

The THRIFT Act, H.R. 579

Summary

Summary: Provides an incentive program to federal agencies that will encourage increased operating efficiency and will allow a portion of cost-savings achieved to be retained for use by the agency.

The Problem

The financial future of our country is being jeopardized by a federal budget that continues a pattern of deficit spending. Too often, our federal government embraces Washington's mantra: if it is appropriated, spend it. This culture of spending induces waste.

The Solution

There are several steps to reforming our entire federal spending problem. Reducing inefficiency and waste is one piece of a larger solution to that problem. Public servants in our agencies know their operations better than Congress. Perverse incentives currently exist to reward the spending of an agency's entire appropriation. Reversing that incentive and rewarding the savings of a portion of an agency's appropriation could produce both cost-savings to the American taxpayer and improved operation of our federal agencies.

How?

The *THRIFT Act* provides a way for an agency to evaluate its own business processes and to identify cost-savings actions that do not result in reduced services. The agency submits a plan to Congress notifying Congress of the agency's intent to implement the cost-savings plan. The agency is then allowed to retain a percentage of the cost-savings for approved expenditures, including performance bonuses, while the larger share of the cost-savings is returned to the Treasury for deficit reduction.