TAXPAYERS PROTECTION ALLIANCE

ROADMAP TO FISCAL SANITY

116th Congress

Taxpayers Protection Alliance
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TAXPAYERS PROTECTION ALLIANCE

TPA is a rapid response taxpayer group dedicated to analyzing and researching the consequences of government intervention in the economy. TPA examines public policy proposals through a non-partisan focus, identifying how government waste and overreach impacts taxpayers and consumers regardless of the political party responsible. TPA holds government officials in the United States, and around the world, accountable through editorials, statements, coalition letters, public interest comments, and radio and television interviews. TPA recognizes the importance of reaching out to concerned citizens through traditional and new media, and utilizes blogs, videos, and social media to connect with taxpayers and government officials. While TPA regularly publishes exposés and criticisms of politicians of all political stripes, TPA also provides constructive criticism and reform proposals based on market principles and a federalist philosophy. TPA empowers taxpayers and consumers to make their opinions known to their elected and non-elected officials and embraces bold solutions to hold an ever-growing government in check.

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INTRODUCTION

As the 116th Congress settles into Washington, DC, they face a myriad of challenges. Beginning the year with a government shutdown poses unique challenges and thorny issues such as border wall funding are sure to cause budget impasses in the future. But above and beyond the most immediate and contentious issues lies a broad array of policy ideas waiting for bold lawmakers with ambitious agendas.

Many issues remain unaddressed as lawmakers on both sides of the aisle have kicked the can down the road on most major issues ranging from Postal reform to healthcare reform. Social Security used to hold distinction as the "third rail" of American politics, but over the past few Congresses, more issue areas have been declared off limits for members of Congress more interested in surviving contentious midterm elections rather than achieving anything of note. Lawmakers are less bold than ever at a time when federal debt is at an all-time high, and slowing progress on regulatory reform threatens to slow economic growth.

Most pundits and politicians concede that the need for reform is dire, but they also argue that voters in the 2018 midterm elections decisively condemned the Republican agenda and endorsed the Democratic agenda. In truth, the American people are frustrated with the tendency of both parties to spend recklessly and increase costs to taxpayers and consumers through policies that continually grow government.

This year, the Democratic majority has the potential to take the high road of fiscal discipline, transparency, and less red tape. Unfortunately, they'll have to overcome calls within their own party to implement expensive, onerous new policies. "Progressive" insurgents such as Rep. Alexandria Ocasio-Cortez (D-N.Y.) have proposed destructive plans to tax carbon dioxide and introduce "Medicare-for-all", which would only further explode the debt and make unrealistic promises on behalf of beleaguered taxpayers.

Meanwhile, Republicans will have to restore leadership to the Senate and work with the majority Democratic House leadership. The GOP will have to overcome their recent reputation for trillion-dollar deficits and reckless earmarking by keeping government expenditures low, while proposing market solutions to reign in federal programs and expand choices for consumers across the country.

To show a better way forward for Republican and Democratic lawmakers, the Taxpayers Protection Alliance (TPA) has prepared 48 recommendations for the new Congress on 15 background areas, ranging from earmark reform to international governmental organization (IGO) funding. Many lawmakers will find these recommendations too difficult to undertake, despite the potential for broad-based, bipartisan appeal. Instead of pursuing issues deemed too "risky" to hone in on, lawmakers have chosen to focus on the more immediate funding tussles that have unfortunately come to define the past few Congresses. But across these policy areas, doing nothing is far riskier- both for the American people over the long-term and for lawmakers' electoral prospects.

Lawmakers from both sides of the aisle must also make important choices on how to engage with the executive branch, amidst the Trump Administration's "national security" tariffs and proposed sweeping regulation of pharmaceutical prices. Regardless of party, members of Congress must work together to curb executive excesses and restore good government across all branches of power.

This document is only an framework to provide introductory guidelines for the 116th Congress. As a rapid response taxpayer watchdog, TPA will be monitoring the new Congress very closely and providing new recommendations as different issues arise in the 116th Congress.

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BUDGET REFORM

BACKGROUND

Not only is Budget Reform the first issue alphabetically, it is the most fundamental reform. In fiscal year (FY) 2019, the federal budget will surpass $4 trillion dollars and the Treasury is expected to issue more than $1 trillion in debt. That's almost $8,000 in new debt for every American household. To put this into context, the deficit will be just as large in absolute terms as President Obama's first-term deficits driven by the massive stimulus package of 2009. Exploding deficits and burgeoning debt over the past couple of years show that red-ink is a bipartisan phenomenon, with both Republican and Democratic lawmakers pursuing their own expensive hobbies - with taxpayers picking up the tab.

RESOURCES

- "TPA's Tricks and Treats for 2018"
- "TPA Slams Lawmakers for $1.3 Trillion Omnibus Bill"
- "TPA Slams Congress for Busting Budget Caps"

Many factors have contributed to increased spending, but glaring loopholes in the rules designed to force accountability are at least partly to blame. For instance, the pay-as-you-go (PAYGO) rules requiring that new spending be offset by spending cuts, are simply ignored when restrictions are inconvenient to members of Congress. PAYGO was completely circumvented to pass the 2009 stimulus package, with lawmakers refusing to even entertain the possibility that there might be spending items that could possibly offset stimulus items. Large swaths of spending, including unemployment insurance and SNAP benefits (food stamps) are exempted from offsetting, even though less-worthy spending programs (for instance agricultural subsidies) could surely be found to counter funds for poor households.

AGENDA

The new Congress has a chance to shine a light on fiscal accountability by reducing government spending without enacting large tax increases that would cripple economic growth. For starters, lawmakers should enact hard caps on discretionary spending, ending the practice of creative "upward adjustments" that have led to a lawless environment of overspending. Congress should also reaffirm its commitment to PAYGO rules for mandatory spending programs, and publicly strive to reduce the number of times that offsetting is waived. PAYGO should also be expanded to agencies as new regulations can create compliance costs on other agencies that increase bottom-line costs for taxpayers. If the Environmental Protection Agency (EPA) decides to increase costs on other agencies, they should be prepared to offset those costs upfront with reductions in their own budget.

Finally, the new Congress should strongly consider a balanced budget amendment, or at the very least, an amendment that limits deficits to one percent of Gross Domestic Product (with some narrow national security exceptions). This rule, paired with a required Congressional supermajority to raise taxes, would ensure that taxpayers are kept safe from the grand schemes of future lawmakers.

