

March 27, 2012

TO: Interested Parties
FROM: David Kendall, Senior Fellow for Health and Fiscal Policy
RE: Impact of House Budget Resolution on Everyday Life

The House budget committee has approved Rep. Paul Ryan's budget resolution, which proposes a significant cut in federal spending that covers basic government services. According to the Congressional Budget Office, this cut would be 26% in 2023 (for non-entitlement, non-interest spending).¹

We are an organization that counts fiscal responsibility as one of our principal attributes, but this cut would deal a severe blow to the capacity of the federal government to deliver basic services that Americans have come to expect. This memo describes the everyday impact of these cuts on Americans.

Impact #1 More Time on the Tarmac

More than one million people fly every day in the United States. These passengers' timely arrival at their destinations depends largely on the country's air traffic control system. **Shortfalls in the air traffic control system alone—not weather—caused an average of 11,852 flight cancellations and 263,172 delays over the last year.**² This inefficiency is costly to passengers, airlines and the overall economy. A full sequestration would increase damaging system-induced delays and cancellations.

Rep. Ryan's budget proposes to spend 21.2% less than current funding levels for the next ten years.³ If Congress applied that funding level across-the-board in the transportation budget, then the FAA would lose than 3,262 air traffic controllers.⁴ We estimate that a proportional decrease in the air traffic control system's efficiency would **add 2,511 flight cancellations and 55,791 delays annually.**⁵ **At the U.S. average of 49 passengers per flight, that's enough to strand 123,058 more people at the gate and make 2,733,775 more people late every year.**⁶

Impact #2 801,000 Pounds of Unscreened Luggage

Congress passed a law in 2007 requiring the Transportation Security Administration (TSA) to screen all cargo on passenger flights bound for U.S. airports. The TSA now screens 100% of cargo on domestic flights, but not on inbound international flights. As of 2010, only 65% of such cargo was screened.⁷ That amounts to 2.1 billion pounds of unscreened luggage on U.S. passenger flights each year.⁸ The al-Qaeda in the Arabian Peninsula "toner cartridge" bombing attempt of two cargo planes in October 2010 suggests this is a gap terrorists are looking to exploit. If TSA gets hit with the 24.8% cut under Rep. Ryan's budget for transportation, we estimate

the agency will not be able to increase international screening and would leave an additional **801,230 pounds of luggage unscreened on international flights each year.**⁹ The cuts would also halt TSA's investments in new cargo-screening technologies, which could be used to make screening faster.¹⁰

Impact #3 Higher Incidence of Asthma and Lung Disease

One critical job of the Environmental Protection Agency is to find and fine violators of the Clean Air Act. It conducts about 20,000 inspections each year.¹¹ In one of the largest enforcement cases, the EPA required American Electric Power to cut 1.6 billion pounds of air pollution from its coal-fired power plants and spend \$60 million to mitigate past emissions.¹² That made 2008 a banner year. The EPA's 10 largest enforcement actions reduced emissions enough to prevent 4,000 deaths from heart or lung disease and prevent 30,000 victims of asthma, most of which would have been children.¹³ In 2010, the EPA's enforcement prevented 680 to 1,700 deaths from heart or lung disease and 12,000 fewer cases of asthma.¹⁴

Rep. Ryan's budget proposes 15.8% less funding for natural resources and environment than under President Obama's budget over ten years. Should EPA's enforcement drop one-to-one with these funding cuts for natural resources and the environment, we estimate Rep. Ryan's budget could cause **at least 107 people to die from heart or lung disease and 1,896 people to become asthmatic.**¹⁵

Impact #4 Unreliable Weather Forecasts

Weather forecast models used by The Weather Channel and your local meteorologist get 93% of their data from polar-orbiting satellites.¹⁶ Most weather satellites rotate with the Earth, effectively hovering over one location. But polar-orbiting satellites circle from pole to pole as the Earth rotates below. Since 1960, these satellites have gathered unique data that improve medium and long-term forecasts, particularly of extreme events like hurricanes, tornadoes and blizzards.¹⁷

