

The Thomas A. Roe Institute for Economic Policy Studies

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**A PROGRESS REPORT ON CLOSING
UNNEEDED AND OBSOLETE
INDEPENDENT FEDERAL AGENCIES**

INTRODUCTION

When the new Congress took charge in January 1995, the House and Senate leadership promised fundamental overhaul of the federal government. Included among the many proposed reforms was the closing or consolidation of redundant and obsolete government agencies. The most visible manifestation of this effort was the call by House freshmen to shut down the Departments of Housing and Urban Development, Commerce, Energy, and Education. Although this initiative was associated most closely with the more junior members of both houses, the goal of streamlining government by terminating programs and closing agencies also was embraced by the leadership, with Senate Majority Leader Robert Dole (R-KS) endorsing the Senate freshmen's plan to close four departments.

In sharp contrast to its record in past years, this time Congress actually followed through and achieved more than most observers expected, shutting down over 270 agencies, divisions, offices, and programs throughout the federal government. This performance is illustrated by the action taken on 41 independent agencies recommended for termination in a January 1995 Heritage Foundation study because of their obsolescence, redundancy, limited value, or regional focus.¹ Excluding the five independent agencies that are not subject to the annual appropriations process,² Congress's record for the remaining 36 is:

- 1 See Ronald D. Utt, "Closing Unneeded and Obsolete Independent Government Agencies," Heritage Foundation *Background* No. 1015, January 25, 1995.
- 2 These are the five scholarship trust funds honoring distinguished Americans. Provided with a trust fund when created, they are not subject to annual congressional appropriations or authorization.

- ✓ **13 agencies terminated and \$3.6 billion saved over the next five years.**
- ✓ **Funding for 12 agencies substantially reduced (by 10 percent or more) and \$2.2 billion saved over five years.**
- ✓ **No change or only limited change (funding cut by 10 percent or less) at 11 agencies and up to \$40 million saved over the next five years.**

By taking significant action on 25 (or 70 percent) of the targeted agencies, this Congress reversed years of inaction on outmoded programs that had enjoyed uninterrupted growth in their budgets. Of the 11 agencies sheltered from significant cuts or termination, all but one—the Franklin Delano Roosevelt Memorial Commission, whose funding was tripled—saw their funding either modestly reduced or frozen at 1995 levels.

But while Congress has done more than its fair share to reduce government waste, the President has opposed many of these efforts by vetoing five of the appropriations bills; a sixth is stalled in the Senate, threatened by a filibuster. Because these six bills contain most of the proposed agency terminations, only about \$600 million of the \$5.8 billion in potential savings has been signed into law by the President.

In addition to this progress in dealing with the 41 agencies cited in the January Heritage report, considerable success was achieved in dealing with scores of other obsolete programs, many of which were identified in *Rolling Back Government: A Budget Plan to Rebuild America*, the Heritage blueprint for a radical downsizing of the federal government.³ In the Cabinet departments reviewed in *Rolling Back Government*, 251 programs or program offices were shut down or consolidated, and another 56 were cut significantly. In addition, Congress shut down eight programs within the legislative branch. Program terminations and reductions of this magnitude, in addition to being unprecedented, are a key component of Congress's \$23 billion overall reduction in discretionary spending from last year's level.⁴

It is obvious that tremendous progress was made in cutting wasteful, obsolete, and redundant federal programs during the first session of the 104th Congress, but much more can be done. Congress and the President should revisit many of the independent agencies that survived, including those that were substantially reduced, and make additional cuts and terminations as appropriate. Reformers should keep an especially close watch on those agencies that are scheduled for shutdown or consolidation to guard against end runs in Congress and last-minute presidential vetoes designed to keep these unneeded programs in business.

³ Scott A. Hodge, ed., *Rolling Back Government: A Budget Plan to Rebuild America* (Washington, D.C.: The Heritage Foundation, 1995).

⁴ See House Appropriations Committee news release, "Appropriations Panel Fulfills Commitment to Cut Government," December 1995, for a complete listing of program terminations and major cutbacks as well as projected FY 1996 savings for each.

THE CRITERIA FOR CLOSURE

When reviewing government programs for possible phaseout and funding reductions, lawmakers in each case should assess the program's value and whether it is truly national in scope. This means asking four questions:

- ① **Is the service provided by another government department or agency?**
- ② **Is the agency amenable to management efficiencies through consolidation?**
- ③ **Can the agency's responsibilities be justified in an era of competing needs and limited resources?**
- ④ **Is the agency's principal focus of regional rather than national interest?**

Examples of the wasteful replication of public services include the many different agencies and offices tasked with nuclear safety. One of these, the Office of Nuclear Waste Negotiation, was allowed to go out of business last year. Among the many similar agencies that remain are the Nuclear Regulatory Commission (the largest and oldest), the newer and much smaller Defense Nuclear Facilities Board, the Nuclear Waste Technical Review Board, and the Presidential Commission on Catastrophic Nuclear Disasters. In addition to these overlapping independent agencies, the Department of Energy's Office of Nuclear Performance Assessment, Office of Nuclear Safety Enforcement, Office of Nuclear Safety Policy and Standards, Office of Radiological Oversight, and Division of Transportation and Packaging Safety all perform similar functions.