CRONY CAPITALISM/ CORPORATE WELFARE

BACKGROUND

Handouts to megacorporations are pervasive across the federal government as taxpayers are expected year-in-and-year out to pad the profits of companies with billions of dollars in revenues. For example, Elon Musk has received billions of dollars in corporate welfare for SolarCity and Tesla.

Amazon has also benefited from taxpayer largess, receiving multiple no-bid contracts (i.e. contracts awarded without the opportunity for other companies to demonstrate better value for money) from the Department of Defense (DoD). In February, the Pentagon announced a $950 million no-bid contract to REAN Cloud, LLC (Amazon Web Services LLC consulting partner) for the migration of legacy systems to the cloud. In response to criticism, the Pentagon announced in early March 2018 that the maximum value of the contract would be reduced from $950 million to "only" $65 million. Meanwhile, a new $10 billion contract which would give one company full control over DoD's Defense Department's Joint Enterprise Defense Initiative was written in such a way that it was effectively "tailored to one specific contractor" (ie. Amazon) according to an investigation by House Appropriations committee members Tom Cole (R-Okla.) and Steve Womack (R-Ark.).

Amazon, Tesla, and SolarCity are hardly the only companies to be the subject of federal favoritism. The National Football League, for instance, has reaped $1.1 billion worth of subsidies for the funding of stadiums via tax-exempt municipal bonds according to a study by the Brookings Institution.

RESOURCES

- "Amazon Contract Snafu Highlights Need for Competitive Bidding"
- "America's Game Needlessly Bogged Down by Taxpayer Subsidies"
- "Davos is Crony Capitalism on Steroids"

AGENDA

The new Congress must commit to a comprehensive rollback of crony capitalism, and maintain extra scrutiny on agencies prone to favoritism. Lawmakers, for instance, should tie future DoD funding increases to limitations on no-bid and large, sole-source contracting. Additionally, lawmakers need to ensure that the DoD's small business contracting quotas are being filled by actual small businesses rather than subsidiaries of large companies such as Amazon.

Lawmakers should also work to close loopholes in the tax code that disproportionately benefit a few large corporations, such as the aforementioned tax-free funding of stadiums. Members of Congress should also ensure that "development" money they are giving to states and localities aren't being used to subsidize stadium construction and/or woo major companies into their area.

DEFENSE

BACKGROUND

The first-ever audit of the DoD has recently been completed, and the results are sobering. According to the final report, the Pentagon has “systemic shortfalls in implementing cybersecurity measures to guard the data protection environment” and “issues exist in policy compliance with cybersecurity measures, oversight, and accountability.” Yet, no dollar figures exist that speaks to the volumes of previously-documented wasteful programming at the DoD. For example, in 2016, *The Washington Post* reported that the Pentagon suppressed evidence of $125 billion in bureaucratic waste throughout the Department. Additionally, the Government Accountability Office (GAO) estimated in 2010 that half ($7 billion) of the Pentagon’s inventory (ie. planes and tanks) is simply collecting dust.

While the audit was able to verify that the Pentagon is free of overt fraud and generally doesn’t spend money absent Congressional audit, the agency likely fears the results of a truly comprehensive audit targeting waste and underutilized resources. The F-35 Program, for instance, will likely prove far costlier than the projected $1.5 trillion cost construction, fuel, and maintenance over a 20-year time frame. A June 2018 report from the GAO noted that F-35 aircraft had 111 deficiencies that “may cause death, severe injury, or severe occupational illness; may cause loss or major damage to a weapon system; critically restricts the combat readiness capabilities of the using organization; or result in a production line stoppage.” Despite these many issues, taxpayers and members of Congress are repeatedly left in the dark about the Pentagon’s programs and machinations.

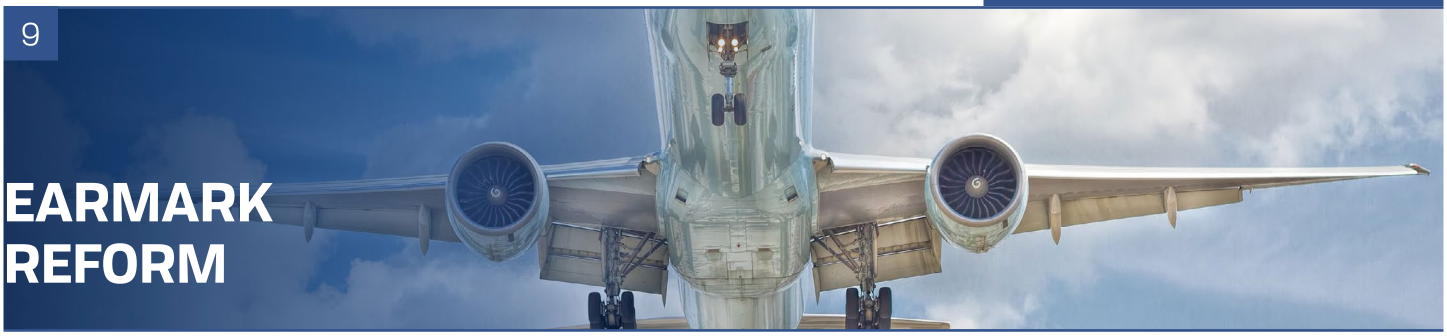
RESOURCES

- “The F-35, the great white whale of defense waste”
- “How the Military-Industrial Complex Hurts Service Member Safety”
- “Congress Can Save Taxpayers Billions By Closing Unneeded Bases”

AGENDA

The new Congress should finally require full transparency on Pentagon operations by ordering a more comprehensive audit and should target wasteful and redundant spending by the agency. Additionally, policymakers must pressure the DoD to curb no-bid contracting, which leads to ballooned costs and a lack of rigor by Defense contractors. The share of Pentagon contract spending awarded competitively has steadily declined over the past decade to under half, driven by no-bid proliferation in areas such as human resources and Special Operations Command.

Fortunately, the Congressional groundwork is already in place for holding the Pentagon accountable for contracting shortfalls. The 2014 Digital Accountability and Transparency Act mandates that agencies disclose contract award data to Congress, but thus far, the DoD has fallen short in linking budget and award data according to the GAO. Lawmakers must press the Pentagon to be more forthcoming about their contracting process, as well as in general.



