department of the Interior <sup>2</sup> .....	-4	-4	-4	-5	-5	-22	-47
Gulf of Mexico Energy Security Act (GOMESA) Payments to States, Department of the Interior <sup>2</sup> .....			-367	-375	-376	-1,118	-3,069
Oil and Gas Company Tax Preferences, Department of Energy							
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years <sup>1</sup> .....	-91	-341	-537	-532	-440	-1,941	-2,876
Repeal Credit for Oil and Gas Produced from Marginal Wells <sup>1</sup> .....							
Repeal Deduction for Tertiary Injectants <sup>1</sup> .....	-7	-10	-10	-10	-10	-47	-97
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies <sup>1</sup> .....	-647	-1,115	-1,139	-1,173	-1,208	-5,282	-11,904
Repeal Enhanced Oil Recovery Credit <sup>1</sup> .....							
Repeal Exception to Passive Loss Limitations for Working Interests in Oil and Natural Gas Properties <sup>1</sup> .....	-9	-17	-19	-20	-20	-85	-185
Repeal Expensing of Intangible Drilling Costs <sup>1</sup> .....	-2,267	-3,182	-2,351	-1,867	-1,566	-11,233	-15,495
Repeal Percentage Depletion for Oil and Natural Gas Wells <sup>1</sup> .....	-1,118	-1,790	-1,669	-1,585	-1,498	-7,660	-13,253
Offset Disability Benefits for Period of Concurrent Unemployment Insurance Receipt <sup>2</sup> .....		-35	-172	-253	-252	-712	-2,019
Unrestricted Abandoned Mine Lands Payments, Department of the Interior <sup>2</sup> .....	-48	-35	-28	-34	-36	-181	-295
<b>Total, Mandatory Cuts</b> .....	<b>-5,615</b>	<b>-8,372</b>	<b>-8,317</b>	<b>-7,927</b>	<b>-7,513</b>	<b>-37,744</b>	<b>-69,491</b>
<b>Savings</b>							
FECA Reform, Department of Labor .....	-19	-9	-14	-21	-29	-92	-336
Federal Employee Health Benefits Program Reforms, Office of Personnel Management .....		-57	-139	-187	-238	-621	-2,987
Health Care (Medicaid Proposals), Department of Health and Human Services .....	-582	-857	-917	-962	-1,012	-4,328	-13,895
Health Care (Pharmaceuticals), Department of Health and Human Services <sup>3</sup> .....	-810	-840	-1,020	-1,350	-1,630	-5,650	-16,040
Medicare Provider Payment Modifications, Department of Health and Human Services <sup>3, 4</sup> .....	-3,640	-12,420	-22,460	-28,000	-35,170	-101,690	-396,959
<b>Total, Mandatory Savings</b> .....	<b>-5,051</b>	<b>-14,183</b>	<b>-24,550</b>	<b>-30,520</b>	<b>-38,079</b>	<b>-112,381</b>	<b>-430,217</b>
<b>Total, Mandatory Cuts and Savings</b> .....	<b>-10,666</b>	<b>-22,555</b>	<b>-32,867</b>	<b>-38,447</b>	<b>-45,592</b>	<b>-150,125</b>	<b>-499,708</b>

<sup>1</sup> This cut has been identified as a lower priority program activity for purposes of the GPRA Modernization Act, at 31 U.S.C. 1115(b)(10). Additional information regarding this proposed cut is included in the Governmental Receipts chapter of the Analytical Perspectives volume.

<sup>2</sup> This cut has been identified as a lower priority program activity for purposes of the GPRA Modernization Act, at 31 U.S.C. 1115(b)(10). Additional information regarding this proposed cut is included in the respective agency's Congressional Justification submission, where applicable.

<sup>3</sup> Medicare savings estimates do not include interactions.

<sup>4</sup> In addition to the savings reported on this table, the Budget includes investments to reform Medicare physician payments and improve access to inpatient psychiatric facility services, as well as an additional \$83.8 billion in 10-year savings for Medicare Structural Reforms, as detailed on table S-9.