While one could argue that there is no such thing as too much nuclear safety, this scattershot approach, with independent offices spread throughout Washington, means costly replica-

AN ABUNDANCE OF CIVIL RIGHTS OFFICES

Sprinkled throughout the federal establishment is a host of agencies charged with a variety of civil rights responsibilities. Among these is the Commission on Civil Rights, which in part replicates the civil rights responsibilities of such other civil rights offices as the Equal Employment Opportunity Commission, the Civil Rights Division of the Justice Department, and the Division of Fair Housing and Equal Opportunity in the Department of Housing and Urban Development (HUD).

There also are specialized offices within these divisions. For example:

HUD maintains an Office of Fair Housing Initiatives and Voluntary Programs, an Office of Investigations, an Office of Program Compliance, an Office of Affirmative Action and Equal Employment Opportunity, and an Office of Regulatory Initiatives and Federal Coordination.

In the Department of Labor, civil rights issues are pursued by the Directorate of Civil Rights through its Office of Equal Employment Opportunity and Affirmative Action and Office of Program Compliance and Enforcement.

Similar Offices and Divisions are lodged in the Department of Health and Human Services and the Department of Education, which has an extensive series of offices covering civil rights issues.

Although the Commission on Civil Rights survived this year's budget review, HUD's Department of Fair Housing did not; it is scheduled to be merged into the Justice Department once the President signs the HUD appropriation bill into law.

tion.⁵ More troublesome from a safety perspective is the potential for unintentional lapses and gaps in oversight because of divided responsibility, communications difficulties, and excessive overhead at the expense of safety initiatives. Typical of this problem is the recent disclosure that the Department of Energy wasted \$59 million on an uncompleted "Waste Management Programmatic Environmental Impact Statement."⁶

Achieving Efficiency Through Consolidation

Even when the specific responsibilities of independent agencies are decidedly different, their functions may be sufficiently similar to allow for management efficiencies through consolidation. This can reduce costs and allow more federal financial resources to go directly to the intended beneficiaries rather than to administering bureaucrats.

Examples of federal administrative redundancy include the scholarship funds established to honor prominent Americans. The Barry Goldwater Scholarship Foundation and the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation, while worthy in purpose, are also top-heavy with bureaucratic burdens that diminish their ability to achieve their mandated purpose. According to the President's FY 1996 budget, the Harry S. Truman Scholarship Foundation will spend \$1.13 million to provide \$2 million in scholarships, and the James Madison Memorial Fellowship Foundation will spend \$986,000 to provide just \$1,008,000 in fellowships to students. A dollar spent on excessive administrative overhead is a dollar denied a student or scholar.

A better way to honor America's leaders would be to consolidate these scholarship programs within a single foundation or existing agency already involved in making academic grants, such as the National Science Foundation or the Department of Education. This would reduce overhead costs substantially. Given the modest size of each of these programs, it makes no sense to maintain five separate accounting departments, five mailrooms, five travel budgets, five costly executives, five executive assistants, and five versions of all the other services needed to operate a scholarship program.

Low-Priority Agencies

Other independent agencies perform functions that, while possibly interesting and important to a few, cannot be justified in an era when available government resources are far short of what is needed to satisfy more pressing national goals. If the Department of State and Department of Defense are fulfilling their missions adequately, taxpayers are entitled to ask why additional millions of dollars are spent on the Institute of Peace, the North-South Center, or the Japan-United States Friendship Commission. Apparently many Members of Congress agree, because two of these agencies were subjected to significant cutbacks last year.

5 See John S. Barry, "How to Close Down the Department of Energy," Heritage Foundation *Backgrounders*, No. 1061, November 9, 1995, for a review of some of the costly and inefficient nuclear issues offices within the Department.

6 See Peter Eisler, "\$59 million 'Lemon': Is the Nuclear Waste Study Worth the Paper Its Printed On?" *USA Today*, February 15, 1996, p. 1A.

Similarly, do the President and Members of Congress really need a Commission of Fine Arts, at a cost of nearly \$1 million a year in salaries and administrative expenses, to advise them on matters of architecture, painting, and sculpture? Apparently they still think so, because the 104th Congress chose to keep it fully funded for another year. Fortunately, the National Endowments for the Arts and the Humanities were not so lucky; they were subjected to major cuts last year.

Agencies of Regional Interest

Some programs have purely regional benefits and no national impact. Examples are the several independent agencies conducting special programs for specific East Coast river basins, such as the Susquehanna River Basin Commission. These programs may have some significance for specific states or regions, but they provide little direct value beyond that. Congress apparently agrees, because all of these regionally focused agencies are scheduled to shut down or lose their federal financial support this year.

STATUS OF AGENCIES IN THE HERITAGE REPORT

Below is a brief summary of the 36 agencies identified in the January 1995 Heritage study. In each case, the review indicates what action has been taken, how much money will be saved for taxpayers over the next five years, and whether the White House has signed the necessary legislation into law.