EARMARK REFORM

BACKGROUND

Rep. Steny Hoyer (D-Md.) and others have floated the idea of bringing back earmarks in the new Congress. Taxpayers are all-too-familiar with outrageous examples of pork-barrel spending, ranging from $50 million for an indoor rainforest in Iowa to $500,000 for a teapot museum. Congress finally introduced an earmark ban in 2011, but it proved too weak to fully stem the tide of earmarks. Every year, for instance, TPA has found hundreds of earmarks attached to the DoD's budget, totaling into the tens of billions of dollars. In the FY 2019 Defense Appropriations Bill, TPA found 679 earmarks totaling $19.3 billion. These were items that the Pentagon never asked for, but were inserted by members of Congress wanting taxpayer funding for their district no matter the lack of any benefit or purpose.

RESOURCES

- "Pentagon earmarks detract from the common defense"
- "No, Resurrecting Earmarks Won't Make Congress Work Better"
- "BREAKING: Taxpayers Protection Alliance Uncovers $19.3 Billion in Earmarks in Defense Spending Bill"

One large recipient from the still-widespread earmarking process is the F-35 aircraft program, slated to cost taxpayers an estimated $1.5 trillion due to the combined costs of construction, fuel, and maintenance over a 20-year time frame. Despite repeated safety warnings about the aircrafts and cost overruns, the House added $740 million for eight additional F-35s in the FY 2019 spending bill. TPA also found, for instance, that appropriators allocated $950 million for two additional Littoral Combat Ships (LCS) this year. This was in addition to the Navy's $646 million request for just one additional ship. Even though earmarking is clearly far from dead, some members of Congress are still pushing for an end to the formal ban on earmarking.

AGENDA

First and foremost, the new Congress must ensure that the current, formal ban on earmarking remains in place. Any nixing or watering-down of the rule would simply whet the appetites of lawmakers who seek to trade favors at the expense of taxpayers. After resolving to "do no harm," Congress must work to close loopholes and strengthen the current earmarking ban. One approach is to "name and shame": lawmakers could resolve to annually examine the disparity between proposed agency budgets and actual budgets, and trace the issue to the individual members steering the process for their own benefit.

The new Congress should also examine the practice of "lettermarking," in which members of Congress write to agency officials and ask directly that agency spending be concentrated in said members' districts. Congress should mandate transparency by requiring that these letters are collected and published on a dedicated website, and mandate that any agency spending change in response to lettering be approved via Congress first.

ENERGY

BACKGROUND

American consumers have never had so many options as to what energy source they can use to power their vehicle or home. The classic trope about shady Middle Eastern power suppliers holding Americans hostage is no longer accurate, as Texas will soon become the third largest oil-producer in the world behind Saudi Arabia and Russia. The wealth of production from fracking has turned areas such as the Permian Basin (Texas) and Weld County, Colorado into production powerhouses, meaning that that 20th century power brokers such as OPEC are increasingly playing second fiddle to American producers. Oil and gas provide reliable fuel and energy and are a major driving force in a strong economy.

While this boom in energy production should be a cause for celebration, many policymakers have refused to give up on their push for costly and misguided "green" solutions. At a state level, California recently committed to deriving 100 percent of their electricity from "renewable" sources by 2045, a move that would devastate the Californian economy. At a federal level, lawmakers introduced a disastrous $24-per-ton carbon tax this year. Fortunately, fellow members of Congress rejected these efforts. Voters also gave the thumbs-down, with sponsoring Rep. Carlos Curbelo (R-Fla.) losing his reelection bid.

RESOURCES

- "No, federally funded 'green' research does not spur innovation."
- "Latest Solar Jobs Report Shows 'Green' Sector on Life Support"
- "Triple Threat to Taxpayers: EVs, Charging Stations, and Subsidies"

AGENDA

Democratic leadership has repeatedly voiced support for carbon tax legislation and/or a federal cap-and-trade scheme, either of which would increase prices for consumers and businesses. Carbon taxation would cost jobs and force many businesses to shut their doors. The new Congress is also likely to consider lifting the cap on the electric vehicle (EV) tax credit, a taxpayer subsidy to the wealthiest Americans, which starts phasing out for consumers once manufacturers produce 200,000 vehicles.

As major EV manufacturers are on the cusp of breaching that cap, pressure remains high to "do something" and keep the corporate welfare machine running. But rather than expand the tax credit, the new Congress should go in the other direction and end this boondoggle altogether. Additionally, Congress should end the Investment Tax Credit, which subsidies solar mega-corporations and their wealthy customers at the expense of everybody else. While the current rate of 30 percent will be phased down to 10 percent by 2023, a steeper reduction to 0 percent would lead to a fairer, freer energy market.

In tandem with eliminating regressive "green" tax credits, Congress should eliminate miscellaneous renewable funding spent by the Department of Energy. Research initiatives such as Advanced Research Projects Agency-Energy (ARPA-E), which cost taxpayers hundreds of millions per year with little translation into profitable commercial endeavors, should be eliminated. Finally, Congress should work to continue to expand oil and gas production in the United States.

FDA REFORM

BACKGROUND

As one of the world's largest gatekeepers of innovative technologies, the Food and Drug Administration (FDA) has the potential to improve millions of lives through a transparent and expedient process. Unfortunately, a slow and confusing process means that reduced risk products and promising new technologies take years to get to market (if at all). Case in point: the FDA's tedious review of the pre-market tobacco product (PMTA) and modified risk tobacco product (MRTP) authorizations for IQOS, a heat-not-burn product that provides the sensation of smoking without most of the negative side effects. This product is being stymied by the FDA, despite its potential to save the lives of tens of millions of Americans.

Despite a statutory requirement to respond within 180 days for even the PMTA (i.e. the authority just to sell the product – let alone make claims), the FDA continues to drag their feet. Numerous studies, including randomized clinical analyses conducted by researchers skeptical of "heat not burn" health claims, found that carcinogens emitted from IQOS were far lower than conventional products. Yet, the FDA refuses to let smokers quit with the help of this device.

RESOURCES

- "The President's Promise to Cut FDA Red Tape"
- "FDA Reform Needs to Look More Like Tax Reform"
- "Consumer Health Revolution is Coming, FDA Permitting"

AGENDA

Congress should demand more accountability from the FDA, and ensure that the agency consistently follows evaluation frameworks stated in agency guidelines. Originally, failure to respond to an application within 180 days meant the automatic approval of a product; a mandated return to that standard would force the FDA to introduce a prompter evaluation process. Congress must also ensure that the FDA classifies medical devices appropriately.

