

## Letter from Steve

U.S.A. Capitol Building | Unsplash

Dear TCS Community,

Reflecting on the past, present, and future of Taxpayers for Common Sense (TCS), I am filled with immense pride and gratitude for the progress we have made and the unwavering support received from dedicated individuals like you. Since our founding in 1995, TCS has been a steadfast advocate for fiscal responsibility, transparency, and accountability in federal spending. Our journey began with a simple yet powerful mission: to ensure that taxpayer dollars are spent wisely and efficiently, free from wasteful practices and political favoritism. Now entering our 30th year, that work continues.

We rapidly grew from a small, passionate team into a respected nonpartisan budget watchdog. And that legacy continues. Our work has had a significant impact on various policy areas, from Pentagon spending to agricultural policy. Our recent report on the Pentagon's plans to build a new generation of nuclear missiles made the case for cancelling the effort, equipping Congress with novel arguments against the program; just as our analysis of the Farm Bill has shown opportunities for savings without compromising the effectiveness of agricultural and nutrition programs.

And make no mistake, there has never been a time when voices like ours have been more important. The Congressional Budget Office (CBO) reported the federal budget deficit was \$1.8 trillion in fiscal year 2024, and estimated federal debt held by the public would be 122 percent of GDP by 2034. Our analysis of the CBO's report, featured in our Weekly Wastebasket and discussed in our Budget Watchdog AF podcast episode "CBO Bombshell," underscores the urgent need for comprehensive fiscal reforms to address the growing national debt.

One of our notable successes in recent years is our work on energy and natural resources. We have examined the economic and environmental impacts of federal oil and gas leasing practices, advocating for reforms that ensure taxpayers receive a fair return on public resources. We found that the federal government often leases public lands for oil and gas development at rates far below their market value, leading to significant revenue losses for taxpayers. Additionally, our analysis revealed that

bonding requirements for oil and gas companies are insufficient, leaving taxpayers on the hook for costly environmental cleanups when companies default. Our research and advocacy helped secure reforms to update this egregious policy and stop the giveaway of federal resources to polluting industries.

But fiscal responsibility doesn't stop at dollars and cents—it extends to how we address the costs of climate change. Hidden costs from extreme weather events, rising sea levels, and increased flooding create an additional burden on taxpayers, one we can no longer afford to ignore. TCS has been at the forefront of analyzing federal policies that unintentionally increase climate risks while saddling taxpayers with the bill. Whether it's outdated flood insurance programs or federal disaster relief policies that don't account for escalating climate risks, we're pushing for reforms that save taxpayer dollars, create resilient communities, and reduce future costs.

Our work on Pentagon spending focuses on ensuring that taxpayer dollars are used effectively to meet our national security needs without padding the pockets of defense contractors responsible for wasteful cost overruns. As the Pentagon presses ahead with costly and in some cases unnecessary modernization programs, TCS will continue to scrutinize federal spending, advocate for transparent budget processes, and push for reforms that reflect the nation's true economic and security priorities.

Our team at TCS is dedicated and passionate about our mission. We have welcomed new staff members and continued to grow our reach. Our Budget Watchdog AF podcast has become a vital platform for discussing budget issues and promoting fiscal sanity. I am grateful for the hard work and dedication of our team and the support of our donors. Together, we are making a difference for American taxpayers.

With your continued support, we are confident that we can build a government that inspires trust, operates within its means, and truly serves the American people.

Thank you for standing with us in this important mission.



U.S.A. Capitol Building | Pexels

## Budget and Tax Policy

At TCS, we believe that budget, tax, and spending decisions are more than just numbers—they are reflections of our national priorities. In 2023-2024, we have been deeply engaged in analyzing and advocating for responsible fiscal policies that align with the long-term interests of taxpayers.

One of the most pressing issues we tackled this year was the federal budget deficit, which at \$2 trillion is a 27 percent jump from earlier projections. We have been vocal in highlighting the drivers of this deficit. Our analysis has emphasized the importance of making tough budgetary decisions to prevent the national debt from spiraling out of control.