Agencies Congress Voted to Close Down

Administrative Conference of the United States

Purpose: Assists the President, Congress, and federal departments in improving the efficiency, adequacy, and fairness of the administrative procedures used within government and with private citizens.

Rationale for Termination: Given the general agreement within Congress and the executive branch on the need for a fundamental overhaul of the way government does business and serves the public, it is apparent that the Conference has little to show for the millions of taxpayer dollars it has spent in its 30 years of existence. The Commission should be abolished in favor of more comprehensive and more promising efforts being considered in Congress or recommended by the Administration's own National Performance Review.

Congressional Action: Congress has passed legislation to terminate the Conference and appropriated \$600,000 for 1996 to cover the costs associated with the shutdown.

Five-Year Savings: \$9.5 million.

White House Action: President Clinton has signed the legislation into law.

Advisory Commission on Intergovernmental Relations

Purpose: Examines federal, state, and local trends, events, and programs that affect intergovernmental relations and makes recommendations as appropriate.

Rationale for Termination: Despite its stated purpose, the Commission has never played a serious role in the debate concerning levels of government in the federal system. Key debates and decisions on issues such as revenue sharing, unfunded mandates, interstate commerce, and transport generally have been handled elsewhere as mayors, governors, Congress, and the President work together to resolve problems and develop policy.

Congressional Action: Congress has passed legislation to terminate the Conference, and \$784,000 has been appropriated to cover termination expenses and final work products.

Five-Year Savings: \$4.8 million.

White House Action: President Clinton has signed the bill into law.

Commission on National Community Service

Purpose: Established in 1990 to encourage all citizens, especially young people, to engage in community service. Makes grants to states and other entities to create service opportunities for students and out-of-school youth.

Rationale for Termination: America has an extensive tradition of volunteer work and charitable giving, most of it oriented toward locally based community service organizations. It is a waste of taxpayer dollars for the federal government to encourage Americans to do what they already are doing in great numbers.

Congressional Action: The Commission was merged last year into the Corporation for National and Community Service, which Congress has scheduled for termination this year.

Five-Year Savings: Approximately \$250 million to \$300 million, based on FY 1995 spending of \$54.4 million.

White House Action: No action is necessary on the Commission, but President Clinton has vetoed proposed termination of the Corporation, as discussed below.

National Community Service Program

Purpose: As one of two main components of the Corporation for National and Community Service, this program is supposed to encourage Americans to engage in volunteer work and community service. President Clinton's AmeriCorps is part of this program and exists to pay stipends and other financial benefits to "volunteers."

Rationale for Termination: America's extensive tradition of volunteer work does not require federal involvement or financial support.

Congressional Action: Congress voted to terminate the Corporation's National Community Service Program. (See next section for proposed cutbacks in other programs operated by the Corporation.)

Five-Year Savings: \$2.862 billion.

White House Action: The President has vetoed the appropriations bill which included this termination.

Delaware River Basin Commission

Purpose: Participates jointly with basin states—Delaware, New Jersey, New York, and Pennsylvania—in the development of regional water and related resources.

Rationale for Termination: The benefits of the Commission's activities accrue mostly to the contiguous states in the Delaware River Basin. Therefore, these states should fund the program in its entirety. There is no reason for federal taxpayers to fund costly programs of strictly regional interest and benefit.

Congressional Action: Congress ended federal support for the Commission this year and has provided final payment of \$343,000 to facilitate the transition to self-sufficiency.

Five-Year Savings: Estimated at \$4.3 million.

White House Action: President Clinton has signed this bill into law.

FDIC Affordable Housing and Bank Enterprise

Purpose: Offers select properties in inventory to eligible households and organizations for low-income housing.

Rationale for Termination: The Enterprise competes directly with the objectives and programs of HUD, as well as with those of numerous state and local programs with a similar purpose. Experience demonstrates that the Federal Deposit Insurance Corporation (FDIC) has had a difficult enough time pursuing its main purpose—promoting the safety and soundness of banks—and ought not to involve itself in the difficult task of attempting to house the poor. The Enterprise should be terminated or consolidated with similar housing programs.

Congressional Action: Congress enacted legislation to terminate the program, arguing that “[g]iven the plethora of housing programs already in existence through HUD and other federal housing agencies...the Committee questions the value of yet another program, no matter the merit of its intent.”

Five-Year Savings: Estimated at \$82.1 million.

White House Action: President Clinton has vetoed the appropriations bill which included this termination.

Institute of American Indian and Alaska Native Culture and Arts

Purpose: Provides Native Americans with an opportunity to obtain post-secondary education in various fields of Indian art and culture.

Rationale for Termination or Consolidation: It is unwise for the federal government to be in the business of directly funding studies in one culture in preference to others. Existing student loan and grant programs from other sources can be used to support post-secondary education for eligible students through accredited institutions of learning. The program should be terminated or consolidated with other scholarship funds or related programs.

Congressional Action: Congress provided the Institute with \$5.5 million this year, compared with \$11.5 million last year, with the understanding that federal funding will be phased out.

Five-Year Savings: Estimated at \$56.6 million.