In order to maintain reliable weather forecasts, the nation will need a new polar-orbiting satellite in 2016. At Rep. Ryan's budget funding levels of 4% to 18% less than the President's budget for each of the next three years for natural resources and the environment, the National Oceanic and Atmospheric Administration would not finish the next satellite on time, and its ability to monitor the weather would be significantly disrupted.¹⁸ As weather events continue to become more severe, our weather forecasts would be only half as accurate for four to eight years until another polar satellite is launched.¹⁹ **For many people planning a weekend outdoors, they may have to wait until Thursday for a forecast as accurate as one they now get on Monday.**²⁰ Farmers and fishermen, whose incomes depend on accurate forecasts, stand to lose when the satellite data disappears. Perhaps most affected would be hurricane response. **Governors and mayors would have to order evacuations for areas twice as large or wait twice as long for an accurate forecast.**²¹ **If they err on the side of safety, that could mean twice as many evacuees—2.3 million more—for an Irene-sized East Coast hurricane.**²²

Impact #5 More Bridges Collapsing

After the collapse of a 40-year-old interstate highway bridge in Minneapolis in 2007, Congress has steadily increased funding to repair and replace deteriorating structures. It increased the Federal Highway Administration's budget by 28% in fiscal year 2011 compared to 2007. Part of that funding has reduced the number of structurally deficient federal highway bridges by 12%.²³ But there is such a huge backlog that **5,345 federal highway bridges and 62,181 bridges along state and local roads remain at risk for collapsing.** These bridges require up-close inspections. For each one, inspectors must use boats, cranes and cherry pickers to get close enough to check for cracks as small as one-eighth inch wide every two years.²⁴ Without bridge inspections and repairs, drivers face danger when crossing bridges. "They don't give any warning at the point of collapse. It is sudden and catastrophic," according to Thomas Fisher, dean of the College of Design at the University of Minnesota.²⁵

President Obama's budget would increase transportation funding for the next ten years by an average of 27% annually over the current amount. That has the potential to reduce much of the backlog and to pay for expensive close-up inspections of the bridges that remain listed as structurally deficit. Rep. Ryan's budget would do just the opposite and cut funding levels by an average of 7.5% annually over ten years. **Drivers would continue to cross tens of thousands unsound bridges that could collapse without warning.**

Impact #6 Tax Cheats Going Scot-Free

The IRS collected \$55.2 billion last year from individuals and corporations cheating on their taxes.²⁶ With 19,208 revenue agents and officers, the IRS uncovers cheating through traditional methods such as audits as well as by comparing tax returns with data provided independently from returns such as mortgage interest data from banks or wage data from employers.²⁷ It has also stepped up efforts to shut down off-shore tax havens and multinational financial crime syndicates.²⁸

Rep. Ryan's budget would reduce funding for general government, which includes IRS enforcement, by 29.2% below President Obama's budget. If the IRS took its full share of the cuts, it would have **5,609 fewer revenue agents and officers looking for cheaters and \$16.1 billion less tax revenue.**²⁹ With less revenue, deficits would rise as would taxpayer-financed interest on the debt. Specifically, that would mean **each U.S. household would have to finance \$110 to cover what tax cheats would not pay.**³⁰

Impact #7 Fewer New Inventions

Federal funding for basic science research has led to hundreds of essential products and services like the Internet, bar codes, and MRI machines.³¹ While the private sector plays the key role in product development, government-funded research often makes new products possible. The government invests in the scientists, labs and experiments that advance knowledge about how the world works. This funding does not lead directly to a specific product, but on average, robust research

funding leads to more discoveries and in turn, more products. Rep. Ryan's budget would cut funding for funding for general science, space and technology by 6.6% over ten years compared to President Obama's budget. A proportional decline in discoveries leading to new products would mean **the loss of one of every 15 inventions** from federally funded research through the National Science Foundation and the Department of Energy.

Impact #8 Less Disaster Preparation

The costs of natural disasters in the U.S. have been steadily increasing.³² Last year they cost taxpayers \$55 billion.³³ They have stretched the resources of first responders and disaster relief agencies like the Federal Emergency Management Agency. In response, Congress has regularly appropriated disaster relief funding outside the normal budget process.

Rep. Ryan's budget would reduce funding by 62% below current service levels for community and regional development, of which nearly half goes to disaster relief and insurance. This would mean less accurate predictions and planning for disasters, less preparation that can reduce the severity of their impact, and less timely responses. **It would set the clock back on disaster preparation to the days before Hurricane Katrina.**

Impact #9 Closures at National Parks and Museums

Americans can see the original Declaration of Independence six days a week at the National Archives. The Smithsonian and visitor centers at national parks are open seven days a week. Most of their operating revenue comes directly from taxpayers.