One example is the impending expiration of the individual tax cuts from the Tax Cuts and Jobs Act (TCJA) in 2025. Extending all these provisions would cost an estimated \$4.6 trillion over ten years. We have been actively discussing the potential impacts of these expiring tax cuts on federal revenues and economic growth. Our advocacy efforts focus on promoting a balanced approach that ensures fiscal sustainability while minimizing the financial burden on taxpayers.

During the 2023 debt ceiling standoff, TCS maintained its advocacy for fiscal responsibility as the U.S. faced a potential default. We have emphasized that the need to raise the debt limit stems from past spending and revenue decisions, rather than new expenditures, and how both parties share responsibility for the growing national debt. Brinkmanship over the necessary raising of the debt limit continues to grow and out of fear that in some future fight the debt limit is actually breached, threatening the full faith and credit of the U.S. Treasury, TCS has called for eliminating the debt limit. Also, as the House Budget Committee considers amending the Congressional Budget and Impoundment Control Act of 1974, we are proposing other ways to improve the budget process.

We continue to scrutinize the federal budget process itself, particularly the reliance on continuing resolutions (CRs) to keep the government running. The delays in finalizing fiscal year 2024 spending bills created a costly domino effect, pushing back the President's budget request for fiscal year 2025 and stalling critical reauthorization debates for programs like the National Flood Insurance Program and the Federal Aviation Administration. We have called out this legislative malpractice and advocated for a more disciplined and timely budget process. Our goal is to ensure that taxpayer dollars are allocated effectively and that the government can address other pressing issues without being bogged down by never-ending budget battles.

## Agricultural Policy

2018 FARM BILL COST IS  
**\$433 BILLION** GREATER  
 THAN PROJECTED AT ADOPTION

Since our inception, TCS has been a vigilant watchdog over the sprawling, often opaque world of federal agricultural policy. In 2023-2024, our sights were once again set on the Farm Bill, a legislative behemoth that routinely costs more than advertised and often benefits the largest agribusinesses at the expense of taxpayers and small farmers. We reported that the programs authorized in the 2018 Farm Bill, initially projected to cost \$867 billion, are now expected to balloon to \$1.3 trillion. This stark discrepancy underscores the need for a more accountable and transparent approach to farm subsidies, one that prioritizes fiscal responsibility and genuine need over political favoritism and entrenched interests.

One of the key issues we tackled was the Price Loss Coverage (PLC) program, a subsidy mechanism that guarantees minimum prices for certain crops, distorting the market and disproportionately

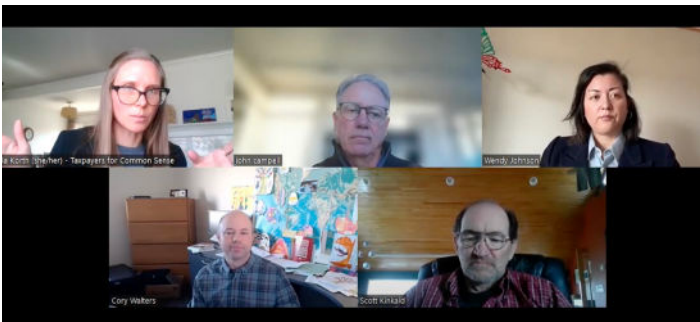
Nebraska | Unsplash





benefiting large-scale producers. Our analysis, “2023 Farm Bill: Government-Set Reference Prices,” highlighted the inefficiencies and inequities of the PLC program. We argued that instead of expanding these subsidies, Congress should scale them back, especially given that crop receipts have outpaced input costs in recent years.

TCS is advocating for bold reforms in the upcoming 2025 Farm Bill. Our report, “Take Three: The Path to \$1.5 Trillion Farm Bills,” warned that without significant changes, the cost of farm bills will continue to spiral out of control, potentially reaching \$2 trillion. We called for a shift in priorities towards conservation programs that routinely come in under-budget and provide long-term benefits to both farmers and the environment.