White House Action: President Clinton vetoed the appropriations bill which terminated the Institute.

Interstate Commission on the Potomac River Basin

Purpose: Created on behalf of the four contiguous states and the District of Columbia to promote water pollution abatement and control and manage water and land resources in the Potomac River Basin.

Rationale for Termination: Responsibility for the funding and management of this commission should rest entirely with the District and the affected states.

Congressional Action: Congress provided the Commission with a payment of \$511,000 as final year funding for the orderly transition to self-sufficiency.

Five-Year Savings: Estimated at \$2.3 million.

White House Action: President Clinton has signed the bill into law.

Office of Nuclear Waste Negotiator

Purpose: To find a state or Indian tribe willing to host a nuclear waste site.

Rationale for Termination or Consolidation: As with other independent agencies concerned with nuclear issues, this office should be consolidated with another independent agency, such as the Nuclear Regulatory Commission, or with the appropriate division within the Department of Energy or the Environmental Protection Agency.

Congressional Action: The Office was allowed to expire in early 1995. A number of these agencies are scheduled to self-destruct, and no specific congressional action is required. Indeed, as last year's government shutdowns indicated, most discretionary programs are of this nature.

Five-Year Savings: \$1 million per year.

White House Action: No action required.

Pennsylvania Avenue Development Corporation

Purpose: Performs a variety of real estate development functions, including design, land acquisition, and construction of projects related to the improvement of the Pennsylvania Avenue corridor connecting the White House with the Capitol.

Rationale for Termination: Since its creation in 1972, the Corporation has invested millions of tax dollars in this one-mile stretch of road, turning the once-decrepit strip of deteriorated buildings into one of *Scenic America's* ten "Most Scenic Byways." Although this task was fulfilled years ago, the Corporation continues to receive substantial public funds for commercial real estate development activities best left to the private sector.

Congressional Action: Congress has enacted legislation to terminate the Corporation by April 1, 1996, and has authorized the use of prior year funds to facilitate the shutdown. Real estate development in progress will be transferred to the U.S. General Services Administration.

Five-Year Savings: Estimated at \$245 million.

White House Action: President Clinton vetoed the appropriations bill terminating the Corporation.

State Justice Institute

Purpose: Established in 1984 to make grants and undertake activities to improve the administration of justice in the United States.

Rationale for Termination: Continued high crime rates and public disappointment in the behavior of the court system over the past several years suggest that the Institute has not much to show for its costly ten-year effort to improve America's administration of justice.

Congressional Action: Congress appropriated \$5 million to provide for the orderly phaseout of direct federal support.

Five-Year Savings: \$67.5 million.

White House Action: The President vetoed the appropriations bill which included termination of the Institute.

Susquehanna River Basin Commission

Purpose: Participates jointly with affected states in the development of water and related resources in the Susquehanna River Basin.

Rationale for Termination: As with similar commissions, the responsibility for funding and management should be turned over to the contiguous states.

Congressional Action: Congress enacted legislation to withdraw federal support from the Commission and provided \$318,000 to facilitate the transition to self-sufficiency.

Five-Year Savings: Estimated at \$1.3 million.

White House Action: President Clinton has signed this into law.

Thomas Jefferson Commemorative Commission

Purpose: Established to honor the 250th anniversary of Jefferson's birth. The anniversary occurred in 1993.

Rationale for Termination: Despite the passing of the anniversary three years ago, \$31,000 was scheduled to be spent in FY 1995 and another \$25,000 in FY 1996 for post-birthday events. Because it has met its stated objective, there is little or no reason for the Commission to exist.

Congressional Action: The Commission was allowed to expire, and no federal spending is scheduled after this fiscal year.

Five-Year Savings: Estimated at \$500,000.

White House Action: No action is required to fulfill such a previously scheduled expiration.

Agencies Congress Voted to Cut Substantially

Advisory Council on Historic Preservation

Purpose: Provides independent advice to the President and Congress relating to the national historic preservation program.

Rationale for Termination: Historic preservation, including the development of appropriate policies, should be a local responsibility. The only exception might be for landmarks of national significance, and these cases can be handled by the U.S. National Park Service and its Division of Cultural Resources.

Congressional Action: Congress has voted to reduce the Council's FY 1996 funding by 15 percent, down to \$2.5 million from last year's \$2.94 million, and advises the Council to find ways to be reimbursed by government agencies for which it provides a service.

Five-Year Savings: Estimated at \$2.5 million.

White House Action: President Clinton vetoed the appropriations bill that included this funding cut.

Appalachian Regional Commission

Purpose: Provides guidance and financial assistance to the 13 Appalachian states for basic facilities and support to promote economic growth in the region. Programs focus on transportation access and on community, business, and human development.

Rationale for Termination: Although it is one of the more costly independent agencies, there is no convincing evidence that the ARC, after more than 30 years of operation, has been effective in creating new jobs or capital investment. In practice, it serves largely as a source of pork-barrel spending for the region's politicians. West Virginia, a focus of much of the Commission's attention, is still poor and becoming poorer relative to the rest of the country. The per capita income of West Virginia's population ranked

43rd in the country in 1980 but fell to 46th by 1994, and its unemployment rate is consistently one of the highest in the country. It is time to try something new for the problems of West Virginia and other Appalachian states—such as tax cuts, enterprise zones, school choice, and deregulation.