Under Rep. Ryan's budgets, parks and museums would face cuts of 15.8% to 29.2% below President Obama's budget for the next ten years. These institutions would have to decide how to distribute such cuts, but keeping them open is one of the most significant expenses under their control.³⁴ Other possibilities would be closing new exhibits, ending educational programs for children, and postponing maintenance. **Closing our national treasures one day a week or other cuts in accessibility would be necessary to achieve the savings proposed under Rep. Ryan's budget.**

Impact #10 Fewer Fish in America's Rivers

The National Fish Hatchery system propagates and stocks more than 120 million fish in lakes and rivers throughout the country.³⁵ Seventy hatcheries replace depleted populations of fish and help restore fish habitat. That produces 13.5 million days of recreational fishing.³⁶

With 15.8% less funding under Rep. Ryan's budget for natural resources and environment than under President Obama's budget, the National Fish Hatchery system would likely have to reduce its output. We estimate that **such cuts could mean 19 million fewer fish and 2.1 million fewer fishing days.**

Note on methodology:

The estimates of the impact of cuts are meant to illustrate one possible result from sequestration. They assume a proportional relationship between funding levels and outputs. That is, for a 10% cut, there would be 10% less output. The actual impact might vary considerably from these estimates due to the unique responses to sequestration by each federal agency.

Rep. Ryan's budget is generally compared to President Obama's budget, which generally continues current funding levels, which are set to decline in real terms due to the caps on discretionary spending from the 2011 debt ceiling agreement.³⁷ The two exceptions are the transportation area where the President's budget has proposed a significant increase and the community and regional development area. In those cases, Rep. Ryan's budget is compared against the Office of Management and Budget's current services baseline.³⁸

Endnotes

¹ In 2023, Rep. Ryan's budget would spend 17.25% of GDP for non-entitlement, non-interest spending compared to 21% under CBO's extended alternative fiscal scenario baseline. See United States, Congressional Budget Office, "The Long-Term Budgetary Impact of Paths for Federal Revenues and Spending Specified by Chairman Ryan," March 20, 2012, p. 13. Accessed March 26, 2012. Available at: <http://www.cbo.gov/publication/43023>.

² Authors' calculations based on the fact that the national aviation system causes 13% of flight cancellations and 26% of flight delays. See United States, Government Accountability Office, "Airline Passenger Protection," Report to Congressional Requesters, GAO-11-733, pp. 74-5, September 2011. Accessed October 25, 2011. Available at: <http://www.gao.gov/new.items/d11733.pdf>. Calculation also derived from annual average of cancelled and delayed flights from 2007 to 2010. See United States, Department of Transportation, Bureau of Transportation Statistics, "On-Time Performance – Flight Delays at a Glance,". Accessed October 25, 2011. Available at: <http://www.transtats.bts.gov/HomeDrillChart.asp>.

³ Compared to President Obama's budget, Rep. Ryan's budget is 24.8% less for transportation over the next ten years.

⁴ Authors' calculations based on the fact that the Ryan budget would cut transportation by 2.72 times more than under sequestration (21.2% vs. 7.8%). For the impact of sequestration, see David B. Kendall & Ryan McConaghy, "Attention Tea Party! Sequestration Affects Your Lives Too," Third Way, November 3, 2011. Available at: <http://www.thirdway.org/subjects/3/publications/458>. See also United States, Congress, House of Representatives, Committee on Appropriations, "Letter to the Joint Select Committee on Deficit Reduction," by Rep. Norman Dicks, October 13, 2011, p. 6. Accessed October 25, 2011. Available at: <http://democrats.appropriations.house.gov/>. There are currently 15,594 air traffic controllers. See United States, Federal Aviation Administration, "Administrator's Fact Book," March 2011, p. 31. Available at: http://www.faa.gov/about/office_org/headquarters_offices/aba/admin_factbook/.

⁵ Authors' calculations based on Kendall & McConaghy. See "Airline Passenger Protection" and "On-Time Performance – Flight Delays at a Glance." An initial, slighter higher estimate appeared in: Brad Plummer, "What Paul Ryan's Budget Actually Cuts— and by How Much," *The Washington Post*, March 20, 2012. Available at: http://www.washingtonpost.com/blogs/ezra-klein/post/what-paul-ryans-budget-actually-cuts--and-by-how-much/2012/03/20/gIQAL43vPS_blog.html.

⁶ Ibid.