February 2024, Sheila Korth hosting a Farm Bill panel with midwestern farmers and agricultural experts

We have taken this message to the airwaves through podcasts and media appearances, breaking down the complexities of agricultural subsidies and the need for reform. Episodes like “Farm Bill Update” on Budget Watchdog AF provided insights into agricultural policy, while our op-eds and media interviews amplified our call for transparency and accountability.

## Energy and Natural Resources

In managing federal energy and natural resources, we focus on ensuring that taxpayers receive a fair return from the development of public resources while promoting fiscal responsibility and resilience. Over the past year, we have examined the impacts of outdated oil and gas leasing practices and highlighted how below-market leasing terms and insufficient bonding requirements have cost taxpayers billions of dollars in lost revenue and cleanup liabilities. Our advocacy spurred significant reforms, including updated royalty rates and bonding requirements, ensuring that taxpayers are no longer left footing the bill for abandoned wells.

In 2024, TCS continued our work to cut methane waste, which deprives consumers of a valuable energy resource, represents a significant loss of potential revenue, and adds to climate costs through damages from severe flooding and drought.

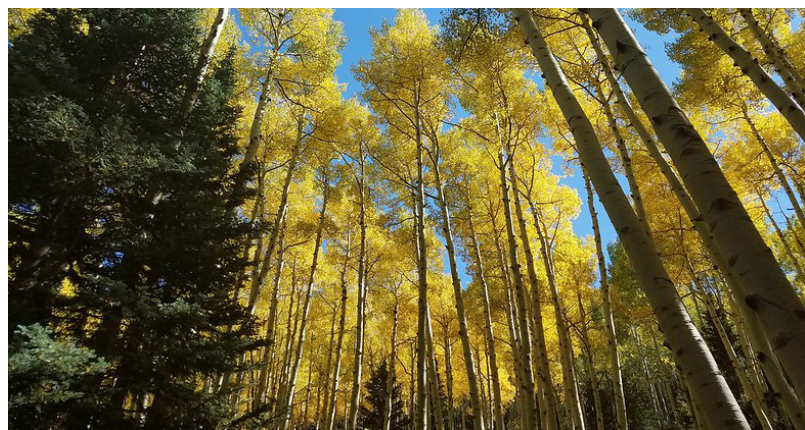
Methane, the primary component of natural gas, is routinely wasted by the oil and gas industry. Curbing this waste is both fiscally responsible and essential for shielding taxpayers and local communities from the liabilities associated with methane emissions. In federal agency comments, TCS called for greater transparency to increase public trust, and enforce vigilant oversight of reported data.

We have been actively involved in advocating for responsible implementation of new tax credits introduced by the Inflation Reduction Act. We have consistently raised concerns about the high costs and unproven effectiveness of carbon capture and storage (CCS), for example, warning that it could expose taxpayers to long-term environmental liabilities. Despite billions in subsidies, CCS has yet to demonstrate economic viability, and its use in hydrogen, biomass, and biofuels could further compound risks by increasing greenhouse gas emissions or incentivizing unsustainable practices, all while draining taxpayer resources. These subsidies could lock in reliance on technologies that fail to deliver promised benefits, diverting attention and funding from more proven, cost-effective climate solutions.

Our comments to the Department of the Treasury and the Internal Revenue Service have emphasized the need for oversight to prevent abuse and ensure that these credits effectively reduce taxpayer costs associated with climate impacts, like sea level rise and extreme weather events. We highlighted the importance of emissions quantification, reporting, and supply chain transparency to avoid inadvertently incentivizing practices that could undermine taxpayer benefits and increase fiscal liabilities.

Another critical area of our work has been addressing the escalating costs to federal taxpayers of natural disasters intensified by climate change. Our reports and videos, such as “Climate Extremes and Financial Risks,” provide compelling evidence of the need for proactive policies that mitigate risks, protect lives and property, and reduce the need for future federal disaster relief. By linking climate impacts to fiscal responsibility, TCS is fostering bipartisan support for effective climate action.