Congressional Action: Finally recognizing the failure of pork-barrel projects to spur growth, this Congress slashed the Commission's budget by 40 percent, appropriating only \$170 million for 1996 compared with \$282 million last year.

Five-Year Savings: \$568.6 million.

White House Action: President Clinton has signed the bill into law.

Arms Control and Disarmament Agency

Purpose: Advises the President and Secretary of State on arms control, non-proliferation, and disarmament activities and participates in negotiations with other countries.

Rationale for Termination: As a product of the Cold War, ACDA largely has fulfilled its mission by a series of nuclear, conventional, and chemical weapons agreements. For many years, ACDA has been overshadowed by other U.S. agencies, particularly the State, Energy, and Defense Departments, in its pursuit of disarmament. The Agency is outmoded and duplicative and should be abolished, with arms control issues mandated to other, more appropriate agencies.

Congressional Action: Congress has reduced the Agency's budget by 34 percent, cutting it from \$54.4 million last year to \$35.7 this year.

Five-Year Savings: \$101.5 million.

White House Action: The President has vetoed the appropriations bill which included these cuts.

Corporation for National and Community Service

Purpose: Engages Americans of all ages and backgrounds in community-based service focused on the nation's educational, human, public safety, and environmental needs.

Rationale for Termination: Given America's proud tradition of volunteerism and charitable giving, much of it oriented toward locally based community service organizations, it is a waste of federal dollars to encourage Americans to do what they already do in great numbers.

Congressional Action: Congress has enacted legislation to terminate the largest of the Corporation's programs, the National Community Service Program, which includes AmeriCorps (see previous section). The House and Senate have yet to agree on spending for the Corporation's Domestic Volunteer Service Programs, which include such programs as VISTA (Volunteers in Service to America); the Senate has passed cuts from 1995 levels of 6 percent, while the House has reduced spending by 14 percent.

Five-Year Savings: \$71.5 million (Senate bill) to \$154 million (House bill).

White House Action: An earlier version of this bill was vetoed by President Clinton. The appropriations bill in which these cuts were proposed is stalled in Senate.

East-West Center

Purpose: Promotes better relations between the U.S. and the nations of Asia and the Pacific through cooperative programs of study, research, and training.

Rationale for Termination: The resources and talents of the State Department, which maintains a network of embassies and consulates in Asian and Pacific nations, should be sufficient to maintain good relations with these countries. Deficiencies that remain not likely to be rectified by the cooperative programs of the Center.

Congressional Action: Congress has cut the Center's budget by more than half (52 percent), reducing this year's spending to \$11.75 million from \$24.5 million in 1995. The House actually proposed to terminate the Center; the large cut reflects compromise with Senate.

Five-Year Savings: \$70.3 million.

White House Action: President Clinton has vetoed the appropriations bill that included this cut.

Institute of Peace

Purpose: Conducts and supports research and scholarship in the fields of international peace and conflict resolution.

Rationale for Termination: Although the world remains a dangerous place, responsibility for maintaining and enhancing peace should remain with the State and Defense Departments, in cooperation with Congress and the multilateral organizations to which the United States belongs and contributes. The scholarly endeavors of the Peace Institute replicate, at taxpayer expense, the efforts of academics and private research organizations concerned with international relations.

Congressional Action: A successful Senate filibuster against the appropriations bill that would fund the Institute makes the outcome uncertain; the House voted for a nearly 50 percent cut, while the Senate proposed to maintain funding at last year's level.

Five-Year Savings: \$16.1 million assuming House-Senate conferees split the difference and cut the Institute's budget by nearly 25 percent.

White House Action: Necessary legislation is stalled in the Senate.

Legal Services Corporation

Purpose: Funds private attorneys, nonprofit organizations, and state and local agencies to provide free civil legal assistance to the poor.

Rationale for Termination: Financed in part by federal dollars and tasked with providing legal representation for the poor, Corporation-supported lawyers and grantees frequently have used their positions and resources to pursue political and lobbying activi-

ties. These efforts have included such things as legal action against welfare reform, Proposition 187 (California's immigration reform), and state and local tax reductions, to name just a few. Given its history of political activism, and given the substantial funding the legal services system receives from non-federal sources, taxpayer support should be ended and the Corporation privatized.⁷

The Corporation serves largely as a source of federal tax dollars for approximately 323 locally based grantees—such as the Legal Aid Society of Central Texas and the Food Research Action Center—that do the actual legal work. In addition to receiving taxpayers' money through the Corporation, these grantees in 1993 also received an additional \$245 million from other sources, including IOLTA (Interest on Lawyers Trust Accounts) funds, state and local grants, and private and nonprofit contributions. Moreover, the legal profession provides significant amounts of *pro bono* work for needy clients and social issues. A privatized Corporation easily could build on this extensive funding base and work with state, national, and local bar associations to secure and enhance IOLTA and other private or nonprofit funding for grantees and provide a tighter focus for their representational work.