For reference, currently guidelines (reasonably) do not consider at-home cholesterol testing kits as a medical device, but fitness trackers monitoring multiple physiological signs simultaneously may be classified as medical devices. The Inspector General (IG) has repeatedly urged the FDA to down-classify medical devices, but the FDA continues to drag its feet and subject promising technologies to unnecessarily-long evaluations. Congress should tie future funding to the FDA down-classifying and ensuring expedient approvals.

On a more fundamental level, Congress should end the FDA's "efficacy" requirement and return the agency to the pre-1962 standard of only examining the safety of drugs and devices. Having the FDA devote increased time and resources to seeing if the product(s) work is counterproductive, as markets ensure that the most effective products earn the most revenue. Additionally, companies misstating the benefits of their product/treatment can be found liable for fraud, making the "efficacy" requirement redundant.

HEALTHCARE

BACKGROUND

In the 9 years since it was passed into law, the evidence is undeniable: the Affordable Care Act (ACA) is failing taxpayers and consumers and has resulted only in increasing costs, with no improvement in basic health outcomes. Even with an individual mandate in place, premiums for non-employer plans have posted double-digit increases. Meanwhile, thousands of employer-provided plans announced to beneficiaries that they would be discontinued, due to increasingly strict benefits mandates. This is why lawmakers have searched for ways to reduce the negative impacts of the Affordable Care Act (ACA). The goal has been to transition America's broken, centrally-planned healthcare system into an effective and market-oriented system.

RESOURCES

- "The Ranks Of The Uninsured Are Growing, But Not For The Reason You Think"
- "Dozens of Studies Demonstrate Failure of Medicaid"
- "Single-payer promises consumers, taxpayers a world of pain"

In mid-2017, Congress tried to take action via "skinny repeal," which would have eliminated the individual mandate and medical device tax, increased contribution limits for tax-free savings accounts, and provided greater flexibility for states looking to escape insurance mandates. That vote failed and Congress was forced to kick the can down the road. Since then, however, the fight for choice in healthcare picked up steam as more and more Americans demanded relief. In December of 2017, Congress finally repealed the individual mandate as a part of the Tax Cuts and Jobs Act. Additionally, the Trump Administration promulgated rules allowing short-term "association" health-care plans, which offer high-deductible choices for individuals only needing temporary coverage between jobs or before entering school.

AGENDA

The new Congress should promptly repeal "essential benefits" mandates, which require plans to have a myriad of benefits (ie. smoking cessation, STD screening) that many do not want to pay for, allowing people to tailor their coverage and pick the plan that suits them best.

Congress must prevent executive agencies from counterproductive rulemaking that would decrease innovation and choice in the medical sector. Lawmakers should also prevent the Department of Health and Human Services (HHS) from implementing pharmaceutical price controls, which would limit pharmaceutical availability and result in less research and development. If implemented, the current proposal to model Medicare reimbursement based on European list prices ignores development and regulatory costs, and, if implemented, would not only hurt research and development, but also lead to multi-year delays in life-saving drugs being prescribed to patients, and as such must not be implemented.

If Congress permits it, more states can turn Medicaid into a program that empowers low-income individuals to purchase private insurance. Alternatively, states can experiment with increasing reimbursement rates for smaller facilities, which have a better track record in successfully treating patients.

INTELLECTUAL PROPERTY

BACKGROUND

Private property rights are the foundation of any modern economy. Property rights do not just entail physical property. A key component of property rights is Intellectual Property (IP), critical to ensuring that innovators and entrepreneurs can benefit from their ideas. Any uncertainty with IP harms American innovation and acts as an implicit tax on American businesses. Research by economists at Iowa State, Washington University, and the Swedish House of Finance support the idea that, of various government measures to foster innovation, only patent protection and basic financial market rules are effective.

RESOURCES

- "Protect Patents to Stay Ahead"
- "Free Market Case for Intellectual Property Remains as Strong as Ever"

Unfortunately, IP protections have been steadily undermined in recent years. Specifically, Section 18 of the 2011 America Invents Act emboldens third parties to invalidate business method patents via an administrative process overseen by the US Patent and Trademarks Office (USPTO). As Heritage Foundation scholar Alden Abbott and others have pointed out, patent invalidation rates in these hearings are far higher than traditional patent reversal rates by courts. In recent years, antitrust law has increasingly infringed on business returns comfortably within the scope of held patents. Fortunately, the Trump Administration has reversed this stance, issuing guidelines that stressing that, "antitrust laws generally do not impose liability upon a firm for a unilateral refusal to assist its competitors..."

AGENDA

Congress can boost innovation by strengthening IP enforcement immediately by repealing the 2011 America Invents Act or narrowing the scope of the legislation and expanding due process. In particular, the STRONGER Patents Act, sponsored by Sen. Chris Coons (D-Del.) in the 115th Congress, would increase due process on the Patent Trials and Appeals Board, and restore injunctions as the primary method to fend off patent infringement.

Further, Congress should make a greater effort to tie foreign aid to increased intellectual property enforcement. Nigeria, for instance, receives more than $400 million per year in foreign aid, slated mainly for poverty reduction. Yet, according to the Chamber of Commerce's Global Intellectual Property Center, Nigeria is near the bottom of all nations in terms of IP enforcement. By tying aid to strengthened patent and trademark protections, lawmakers can ensure that Nigeria is actively taking steps to bring foreign investment into their country, boosting their living standards, and creating a sustainable economy for the future.

Finally, Congress must ensure that the pharmaceutical industry's research and development apparatus isn't undermined by reimportation and forced data disclosures. Manufacturers of life-saving drugs deserve their hard-earned revenues, not arbitrary games created by lawmakers.

INTERNATIONAL

BACKGROUND

International Governmental Organizations (IGOs), ranging from the United Nations (UN) to specialized UN sub-agencies such as the World Health Organization (WHO) and the International Labor Organization (IMO), account for an increasing percentage of public policies implemented across the globe. These global bureaucracies receive billions of dollars from the American taxpayer and many other developed countries yet fail to receive the oversight typically devoted to other taxpayer-funded entities.

The WHO, for instance, spends $200 million a year on travel. This is far more than the $132 million it spends on fighting Hepatitis, AIDS and malaria combined. This amounts to $28,500 per employee a year on travel a year. In contrast, Doctors Without Borders spends just $1,162 per employee per year. Additionally, leaked emails revealed that WHO leadership refused to call the Ebola outbreak in West Africa a public health emergency for months for political reasons, while prioritizing resources to promote a plain packaging conference in Moscow costing thousands of lives in the process.