Coconino National Forest | Forest Service, USDA



## Pentagon Spending

SENTINEL INTERCONTINENTAL  
BALLISTIC MISSILE PROGRAM  
**BALLOONED 81% IN  
4 YEARS**

With Pentagon spending growing nearly 50 percent since the turn of the century, it is imperative that we question both the acquisition practices and the strategic underpinning for Pentagon programs across the board. Our recent report “Ripe for Rescission: A Cost-Benefit Analysis of U.S. ICBMs,” critically examines the Sentinel Intercontinental Ballistic Missile (ICBM) program. It revealed that the Sentinel program, with its projected lifetime cost of \$326 billion, is not only financially unsustainable but also strategically redundant. In January, we learned that on a per-unit basis, the cost for this program had ballooned by 37 percent in just four years. By July that was upped to a staggering 81 percent cost growth. We argued that the existing nuclear deterrent capabilities of submarine-launched ballistic missiles and nuclear-armed bombers are more than sufficient to meet national security needs, making the Sentinel an unnecessary expenditure at any cost, let alone \$326 billion.

In June 2024, the House passed an \$833 billion Pentagon spending bill, which TCS criticized for doubling down on bad policy. The bill included funding for additional F-35s beyond the Pentagon’s budget request. TCS argued that this and other decisions reflect a misalignment of priorities, as the F-35 program has consistently failed to meet cost, schedule, and performance metrics. As the Pentagon presses ahead with ambitious plans for sixth-generation fighter programs, we’ll be pressing to make sure it doesn’t repeat the mistakes of the F-35.

Our advocacy extended to the broader issue of unrequested spending additions in defense

Tyndall Air Force Base in the aftermath of Hurricane Michael | U.S. Air National Guard

appropriations bills. In our report “Fiscal Year 2024 Congressional Program Increases to the Pentagon Budget,” we catalogued over \$21.2 billion in additional funding that Congress added to the Pentagon’s budget for procurement and research, development, test, and evaluation (RDT&E) projects. This included \$11.6 billion for projects that the Pentagon did not request at all, which we termed “Zero to Hero” funding. These additions often reflect parochial interests rather than genuine national security needs, diverting resources from more critical defense priorities. We’re pushing for more transparency and accountability for these largely anonymous spending hikes.



March 2024, Steve Ellis appearing on InvestigateTV with Joce Sterman

TCS has also been actively pushing back against the use of “emergency” funding to circumvent budget caps established by the Fiscal Responsibility Act. While the budget caps make an exception for emergency spending, the intent was to allow lawmakers to respond to true emergencies. Instead, lawmakers have proposed adding billions in “emergency” funds for research projects that won’t have a near-term impact on military capabilities, and for industrial base investments that respond to long-standing and entirely foreseeable issues. That’s no way to budget for our nation’s long-term security.

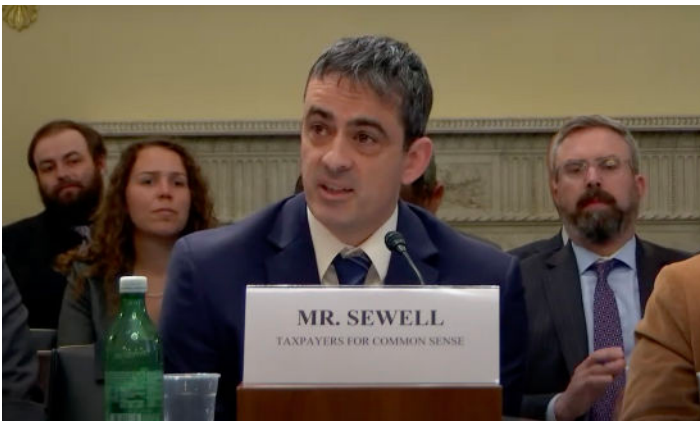




## Disaster and Resilience

**35% INCREASE** IN ANNUAL AVERAGE FEDERAL DISASTER SPENDING IN FISCAL YEARS 2018-2022, COMPARED TO FISCAL YEARS 2013-2017

Few areas of federal spending are as emblematic of our collective fiscal insanity as disaster response. TCS has been at the forefront of exposing the sheer lunacy of our current approach, where we throw billions at the aftermath of disasters while doing precious little to mitigate the risks beforehand. Our report, “Paying the Price of Climate Change,” laid bare the staggering costs that taxpayers are shouldering due to increasingly frequent and severe natural disasters. The numbers are jaw-dropping: from 2016 to 2020, the U.S. averaged 16.2 billion-dollar disasters per year, costing an average of \$121.4 billion annually. We documented that average annual federal disaster-related costs were up 35 percent in the second half of the last decade compared to the first. This isn’t just a line item in the budget—it’s a fiscal hemorrhage.