Congressional Action: After years of rapid spending growth, this Congress has achieved what many thought impossible by enacting significant cuts in the Corporation's budget, reducing it from \$400 million in 1995 to \$278 million this year.

Five-Year Savings: \$680.5 million.

White House Action: The President vetoed the appropriations bill which included this cut.

Marine Mammal Commission

Purpose: Coordinates America's marine mammal policy, reviews the status of the marine mammal population, and recommends conservation steps to relevant government departments.

Rationale for Termination: No other form of non-human life, endangered or otherwise, has its own commission. This costly precedent should be terminated. Existing federal programs, such as NOAA's Coastal Ecosystems Health and Recovering Protected Species programs, are tasked to perform similar responsibilities, as is the Interior Department's Fish and Wildlife Service.

Congressional Action: Congress passed legislation that would cut the Commission's budget by 14 percent, from \$1.4 million in 1995 to \$1.2 million in 1996.

Five-Year Savings: \$1.1 million.

White House Action: President Clinton vetoed the appropriations bill which included these cuts.

⁷ See Kenneth F. Boehm and Peter T. Flaherty, "Why the Legal Services Corporation Must Be Abolished," Heritage Foundation *Background* No. 1057, October 18, 1995.

National Capital Arts and Cultural Affairs

Purpose: Provides payments for general operating support to Washington, D.C., arts and other cultural organizations.

Rationale for Termination: Citizens of Washington, D.C., and visitors to the city are the beneficiaries of major federally supported arts and cultural programs well in excess of what is available in other cities. Washington's culturally rich environment would scarcely notice the loss of this \$7 million taxpayer-funded program.

Congressional Action: Congress enacted legislation that would cut the Commission's budget by 20 percent, from \$7.5 million last year to \$6 million in 1996.

Five-Year Savings: \$8.3 million.

White House Action: President Clinton vetoed the appropriations bill that included these cuts.

National Foundation on the Arts and Humanities

Purpose: Umbrella organization for the National Endowment for the Arts (NEA), National Endowment for the Humanities (NEH), and Institute of Museum Services. The NEA provides grants to and contracts with groups, individuals, and state and regional organizations engaged in or concerned with the arts. The NEH funds activities intended to improve the quality of education and teaching in the humanities.

Rationale for Termination: In recent years, Americans have had good reason to be concerned about efforts to promote government-sanctioned art, from public commissions to approve or reject architectural design, to requirements that some portion of a building's construction budget be devoted to art, to the bureaucratically approved and funded art of the NEA. The NEA should be closed down and American artists encouraged to turn their energies to winning private support for their creative endeavors rather than engaging in political grantsmanship.

Similarly, the NEH recently demonstrated its questionable judgment by producing, among other things, a breathtakingly distorted curriculum for the teaching of American history, thereby confirming the worst fears of those who argued that federal involvement in education would promote propaganda rather than the search for truth. It is time to terminate the NEH before doctrinaire bodies like the National Committee for History Standards further undermine education and the appreciation of American culture.

Congressional Action: After years of escalating spending, Congress finally has made deep cuts in the budgets of the NEA and NEH. These cuts reflect a compromise between the House and Senate, with the House preferring to terminate these programs within the next two years. In the compromise plan, the NEA's budget, including its matching grant program, will be cut 39 percent from \$162.3 million in 1995 to \$99.4 in 1996; the NEH budget, including matching grants, will be cut by 35 percent, from \$172 million in 1995 to \$112 million this year, yielding potential five-year savings of \$333.2 million and a total of \$682.5 million over the next five years for both agencies.

Five-Year Savings: \$349.3 million (NEA) and \$333.2 million (NEH).

White House Action: President Clinton vetoed the appropriations bill that included these cuts.

National Commission on Libraries and Information Science

Purpose: Responsible for developing plans to meet the library and information needs of the nation, and for coordinating federal, state, and local government activities to meet these needs.

Rationale for Termination: America's system of libraries—most of them locally based and supported—is the envy of the world. Moreover, the rapid technological advances taking place within the information industries promise unprecedented access to a wealth of information at modest cost. Much of this rapid change is driven by the profit-seeking private sector, and there is little need for government involvement, financial support, or expert guidance. The federal government's greatest contribution would be to get out of the way and not try to "coordinate" the explosive innovations in information technology.

Congressional Action: Although the House and Senate have yet to agree on a final number, if they choose to split the difference between the two positions, the Commission's spending will be cut by 30 percent, from \$901,000 in 1995 to \$639,000 in 1996.

Five-Year Savings: \$1.5 million (assuming final funding midway between the levels voted by each chamber)

White House Action: The appropriations bill that includes these changes is stalled in the Senate.

North-South Center

Purpose: Promotes better relations between the United States, the nations of Latin America and the Caribbean, and Canada by bringing together scholars and students for cooperative study, training, and research.

Rationale for Termination: This program should be terminated in favor of long-standing activities of the State Department designed to sustain and improve relations within the Western Hemisphere. Improved commercial links, helped by the U.S.-Canada Free Trade Agreement and the NAFTA, and increased private contacts by business people, academics, journalists, and tourists render the Center unnecessary.