This is just the tip of the iceberg; taxpayers are completely in the dark about many IGOs and their wasteful and counterproductive activities. A decision by the UN's International Maritime Organization to phase out sulfur from ship fuels by 2020 will likely cause significant turmoil in the oil sector, leading to higher fuel prices and fewer opportunities for billions of citizens.

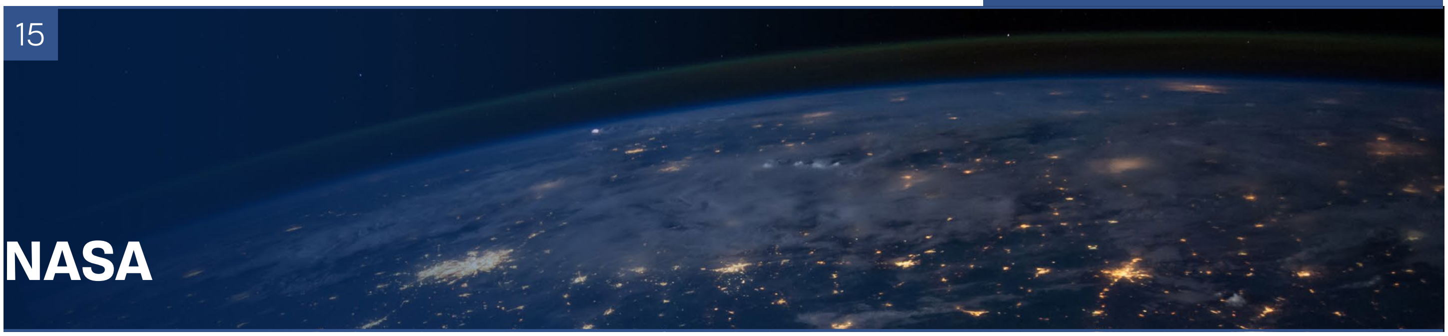
RESOURCES

- "Obscure Rule Change Will Lead to Skyrocketing Oil Prices"
- "Misguided crusade would create more Capones"
- "When UN Peacekeeping Goes Horribly Wrong"

AGENDA

The new Congress should push for accountability from IGOs and mandate that the UN and sub-agencies document and make public their use of taxpayer funds. A comprehensive audit/report into the inner-workings of global bureaucracy would increase scrutiny on these organizations and create pressure for reform. With tax dollars funding these organizations, it's important to know how the money is being spent.

Once Congress has had a chance to evaluate report recommendations, future IGO funding can be tied to organizations abiding by recommendations. In cases where IGO operations appear to be rife with misconduct and/or benefiting corrupt dictatorships, lawmakers should consider withdrawing financial support altogether. UN "green energy" projects would be among the first to be defunded, followed by UN peacekeeping missions that are dogged by allegations of sexual misconduct. Any money saved from IGO funding reductions should immediately be returned to the American people via tax reduction.



NASA

BACKGROUND

The National Aeronautics and Space Administration (NASA) has a lofty mission: to "reach for new heights and reveal the unknown for the benefit of humankind." Unfortunately, NASA's projects come with significant exposure to taxpayers with little oversight and transparency. The James Webb Space Telescope (JWST), which aims to study cosmic jets and star formation, is already projected to cost more than $8 billion, which is the spending cap established by Congress. Additionally, the JWST has been delayed at least a year (from 2020 to 2021).

NASA missions regularly experience cost overruns north of 20 percent, with Discovery and Mars Scout programs among the biggest offenders. Despite assertions that cost overruns have decreased in recent years, the GAO already sees warning signs of overrun in NASA's current projects. NASA's three coming human exploration programs, for example, will likely face delays and cost overruns according to a report released in April.

RESOURCES

- "NASA's new missions: Short on insights, high on costs"
- "NASA's New Leader Can Remake the Agency into a Lean, Spacefaring Machine"
- "In Latest Budget, Congress Shouldn't Mix Planets and Politics"
- "Growth of private flight can shield taxpayers from NASA waste"

AGENDA

The new Congress has an especially difficult task in holding NASA accountable, given the enduring popularity of federal space endeavors on both sides of the aisle. Lawmakers should begin any space policy reform agenda by ending mission funding to the International Space Station (ISS), which costs the federal government roughly $4 billion per year. According to a February review by the Science and Technology Policy Institute, a private operator could expect anywhere from $460 million to $1.2 billion in commercial revenues from ISS. Lawmakers should study privatization proposals in order to monetize that commercial potential. Privatization would boost investment in the project, improve outcomes, and create revenue, rather than cost taxpayers their hard-earned dollars.

Lawmakers should also examine whether "shorter" missions to the moon and asteroids can be funded via mining prospects as opposed to taxpayer funding. NASA officials have repeatedly voiced their intention to send the agency back to the moon, despite the large associated costs for taxpayers. A 2009 committee concluded that a moonshot would take around $50 billion (nearly $57 billion today) above and beyond regular NASA funding over a 10-year period. Lawmakers can and should take that option off the table, assuring taxpayers that they won't be on the hook for a massive moondoggle.

PRIVACY

BACKGROUND

The Fourth Amendment of the United States Constitution enshrines "the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures," with "probable cause" needed before authorities can obtain a warrant. Unfortunately, the growing surveillance state has meant that the federal government regularly enacts legislation that runs contrary to the intentions of the Fourth Amendment. For example, in January 2018, Congress signed into law a six-year reauthorization of Section 702 of the Foreign Intelligence Surveillance Act (FISA). This law is mainly used to listen in on foreigners' conversations, not in itself a likely violation of the Constitution. But the "incidental collection" of the records of Americans on the other end of the conversation is a cause for concern, especially given a loophole in the current law that allows the National Security Agency to share that information with other law enforcement agencies for reasons unrelated to the initial foreign intelligence operation.