⁷ Massimo Calabresi, "The Weak Spot in Air Security: Cargo Screening," *TIME*, November 2, 2010. Accessed October 28, 2011. Available at: <http://www.time.com/time/nation/article/0,8599,2028872,00.html>.

⁸ Mike M. Ahlers, "TSA to Miss Goal to Inspect All Cargo on International Flights," CNN, October 13, 2011. Accessed October 28, 2011. Available at: http://articles.cnn.com/2011-10-13/us/us_tsa-cargoinspections_1_tsa-administrator-john-pistole-airforwarders-association-certified-cargo-screeningprogram?_s=PM:US.

⁹ Authors' calculations based Kendall & McConaghy, Massimo Calabresi, and Mike M. Ahlers.

¹⁰ United States, Congress, House of Representatives, Committee on Appropriations, "Letter to the Joint Select Committee on Deficit Reduction," by Rep. Norman Dicks, October 13, 2011, p. 6. Accessed October 25, 2011. Available at: <http://democrats.appropriations.house.gov/>.

¹¹ United States, Environmental Protection Agency, Office of Enforcement and Compliance Assurance, "Fiscal Year 2010 EPA Enforcement & Compliance Annual Results," December 2, 2010, p. 23.

¹² United States, Environmental Protection Agency, Office of Enforcement and Compliance Assurance, "OECA FY 2008 Accomplishments Report," December 2008, p. 14. Accessed October 25, 2011. Available at: <http://www.epa.gov/compliance/resources/reports/accomplishments/oeca/fy08accomplishment.pdf>.

¹³ Ibid.

¹⁴ United States, Environmental Protection Agency, Office of Enforcement and Compliance Assurance, "Compliance and Enforcement Annual Results 2010 Fiscal Year," February 3, 2011. Accessed November 1, 2011. Available at: <http://www.epa.gov/compliance/resources/reports/endofyear/eoy2010/air/benefits.html>.

¹⁵ Authors' calculations based on the Ryan budget cutting 2.0 3 times more over ten years than the first year of sequestration would for the natural resources and environment budget function (15.8% vs. 7.8%). For the impact of sequestration, see Kendall & McConaghy. See also "Compliance and Enforcement Annual Results 2010 Fiscal Year."

¹⁶ Lynne Peeples, "Weather Satellites and Storm Warnings Threatened by Federal Budget Cuts," *The Huffington Post*, August 28, 2011. Accessed October 28, 2011. Available at: http://www.huffingtonpost.com/2011/08/28/noaa-weather-satellites-budget-cuts-hurricaneirene_n_939729.html.

¹⁷ Kate Spinner, "Satellite gap could put hurricane forecasts at risk," *The Herald-Tribune*, June 9, 2011. Accessed October 28, 2011. Available at: <http://www.heraldtribune.com/article/20110609/ARTICLE/110609535>; See also: United States, Congress, House of Representatives, Committee on Appropriations, "Letter to the Joint Select Committee on Deficit Reduction," by Rep. Norman Dicks, October 13, 2011, p. 6.

¹⁸ FY 2011 funding for the Joint Polar Satellite System was \$483 million. See Alice Lipowicz, "Satellites, telescopes worthy of funding, Senate says," *Federal Computer Weekly*, September 20, 2011. Accessed October 28, 2011. Available at: <http://fcw.com/articles/2011/09/20/senate-panel-boostspolar-satellite-and-nasa-space-telescope.aspx>. NOAA requested \$1.1 billion for FY 2012. The House Appropriations Committee approved \$901 million and the Senate Appropriations Committee approved \$920 million; See *Space Times*, September/October 2011, Issue 5, Vol. 50. Accessed March 23, 2011. Available at: <http://www.astronautical.org/spacetimes/50-5>.

¹⁹ Authors' calculations based on funding cuts nearly twice as great as sequestration levels: 13.7% less for FY 2013-2016 under Rep. Ryan's budget than President Obama's budget vs. 7.8% under sequestration. See Kendall and McConaghy, Rep. Norman Dicks, and Kate Spinner. An earlier version of this estimate appeared in Brad Plummer, "What Paul Ryan's Budget Actually Cuts — and by How Much."

²⁰ The accuracy of seven day forecasts will only be achieved in three to five days. See Andrew Freeman, "NOAA warns weather forecasts will suffer from budget cuts," *The Washington Post*, March 31, 2011. Accessed October 28, 2011. Available at: http://www.washingtonpost.com/blogs/capital-weathergang/post/noaa-warns-weather-forecasts-will-suffer-from-budgetcuts/2011/03/31/AFKsct9B_blog.html.