Congressional Action: Congress cut the Center's budget in half, saving \$2 million this year.

Five-Year Savings: Estimated at \$11 million.

White House Action: President Clinton vetoed the appropriations bill which included these cuts.

Agencies That Escaped Significant Cuts

Commission for the Preservation of America's Heritage Abroad

Purpose: Encourages the preservation of cemeteries, monuments, and historic buildings associated with the foreign heritage of the United States.

Rationale for Termination or Consolidation: To reduce overhead and administrative cost, this task should be handled through the Foreign Service and cultural attaches in relevant U.S. embassies, using local contractors as appropriate.

Congressional Action: Congress chose to maintain spending at last year's level.

Five-Year Savings: None.

White House Action: President Clinton vetoed the appropriations bill which included the Commission's funding.

Commission of Fine Arts

Purpose: Advises the President, Congress, and department heads on matters of architecture, sculpture, painting, and other fine arts, particularly as they relate to the appearance of the nation's capital.

Rationale for Termination: Congress already has its long-standing office of the Architect of the Capitol, whose skills, resources, and capabilities are more than adequate to the task of providing advisory services, either directly or through referral, for Members of Congress, the President, or any Cabinet head needing expert guidance and advice on the fine arts. The Commission does not create art; it reviews and judges the work of others, a role best played by the public at large at no cost to the taxpayer.

Congressional Action: Congress chose to maintain spending at last year's level, despite the fact that the Commission's \$834,000 budget is applied only to salaries and administrative expenses.

Five-Year Savings: None.

White House Action: President Clinton vetoed the appropriations bill which included the Commission's funding.

Commission on Civil Rights

Purpose: Engages in studies concerning areas in which there may be denials of civil rights, and reports on these matters to the President and Congress.

Rationale for Termination or Consolidation: The Commission replicates the civil rights responsibilities of the federal government's many other civil rights offices, as described in the introduction to this study.

Congressional Action: Congress has cut the Commission's \$9 million budget by only 3 percent and has not consolidated its operations with those of any other federal civil rights offices.

Five-Year Savings: None.

White House Action: President Clinton vetoed the appropriations bill that included funding for the Commission.

Corporation for Public Broadcasting

Purpose: Provides grants to qualified public television and radio stations, to be used at their discretion for purposes related to program production and acquisition. The Corporation was established in 1968 to provide additional programming and support to the nation's non-commercial radio and television stations. Public broadcasting now includes nearly 600 radio stations and 340 television stations. This extensive nationwide system receives more than 80 percent of its support from sources other than the federal government, with contributions from subscribers and business accounting for its largest and second-largest sources of income.

Rationale for Termination: The CPB now provides 14 percent of the Public Broadcasting System's total financial support, the loss of which could be offset by greater reliance on other financial sources, improved management and administrative efficiency, and the elimination of low-priority programming and grant activities. The loss of federal dollars also could be offset by recouping some of the earnings of the many profitable production companies which share the subsidy and by selling commercial air time, particularly in time slots now devoted to CPB/PBS self-promotion and self-justification. Increasingly, CPB/PBS quality and content fall short of that available on the private sector's Arts & Entertainment Network, Discovery Channel, Learning Channel, and History Channel, as well as the growing number of competitors to CNN. These networks demonstrate that quality educational programming can be maintained in a commercial format and without federal financial support.⁸

Congressional Action: Unlike most other federal programs, the CPB is funded two years in advance, and this year's appropriation bills deal with FY 1998 funding. Although the House and Senate have yet to agree on a final 1988 spending target for the Corporation, their proposals either do not involve much of a reduction or would maintain current funding: The House proposes an 8 percent cut of \$20 million, while the Senate would freeze the budget at the 1996 level of \$260 million. Differences will not be resolved until a Senate filibuster against the Labor/HHS appropriations bill is broken.

Three-Year Savings: As high as \$30 million (assuming the House and Senate split the difference); as high as \$750 million (if the program is terminated).

White House Action: Necessary legislation is stalled in the Senate.

⁸ See Laurence Jarvik, "Big Bird Goes Cold Turkey," *Policy Review*, No. 72 (Spring 1995), p. 16.

Defense Nuclear Facilities Board

Purpose: Responsible for evaluating the content and implementation of standards related to defense nuclear facilities of the Department of Energy. Also investigates events or practices at defense nuclear facilities that may affect public health adversely.

Rationale for Termination or Consolidation: The Board is one of five independent agencies concerned with nuclear safety issues, as described in the introduction to this study. It should be consolidated with one of the other independent bodies concerned with nuclear arms and energy to improve congressional and executive branch oversight at less cost to the budget.

Congressional Action: Congress has cut the Board's budget by only \$900,000, just 5 percent less than last year's \$17.9 million.

Five-Year Savings: At least \$5 million.

White House Action: President Clinton has signed this into law.

Japan-United States Friendship Commission

Purpose: Makes grants to promote scholarly, cultural, and artistic activities between Japan and the United States.