RESOURCES

- "Time for the Email Privacy Act to be Signed Into Law"
- "With Privacy Legislation, Congress Can Safeguard the Digital Domain"
- "TPA Joins Coalition Letter Urging Congress to Move on ECPA Reform"

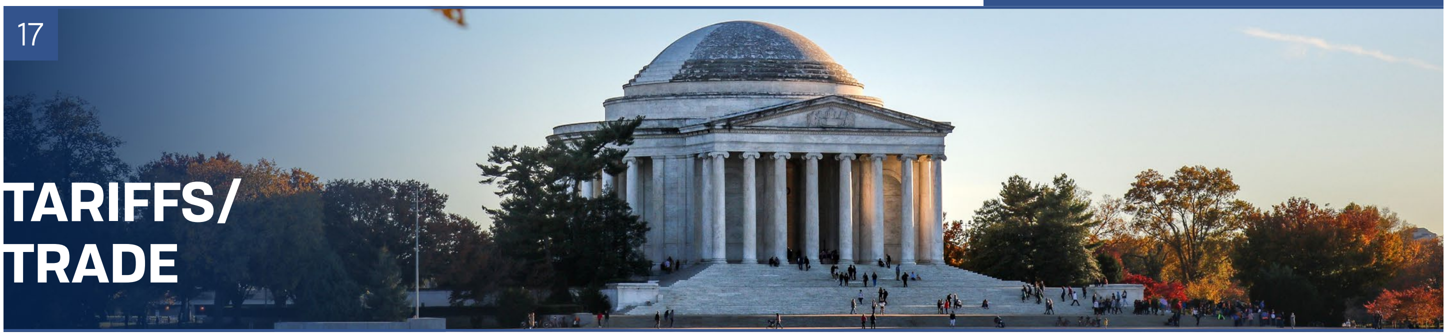
Unfortunately, FISA is not the only surveillance law with troubling provisions that run counter to the Constitution. The Electronic Communications Privacy Act (ECPA) in 1986 required bureaucrats to obtain warrants to view most digital communications but did not cover storage in the digital cloud (i.e. the indefinite storage of information by third-parties such as Apple or Google). This problem is particularly acute in the international space where the Department of Justice claims the right to collect any data hosted on U.S.-owned overseas servers. Even if individuals and companies have "nothing to hide," the abysmal state of government cybersecurity leaves open the possibility for criminals stealing and using sensitive information stored on government databases.

AGENDA

The new Congress must act quickly to close these loopholes and prevent the mass and unlawful surveillance of American citizens. Lawmakers should push for clarifications within the text of FISA that force intelligence workers to keep the dialogue/information of domestic parties to international parties redacted, unless this information proves to be directly relevant to the initial foreign intelligence operation. Lawmakers must also include safeguards against this information finding its way in law enforcements' hands, unless this threshold of initial relevance is met.

Additionally, Congress must pass a new version of The International Communications Privacy Act (ICPA), introduced in the previous Congress by Sens. Orrin Hatch (R-Utah) which would require a warrant for the collection of any data stored on a third-party server, regardless of the location of said server and the length of time the data has been stored. U.S. government bodies will also be required to obtain permission from international governments before seizing information in their jurisdictions, safeguarding the reputation of American businesses and diplomats.

In addition to ECPA and ICPA, other privacy issues are bound to come up in the 116th Congress. For example, Congress may be tempted to pass a "one size fits all" approach to internet privacy. Instead of onerous and static privacy regulations, Congress should ensure that the federal government provides oversight at minimal cost to taxpayers, consumers, and the technology sector. Burdensome privacy regulations can quickly grow outdated and discourage innovation. The EU's General Data Protection Regulation (GDPR) shows that heavy-handed government regulation is a bad idea.



TARIFFS/ TRADE

BACKGROUND

As a self-branded "tariff man," President Trump has been persistent in levying tariffs and threatening countries he perceives to engage in "unfair" trade policies with additional tariffs. The first major tariffs were announced in March of 2018 when the Trump Administration imposed 25 percent and 10 percent tariffs on steel and aluminum, respectively. Though allies such as Canada, Mexico, and the European Union were initially exempted, they too were subjected to the levies starting in June. Allies of the United States responded in kind, imposing tariffs on a variety of American products, ranging from soybeans to Harley-Davidson motorcycles to miscellaneous footwear.

While the United States negotiates with allies such as the European Union and other trading partners such as China to resolve escalating tensions, American consumers and businesses have felt the brunt of America's newly restrictive trade policies. American farmers, for instance, faced surging losses on exports (in response to retaliatory exports). This prompted the Administration to grant them $12 billion in emergency taxpayer aid. Due in part to $1 billion in losses from tariffs targeting the auto sector, General Motors announced in November 2018 the closure of 5 plants in North America and the laying off of 15 percent of salaried staff. The one major "success" of the Trump Administration's trade policy has been the United States-Mexico-Canada (USMCA) trade agreement, which largely maintained the status-quo of the North American Free Trade Agreement (NAFTA) while imposing some more onerous auto-content requirements to the detriment of workers.

RESOURCES

- "Time to Axe Tariffs, the Hidden Sales Tax"
- "Trump can lock in tax reform gains by rejecting trade tariffs"
- "Craft Store Takes Unprecedented Measures To Cope With Trump's Tariffs"

AGENDA

Congress must reassert its "power of the purse" in 2019 by revising existing statutes that give the President undue authority to raise and lower tariffs. In particular, Section 232 of the Trade Expansion Act of 1962 allows the President to raise import levies if importation "is in such quantities or under such circumstances as to threaten to impair the national security." While members of Congress should continue to respect President Trump's capacities as commander-in-chief, they should tie tariff adjustment authority to specific Congressional authorizations of the use of military force. At the very least, Congress should insist on a review process of national security-related adjustments.

Congress also faces a major ratification vote on USMCA, which would largely keep in place the low-tariff North American trade zone. While Congress should move ahead with the treaty, it should examine ways to defray the harmful provisions in the new treaty. In response to the backdoor $16 minimum wage imposed on auto sector Mexican workers in the treaty, Congress should issue a resolution expressing their dissatisfaction with this provision and ensure that no funds are appropriated for open-ended, counterproductive investigations into labor standard "violations" by Mexico.

TAX REFORM

BACKGROUND

For the first time in 31 years, Congress took historic action and enacted comprehensive tax reform at the end of 2017. Rates at every marginal bracket were reduced and corporate tax rates were slashed from 35 percent (highest in the developed world) to 21 percent. Additionally, small businesses no longer face the need to "pass through" all their income at the highest individual marginal rate because many small businesses can now deduct 20 percent of their income before passing through their incomes. To make up for revenue losses, the federal government limits loopholes that disproportionately benefit the wealthy. Write-offs for the home mortgage interest deduction, for instance, is now limited to $750,000, ensuring that wealthy taxpayers won't increase their real estate holdings just to get better treatment from the IRS. The state and local tax (SALT) deduction is similarly limited, meaning that politicians in high-tax, high-spend states can no longer grow government without taxpayers' ire.