²¹ Kate Spinner, "Satellite gap could put hurricane forecasts at risk."

²² Kim Severson et al, "Damage and Flooding Scar Atlantic Seaboard," *The New York Times*, August 27, 2011. Accessed November 1, 2011. Available at: <http://www.nytimes.com/2011/08/28/us/28hurricane-irene.html?pagewanted=all>.

²³ United States, Department of Transportation, Federal Highway Administration, "Deficient Bridges of State and Highway Systems," December 2011. Accessed March 27, 2012. Available at: <http://www.fhwa.dot.gov/Bridge/nbi/defbr11.cfm>.

²⁴ Carol Wolf, "America's Broken Bridges," Bloomberg Business week, March 22, 2012. Accessed March 27, 2012. Available at: <http://www.businessweek.com/articles/2012-03-22/americas-broken-bridges>.

²⁵ Ibid.

²⁶ United States, Department of Treasury, Internal Revenue Service, "Fiscal Year 2011 Enforcement and Service Results," undated. Accessed March 25, 2012. Available at: www.irs.gov/pub/newsroom/fy_2011_enforcement_results_table.pdf.

²⁷ United States, Department of Treasury, Internal Revenue Service, "Personnel Summary, by Employment Status, Budget Activity, and Selected Type of Personnel, Fiscal Years 2010 and 2011." Accessed March 25, 2012. Available at: <http://www.irs.gov/taxstats/article/0,,id=207735,00.html>.

²⁸ United States, Department of Treasury, "Agency Financial Report: Fiscal Year 2011," November 15, 2011, pp. 9, 173. Accessed March 25, 2012. Available at: <http://www.treasury.gov/about/budget-performance/annual-performance-plan/Pages/default.aspx>.

²⁹ Authors' calculations based on "Personnel Summary, by Employment Status, Budget Activity, and Selected Type of Personnel, Fiscal Years 2010 and 2011" and "Fiscal Year 2011 Enforcement and Service Results."

³⁰ Authors' calculation based on United States, Department of Treasury, Internal Revenue Service, "SOI Tax Stats - Individual Statistical Tables by Filing Status," 2009, Table 1.1. Accessed March 25, 2012. Available at: <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96981,00.html>.

³¹ "Nifty 50," National Science Foundation, <http://www.nsf.gov/about/history/nifty50/index.jsp>.

³² United States, Department of Commerce, National Climatic Data Center, "Billion Dollar Weather/Climate Disasters: 1980-2011." Accessed March 25, 2012. Available at: <http://www.ncdc.noaa.gov/oa/reports/billionz.html>.

³³ United States, Department of Commerce, National Climatic Data Center, "Chronological List of U.S. Billion Dollar Events," Accessed March 25, 2012. Available at: <http://www.ncdc.noaa.gov/oa/reports/billionz.html>.

³⁴ For example, see United States, Smithsonian Institution, "Fiscal Year 2013 Budget Justification to Congress," February 2012. Accessed March 25, 2012. Available at: <http://www.si.edu/Content/Pdf/About/FY2012-BudgetRequest.pdf>.

³⁵ United States, Department of Interior, Fish and Wildlife Service, "Eddies: Reflections on Fisheries Conservation," Fall/Winter 2011, p. 3. Accessed March 26, 2012. Available at: <http://www.fws.gov/eddies/>.

³⁶ Ibid.

³⁷ United States, House of Representatives, "Concurrent Resolution on the Budget for Fiscal Year 2013," 112th Congress, 2nd Session. Accessed March 24, 2012. Available at: http://budget.house.gov/UploadedFiles/Concurrent_Resolution_Budget_FY_2013.pdf; United States, Office of Management and Budget, "Fiscal Year 2013 Budget of the U.S. Government: Analytical Perspectives," February 13, 2012, Table 32-1. Accessed March 24, 2012. Available at: http://www.whitehouse.gov/omb/budget/Analytical_Perspectives/.

³⁸ United States, Office of Management and Budget, "Fiscal Year 2013 Budget of the U.S. Government: Analytical Perspectives," February 13, 2012, p. 453. Accessed March 19, 2012. Available at: <http://www.whitehouse.gov/omb/budget>.