Rationale for Termination: Given the extensive business, cultural, academic, diplomatic, and political relationships between the United States and Japan, there is no shortage of interaction between the citizens and institutions of these two countries. The Friendship Commission's activities are both redundant and a waste of money.

Congressional Action: Both houses of Congress have voted to maintain the Commission at \$1.2 million, the same level of spending as last year.

Five-Year Savings: None.

White House Action: President Clinton has vetoed the appropriations bill that included these cuts.

Franklin Delano Roosevelt Memorial Commission

Purpose: To formulate plans for a memorial to FDR.

Rationale for Termination: Before his death, President Roosevelt requested that any memorial to him be simple, no larger than his desk, and placed near the National Archives. Although this request was fulfilled many years ago, Congress has persisted in trying to erect something grander. It should honor President Roosevelt by adhering to his request.

Congressional Action: Notwithstanding FDR's request, the Memorial Commission is the only one of the 36 independent agencies discussed in this study to receive an increase in its budget—in this case an increase of more than 200 percent to \$147,000.

Five-Year Savings: None; instead, taxpayers face a rise in spending of as much as \$500,000 over the next five years if this is sustained.

White House Action: President Clinton vetoed the legislation that included this increase.

National Capital Planning Commission

Purpose: Central planning agency for the federal government in the national capital.

Rationale for Termination: Washington, D.C., is unique among U.S. cities in having a federally funded planning commission to help guide its development. Whatever expertise this commission may bring to bear, however the economic and social environment of Washington still continues to deteriorate. In any case, planning activities should be undertaken by the D.C. government.

Congressional Action: Congress would reduce the Commission's budget by only 9 percent to \$5.09 million from last year's \$5.65 million. This is in marked contrast to Congress's termination of the similarly mandated Pennsylvania Avenue Redevelopment Commission.

Five-Year Savings: Estimated at \$2.8 million.

White House Action: President Clinton vetoed the appropriations bill which included these cuts.

Neighborhood Reinvestment Corporation

Purpose: Performs a number of functions intended to reverse neighborhood decline, develop housing strategies, and replicate successful neighborhood preservation strategies.

Rationale for Termination: Programs of the Corporation duplicate those of HUD, particularly now that HUD has established its Empowerment Zones and Enterprise Communities program to focus resources more precisely on impoverished neighborhoods.

Congressional Action: Congress voted to maintain last year's funding of \$38.7 million despite the Corporation's duplication of HUD's \$4 billion Community Development Block Grant program. Congress should revisit the issue and apply to it the same standards it applied to the now-terminated FDIC Affordable Housing Program.

Five-Year Savings: None.

White House Action: President Clinton has vetoed the appropriations bill which included these cuts.

Nuclear Waste Technical Review Board

Purpose: To evaluate the technical and scientific validity of the activities of the Department of Energy's nuclear waste disposal program.

Rationale for Termination or Consolidation: As with the Defense Nuclear Facilities Board, the responsibilities of this Board should be consolidated with those of another nuclear safety agency or department, as indicated in the introduction to this study.

Congressional Action: Congress chose to maintain the status quo by making no change in prior year spending.

Five-Year Savings: None.

White House Action: President Clinton has signed this into law.

Office of Government Ethics

Purpose: Provides overall direction of executive branch policies designed to prevent conflicts of interest and ensure high ethical standards.

Rationale for Termination: Recent significant ethical lapses within the executive branch and Congress suggest that the Office has been less than effective in imposing a higher ethical standard on government officials, notwithstanding the more than \$8 million it spent in the last fiscal year. The enhancement of ethical conduct should be internal to each agency, and the monitoring of ethical standards should be the direct responsibility of the inspector general and general counsel of each department and agency. This ineffective Office should be terminated.

Congressional Action: Despite this office's ineffectiveness, Congress has reduced its budget by only 5 percent to \$7.7 million in 1996.

Five-Year Savings: Estimated at \$2.4 million.

White House Action: President Clinton has signed this into law.

TERMINATION AND CONSOLIDATION OBJECTIVES FOR THE FY 1997 BUDGET

While this analysis recommends the abolition of just 41 of the approximately 130 independent agencies, this should not be construed as endorsing the activities of the other agencies or their current levels of federal funding. These 41 agencies were chosen as best representing those that could and should be terminated. Many others should be subjected to close examination, funding reductions, fundamental reform, or abolition according to the criteria outlined in this study. In most cases, agencies excluded from the current list are of a size and significance that require more exhaustive analysis. Among these, the Small Business Administration, General Services Administration, and Federal Communications Commission are just a few of the remaining independent agencies that should be reviewed by Congress for termination, substantial cutbacks, or major reform.

In *Rolling Back Government: A Budget Plan to Rebuild America*, Heritage Foundation analysts systematically reviewed many of the larger independent agencies, as well as the many divisions and offices within the Cabinet agencies. That study made numerous recommendations for program termination, privatization, consolidation, and reform, and many of these recommendations were adopted by the appropriations committees when they proposed the termination of 259 programs in last year's appropriations bills. Many were not, however, and those that were overlooked during last year's attempt at budget reform should be revisited this year as potential candidates for restructuring or elimination.

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