RESOURCES

- "Interest Deductibility and Full Expensing are Possible in Tax Reform"
- "Millionaire's Taxes Offer Little Bang and Little Buck"
- "Tax Reform Must Include IRS Reform"

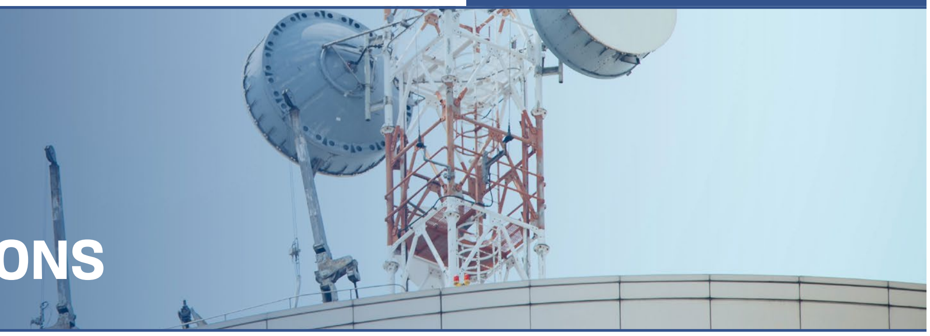
Tax reform resulted in increased, sustained economic growth and growing wages. Unemployment is at its lowest level since 1969 and wages haven't grown this fast in nearly a decade. Americans for Tax Reform has demonstrated more than seven hundred and fifty of pieces of "tax reform good news" on their website, as thousands of companies announce new hiring campaigns, wage increases, and bonus payments to employees, while utility companies pass these on through lower costs to consumers. TPA is proud to have been a part of the tax reform of 2017, but there is much that Congress can still do to fix the tax code and propel America forward.

AGENDA

The new Congress should take the initiative to further spur economic growth by passing "Tax Reform 2.0," which would allow for increased savings for health and educational expenses. Allowing increased contributions into tax-free savings accounts for education and healthcare expenses would empower consumers and lead to a healthier, better-educated population.

Additionally, Congress should work to reduce the number of brackets in the tax code. Early versions of tax reform envisioned reducing the number of individual brackets from 7 to 5, allowing for less confusion and compliance headaches. Cutting the number of brackets would also give an incentive for people to work harder, as workers would work extra hours, accept more promotions, and take on new clients without incurring a higher penalty rate on each new dollar earned.

Finally, Congress should work to end the system of citizenship-based taxation, in which Americans living abroad must pay US federal taxes and the taxes of their host country. Eliminating this onerous policy of double taxation would make life easier for the millions of Americans living abroad, and end the trend of Americans increasingly renouncing their citizenships.



TELECOMMUNICATIONS

BACKGROUND

Since the start of 2017, the Federal Communications Commission (FCC) has committed to a series of regulatory reforms that have helped the growth of the internet. In 2018, onerous, expensive, and unnecessary Title II regulations were officially repealed. The FCC has also required cities to quickly decide whether or not to allow providers to deploy revolutionary 5G transmitters. These deployments (the size of a backpack) will provide unprecedented ultra-high speed internet to consumers and businesses in their municipalities and usher in a new era of life-saving telemedicine and other services to the public. But, these benefits will be lost without expedient decision-making by municipalities. Deployment of 5G will be accomplished without taxpayer money and actually provide revenue for localities and states.

Until recently, the careful scrutinization of antenna designs, impact on property values, and landscaping rules violations has led to 800-day waiting periods in some municipalities. This might have been needed back in the days of gigantic cellphone towers, but the tiny 5G deployments have now rendered this regulatory process obsolete. The FCC has attempted to fix this issue by introducing limiting the amount of time for review to 60 days in most cases.

RESOURCES

- "White Space Broadband Deployment Must be on the FCC Agenda"
- "Rise of 5G Lessens the Case for Net Neutrality"
- "Summer Reading-Freeing the Internet from Government Regulation"

AGENDA

Congress must give the FCC space to continue its deregulatory actions and refrain from introducing strict Title II regulations. Even in a Republican-controlled Congress in 2018, GOP lawmakers considered legislation enshrining onerous "net neutrality" rules that would reduce internet access for everyone involved and decrease broadband investment. Such efforts will likely increase in the Democratic-controlled Congress in 2019, and must be resisted by lawmakers at all costs.

Congress must also push back against the Rural Broadband Pilot Program proposed by the US Department of Agriculture (USDA), which would provide poorly-targeted service at a high cost to taxpayers. Congress must also continue to provide oversight of the USDA's Rural Utility Service. Congress should ensure that any broadband coverage program only serves households with no reliable internet connection. Additionally, Congress can do its part in paving the way for 5G by releasing "beachfront" spectrum currently (and inefficiently) used by federal agencies. Congress should examine ways in which it can ease up regulation to pave the way for television White Spaces. Technology companies are keen on turning the unused space in between TV channels into "super Wifi," which can provide internet to underserved rural residents. Yet they face a fragmented market filled with rules and regulations, and a spectrum market dominated by government regulation. Congress should strive for simplicity and streamlining in working with the FCC to bring internet White Spaces to millions of households.

Finally, Congress should give social media outlets, including Facebook and Twitter, ample space to operate without open-ended "investigations" and holding these companies liable for the speech of users. Repealing Section 230 of the Communications Decency Act of 1996, as some have called for, would open the door to endless liability and lead to increased costs for social media users.

UNITED STATES POSTAL SERVICE

BACKGROUND

In its November 2018 financial statement, the United States Postal Service (USPS) reported a net loss of $3.9 billion for the previous fiscal year. This marks the 12th consecutive year of losses and comes amidst declarations by top USPS officials that the agency is in dire need of reform. The Office of the Inspector General (IG) regularly points out severe structural deficiencies that are within the agency's ability to fix and cost the USPS hundreds of billions of dollars annually.

The IG estimates that the inconsistent use of a scheduler used to determine staffing levels and assignments at facilities across the country cost USPS nearly $500 million annually. And, with a large increase in capital expenditures planned for FY 2019 to finance replacements for the majority of USPS' aging fleet, nearly $10 billion in capital spending is at stake in the coming decade. Congress has been of little help on these issues, getting in the way of necessary Post Office closures and entertaining multi-billion dollar bailouts, while refusing to do anything to address the serious structural problems in USPS.