March 2023, Joshua Sewell testifying before the House Subcommittee on Water, Wildlife and Fisheries

We have been relentlessly advocating for a shift from reactive to proactive spending. Climate change poses significant fiscal challenges, as it increases the frequency and severity of natural disasters, escalating the costs associated with federal disaster relief and other government programs. TCS advocates for reforms in federal spending to promote resilience and mitigation, reducing the long-term dependence on federal disaster relief.

Our deep dive into federal floodplain policy and management revealed how current practices not only enable but actively encourage unwise development in high-risk areas. The irony is rich: federal policies designed to protect us are, in fact, setting us up for catastrophic losses. Our report,

“Disaster Relief Fund: A Better Path Forward for Disaster Spending,” argued for a fundamental rethinking of how we allocate resources, emphasizing risk management and mitigation over mere recovery. The goal is simple yet profound: make communities, infrastructure, and industries more resilient, reducing the financial and human toll of future disasters.

Our podcast episode, “Why Disaster Dollars Are Different,” dissects the role of the federal government in ensuring that communities have robust, tailored plans in place. Our advocacy for the Federal Flood Risk Management Standard and our opposition to amendments that would weaken climate-related financial disclosures underscore our commitment to a fiscally responsible and forward-thinking approach.

Finally, our report, “Clearing the Smoke: A Closer Look at Federal Spending and Programs on Wildfire,” provides a historical perspective on how federal wildfire policy and spending got to where they are today. It includes policy options—Taxpayer Tools—to improve landscape, community, and fiscal resilience and provides a roadmap of federal spending on wildfire across the various agencies involved.

We must follow the taxpayer money to understand how the federal government can help communities become more resilient in the face of increasing wildfires. Estimates vary, but we know a dollar in mitigation reduces future losses, and billions of dollars can buy a lot of mitigation. This is why recalibrating mitigation spending versus suppression funding, for example, was one “tool” listed in our wildfire report, as well as pursuing risk mitigation and smart redevelopment in communities living in fire prone areas.



May 2024, Autumn Hanna presenting on federal wildfire spending at the National Adaptation Forum in Saint Paul, MN

We hope our reporting will be a resource for policymakers and advocates, communities, and individuals. It’s important to know what taxpayer money is out there and where it is going. Wouldn’t you agree?

# TCS <sup>BY THE</sup> NUMBERS



**NEWS MENTIONS:  
1,700+**

by news outlets like The New York Times, The Wall Street Journal, The Washington Post, Politico, Newsweek, PolitiFact, The Hill, The Washington Times, Roll Call, Defense News, and USA Today

TAXPAYERS *for* COMMON SENSE

**5 FAST FACTS :13**

**OP-EDS: 20**

LETTERS TO THE HILL & THE ADMINISTRATION:



**31 LETTERS**

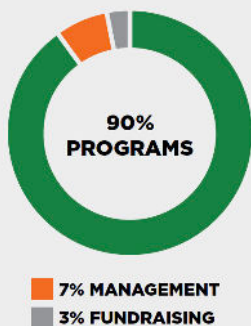
with 57 different cosigning organizations

**INVESTIGATIVE REPORTS: 17**

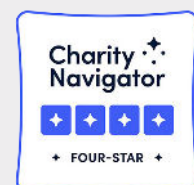
**2 PODCAST EPISODES/MONTH**

**WEEKLY WASTEBASKETS: 51/YEAR**

## WE RUN A TIGHT SHIP



Gold Transparency seal in 2024 from Candid



4 out of 4 stars from Charity Navigator