RESOURCES

- "Decades-Old Loophole Lets Postal Service Escape the Law"
- "The Truth About the President's Postal Policy"
- "Amidst Abysmal Finances, Postal Reform is a Must"

AGENDA

The new Congress can pave the way forward on Postal reform in 2019 by adhering to the recommendations of the recently released Task Force report. The report recommends rolling back collective bargaining requirements for the USPS, which has seen rapidly increasing labor costs with little new revenue to counter these expenses.

Additionally, Congress should push the USPS to more accurately value retiree health benefit obligations, which have grown rapidly over the past decade. The USPS can also realize significant savings by closing redundant, low-workload facilities, something previous Congresses have interfered with by pushing the USPS to put a moratorium on closings – exactly the opposite of what needed to be done. Lawmakers should push in the other direction, while working closely with the agency to create innovative arrangements such as private-public partnerships that can put more USPS kiosks in commercial chains such as Staples and CVS.

Finally, Congress must maintain a hardline against bailouts and taxpayer subsidies. USPS already has maxed out on low-interest Treasury loans, and receives billions of dollars a year from federal and state governments. An overt bailout or even shifting retirement liabilities to Medicare would be counterproductive and set the stage for future mismanagement by Postal leadership.

CONCLUSION AND SUMMARY OF RECOMMENDATIONS

In the two years that the 116th Congress will be in session, the border wall and 2019 government shutdown may be long forgotten and in the past, but multiple pressing issues impacting taxpayers and consumers will remain. In the last Congress, Republicans passed much-needed tax reform but failed to address government waste and excessive spending. Instead of partisan bickering and positioning themselves for the 2020 election, Democrats and Republicans need to work together and address the most pressing issues facing America.

BUDGET REFORM

RECOMMENDATIONS

- Enact hard caps on discretionary spending, ending the practice of creative budgetary “upward adjustments.”
- Reaffirm its commitment to PAYGO rules for mandatory spending programs.
- Consider a balanced budget amendment, or at least an amendment that limits deficits to one percent of Gross Domestic Product.

CRONY CAPITALISM

RECOMMENDATIONS

- Tie future DoD funding increases to limitations on no-bid and large, sole-source contracting.
- Ensure that the DoD’s small business contracting quotas are being filled by actual small businesses.
- Close loopholes in the tax code that disproportionately benefit a few large corporations, such as the tax-free funding of stadiums.

DEFENSE

RECOMMENDATIONS

- Order a more comprehensive audit, targeting wasteful and redundant spending.
- Mandate that DoD to curb no-bid contracting, which leads to ballooned costs and a lack of rigor by Defense contractors.
- Push for full Pentagon compliance with the 2014 Digital Accountability and Transparency Act.

EARMARK REFORM

RECOMMENDATIONS

- ensure that the current, formal ban on earmarking remains in place.
- annually examine the disparity between proposed agency budgets and actual budgets, and trace the issue to the individual members steering the process for their own benefit.
- crack down on practice of "lettermarking," in which members of Congress write to agency officials and ask directly for district funding.

ENERGY

RECOMMENDATIONS

- End the EV tax credit.
- Hasten the phasedown of the solar-focused Investment Tax Credit.
- Eliminate miscellaneous renewable funding spent by the Department of Energy.
- Allow for expanded drilling in currently off-limits coastal areas.

FDA

RECOMMENDATIONS

- Ensure that the agency consistently follows evaluation frameworks stated in agency guidelines.
- Require the FDA to reclassify medical devices in line with actual risks.
- End the FDA's "efficacy" requirement and return the agency to the pre-1962 standard of only examining the safety of drugs and devices.

HEALTHCARE

RECOMMENDATIONS

- Repeal "essential benefits" mandates.
- Prevent the Department of Health and Human Services (HHS) from implementing pharmaceutical price controls.
- Devolve Medicaid to the states.

INTELLECTUAL PROPERTY

RECOMMENDATIONS

- Strengthen IP enforcement immediately by repealing the 2011 America Invents Act.
- Make a greater effort to tie foreign aid to increased intellectual property enforcement.
- Resist any attempts to impose reimportation and forced data disclosures on pharmaceuticals.

INTERNATIONAL

RECOMMENDATIONS

- Mandate that the UN and sub-agencies document and make public their use of taxpayer funds.
- Order a comprehensive audit/report into the inner-workings of global bureaucracy.
- Tie future IGO funding to organizations abiding by recommendations.

NASA

RECOMMENDATIONS

- End mission funding to the International Space Station.
- Examine whether "shorter" missions to the moon and asteroids can be funded via mining prospects as opposed to taxpayer funding.
- Study privatization proposals that would make space exploration self-sustaining.

PRIVACY

RECOMMENDATIONS

- Push for clarifications within the text of FISA that force intelligence workers to keep the dialogue/information of domestic parties to international parties redacted.
- Require a warrant for the collection of any data stored on a third-party server.
- Place new limits on the sharing of sensitive data between different federal agencies.

TARIFFS/TRADE

RECOMMENDATIONS

- Curtail existing statutes that give the President undue authority to raise and lower tariffs, such as the Trade Expansion Act of 1962.
- Defray harmful, anti-trade provisions in the new USMCA agreement.
- Encourage the President to seek out more trade deals with more nations.

TAX REFORM

RECOMMENDATIONS

- Pass "Tax Reform 2.0," which would allow for increased savings for health and educational expenses.
- Make the income tax cuts contained in TCJA permanent.
- Work to reduce the number of brackets in the tax code.

TELECOMMUNICATIONS

RECOMMENDATIONS

- Give the FCC space to continue its deregulatory actions, and refrain from introducing strict Title II regulations.
- Push back against the Rural Broadband Pilot Program proposed by the US Department of Agriculture (USDA).
- Ensure that any broadband coverage program only serves households with no reliable internet connection.
- Examine ways in which it can ease up regulation to pave the way for television White Spaces.
- Maintain liability protections for internet-based companies established under Section 230 of the Communications Decency Act.

USPS

RECOMMENDATIONS

- Require the USPS to more accurately value retiree health benefit obligations.
- Encourage the USPS to close redundant, low-workload facilities.
- Maintain a hardline against bailouts and taxpayer subsidies.

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